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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
EDWARD HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 801 South Washington Street

Room/suite

City or town, state or country, and ZIP + 4
Naperville, IL 60540

D Employer identification number
36-3297173

E Telephone number
(630) 527-3000

G Gross receipts $ 604,780,209

F Name and address of principal officer
PAMELA MEYER DAVIS
801 South Washington Street
Naperville, IL 60540

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW EDWARD ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1984

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE MISSION OF EDWARD HOSPITAL IS TO SUPPORT HEALTH AND STRENGTHEN COMMUNITIES BY PROVIDING OUTSTANDING HEALTH CARE SERVICES EDWARD HOSPITAL PROVIDED $17,805,000 IN CHARITY CARE DURING THE FISCAL YEAR

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	3,463
6	Total number of volunteers (estimate if necessary)	**6**	814
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,074,426
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	62,647

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	3,104,299	3,261,793
9	Program service revenue (Part VIII, line 2g)	524,283,202	488,901,235
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,741,990	24,866,474
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	237,168	160,759
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	530,366,659	517,190,261
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	658,000	683,000
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	193,768,439	200,762,021
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	305,703,604	263,392,314
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	500,130,043	464,837,335
19	Revenue less expenses Subtract line 18 from line 12	30,236,616	52,352,926

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	743,368,141	820,360,576
21	Total liabilities (Part X, line 26)	470,416,384	470,983,586
22	Net assets or fund balances Subtract line 21 from line 20	272,951,757	349,376,990

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** Signature of officer — 2014-04-23 Date

VINCENT E PRYOR SYSTEM EVP CFO/TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
John V Woodhull				P01305268
Firm's name ▶ CROWE HORWATH LLP			Firm's EIN ▶	
Firm's address ▶ 70 West Madison Street Suite 700 Chicago, IL 606024903			Phone no (312) 899-7000	

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

THE MISSION OF EDWARD HOSPITAL IS TO SUPPORT HEALTH AND STRENGTHEN COMMUNITIES BY PROVIDING OUTSTANDING HEALTH CARE SERVICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 343,766,113 including grants of $ 683,000) (Revenue $ 487,683,910)

EDWARD HOSPITAL IS A FULL-SERVICE, REGIONAL HEALTHCARE PROVIDER OFFERING ACCESS TO COMPLEX MEDICAL SPECIALTIES AND INNOVATIVE PROGRAMMING EDWARD HOSPITAL HAS 309 PRIVATE PATIENT ROOMS AND 4,700 EMPLOYEES, INCLUDING 1,350 NURSES AND A MEDICAL STAFF OF NEARLY 1,050 PHYSICIANS COMPRISED OF INDEPENDENT MEMBERS OF THE MEDICAL STAFF, EMPLOYED PHYSICIANS AND INDEPENDENT CONTRACTORS THE PHYSICIANS REPRESENT 75 MEDICAL AND SURGICAL SPECIALTIES AND SUBSPECIALTIES WITH 98% BOARD CERTIFIED IN THEIR SPECIALTY -- A DESIGNATION AWARDED ONLY TO PHYSICIANS WHO COMPLETE RIGOROUS POST-MEDICAL SCHOOL TRAINING AND PASS AN EXTENSIVE CERTIFICATION TEST EDWARD SERVES THE RESIDENTS OF CHICAGO'S WEST AND SOUTHWEST SUBURBS, INCLUDING NAPERVILLE, AURORA, BOLINGBROOK, DOWNERS GROVE, HOMER GLEN, JOLIET, LEMONT, LISLE, LOCKPORT, MINOOKA, OSWEGO, PLAINFIELD, ROMEOVILLE, SHOREWOOD, WARRENVILLE, WHEATON, WOODRIDGE AND YORKVILLE (CONTINUED IN SCHEDULE O)

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 343,766,113

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	176		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,463		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 14		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**	Yes	

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ IL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ Vince Pryor 801 S Washington Street Naperville, IL (630) 527-3035

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								2,917,300	5,263,895	1,021,956

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 139

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
EDWARD HEALTH SERVICES CORPORATION 801 S WASHINGTON ST NAPERVILLE IL 60540	MANAGEMENT FEES	65,219,788
POWER CONSTRUCTION CO LLC 2360 PALMER DR SCHAUMBURG IL 601733819	CONSTRUCTION SERVICES	16,420,766
EPIC SYSTEMS CORPORATION 1979 MILKY WAY VERONA WI 53593	SOFTWARE IMPLEMENTATION/CONSULT	4,015,000
MIDWEST HEART SPECIALISTS 1901 S MEYERS RD SUITE 350 OAK BROOK TERRACE IL 601815207	PHYSICIAN SERVICES	2,544,780
MATTHEI & COLIN ASSOCIATES 332 S MICHIGAN AVENUE SUTIE 614 CHICAGO IL 60604	ARCHITECTURAL SERVICES	2,213,315

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 59

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	2,829,877			
	e	Government grants (contributions)	1e	51,571			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	380,345			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			3,261,793		
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621990	344,784,093	344,784,093		
	b	RENTAL INCOME	532000	766,492	766,492		
	c	HEALTH SCREEN & AMBULATORY	623990	734,228	734,228		
	d	MEDICARE/MEDICAID PAYMENTS	532000	132,717,164	132,717,164		
	e	REFERENCE LAB	621500	1,820,829	746,403	1,074,426	
	f	All other program service revenue		8,078,429	8,078,429	0	0
	g	**Total.** Add lines 2a–2f		488,901,235			
	3	Investment income (including dividends, interest, and other similar amounts)		12,880,828			12,880,828
	4	Income from investment of tax-exempt bond proceeds		296			296
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)	0	0			
	d	Net rental income or (loss)			0		
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	99,242,154	142,899			
	b	Less cost or other basis and sales expenses	87,113,905				
	c	Gain or (loss)	12,128,249	142,899			
	d	Net gain or (loss)			11,985,350	-142,899	12,128,249
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0		
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0		
	10a	Gross sales of inventory, less returns and allowances	a	351,004			
	b	Less cost of goods sold	b	190,245			
	c	Net income or (loss) from sales of inventory			160,759		160,759
		Miscellaneous Revenue	Business Code				
	11a				0		
	b				0		
	c				0		
	d	All other revenue			0	0	0
	e	**Total.** Add lines 11a–11d			0		
	12	**Total revenue.** See Instructions			517,190,261	487,683,910	1,074,426	25,170,132

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	683,000	683,000		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	582,532	582,532		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	464,254	464,254		
7 Other salaries and wages	157,261,913	129,679,771	27,582,142	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,525,943	6,214,697	1,311,246	
9 Other employee benefits	23,798,900	19,652,415	4,146,485	
10 Payroll taxes	11,128,479	9,189,563	1,938,916	
11 Fees for services (non-employees)				
a Management	65,131,164		65,131,164	
b Legal	0			
c Accounting	0			
d Lobbying	37,847		37,847	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	562,253		562,253	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	24,844,747	16,448,110	8,396,637	0
12 Advertising and promotion	806,010	800,078	5,932	
13 Office expenses	94,748,047	93,301,680	1,446,367	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	9,851,384	9,232,579	618,805	
17 Travel	107,193	45,074	62,119	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	143,416	78,827	64,589	
20 Interest	5,729,821	4,684,721	1,045,100	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	28,703,339	25,833,005	2,870,334	
23 Insurance	1,441,801	1,441,801		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICARE PROVIDER TAX	12,596,160	12,596,160		
b REPAIRS & MAINTENANCE	11,245,619	9,986,614	1,259,005	
c MEDICAL FEES/PHYSICIAN	6,673,330	6,673,330		
d COLLECTION FEES	4,057,267		4,057,267	
e All other expenses	-3,287,084	-3,822,098	535,014	0
25 **Total functional expenses.** Add lines 1 through 24e	464,837,335	343,766,113	121,071,222	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☑ if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X . . . . . ☑

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		984,611	1	-269,111
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		77,414,712	4	83,115,572
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		8,887,729	8	9,188,572
	9	Prepaid expenses and deferred charges		3,528,234	9	2,379,341
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 692,537,628			
	b	Less accumulated depreciation	10b 361,821,294	271,171,849	10c	330,716,334
	11	Investments—publicly traded securities		336,035,833	11	350,123,992
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		6,102,504	13	5,259,765
	14	Intangible assets		28,239,795	14	28,239,795
	15	Other assets See Part IV, line 11		11,002,874	15	11,606,316
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		743,368,141	16	820,360,576
Liabilities	17	Accounts payable and accrued expenses		51,132,399	17	65,506,455
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		272,186,755	20	266,873,280
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		147,097,230	25	138,603,851
	26	**Total liabilities.** Add lines 17 through 25		470,416,384	26	470,983,586
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		271,782,585	27	348,143,372
	28	Temporarily restricted net assets		856,710	28	921,156
	29	Permanently restricted net assets		312,462	29	312,462
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		272,951,757	33	349,376,990
	34	Total liabilities and net assets/fund balances		743,368,141	34	820,360,576

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	517,190,261
2	Total expenses (must equal Part IX, column (A), line 25)	2	464,837,335
3	Revenue less expenses Subtract line 2 from line 1	3	52,352,926
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	272,951,757
5	Net unrealized gains (losses) on investments	5	16,937,595
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,134,712
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	349,376,990

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID: 12000266
Software Version: v2012.1.0
EIN: 36-3297173
Name: EDWARD HOSPITAL

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MARY KAY LADONE Vice Chair/ Trustee	1 00 1 00	X		X				0	0	0
PAMELA M DAVIS President	1 00 39 00	X		X				0	1,196,045	229,566
RONALD SCHUBEL Chairman/ Trustee	1 00 1 00	X		X				0	0	0
ALISON BALLEW SMITH Trustee	1 00 1 00	X						0	0	0
DAVID DELGADO Trustee	1 00 1 00	X						0	0	0
GARY CIANCI MD Trustee	1 00 1 00	X						0	0	0
GREG EWERT MD Trustee	1 00 1 00	X						0	8,000	0
JOSEPH BEATTY Trustee	1 00 1 00	X						0	0	0
JOSEPH DEPAULO Trustee	1 00 1 00	X						0	0	0
ROBERT PASCIAK Trustee/Med Staff President	1 00 1 00	X						0	0	0
ROCCO MARTINO Trustee	1 00 1 00	X						0	0	0
RONALD NYBERG Trustee	1 00 2 00	X						0	0	0
TIMOTHY RIVELLI Trustee	1 00 3 00	X						0	0	0
WILLIAM WHEELER Trustee	1 00 1 00	X						0	0	0
ANNETTE KENNEY Vice President	1 00 39 00			X				0	281,474	71,434
BARBARA P BYRNE MD Vice President	1 00 39 00			X				0	367,263	56,771
BRENT E SMITH DO Vice President	1 00 39 00			X				0	404,487	80,049
BRIAN P DAVIS Vice President	1 00 39 00			X				0	269,263	32,538
CHRIS J MOLLET System EVP, General Counsel, Secretary	1 00 39 00			X				0	113,785	8,388
DENNISE VAUGHN Vice President	1 00 39 00			X				0	291,521	23,322
MARIANNE SPENCER Vice President	1 00 39 00			X				0	466,391	38,021
MARY L MASTRO Vice President	1 00 39 00			X				0	480,529	36,627
PATTI LUDWIG-BEYMER Vice President, CNO	37 00 3 00			X				25,777	271,326	45,292
VINCENT E PRYOR System EVP CFO/Treasurer	1 00 39 00			X				0	575,150	125,626
WILLIAM G KOTTMANN Vice President	1 00 39 00			X				0	538,662	34,854

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
KIMBERLY J STACHE Assoc Vice President	40 00 0				X			205,486	0	11,549
LINDA DEVEE Director	40 00 0				X			163,653	0	16,508
LYNN L COCHRAN Assoc Vice President	40 00 0				X			181,690	0	24,915
YVETTE M SABA Assoc Vice President	40 00 0				X			208,921	0	26,202
JOHN S LEE Physician	40 00 0					X		419,149	0	36,053
PETER T SCHUBEL MD Physician	40 00 0					X		433,101	0	31,153
RALPH P HOOVER MD Physician	40 00 0					X		436,653	0	35,816
RYAN SNITOWSKY Physician	40 00 0					X		408,798	0	26,619
THOMAS A SCALETTA MD Physician	40 00 0					X		434,073	0	30,653

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	**Employer identification number**
EDWARD HOSPITAL	36-3297173

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ **Yes** ☐ **No**

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ **Yes** ☐ **No**

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		37,847
j	Total Add lines 1c through 1i			37,847
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i	Schedule C, Part II-B, Line 1	EXPENSES RELATED TO GAINING SUPPORT FOR ALLOWING HOSPITALS TO KEEP PROPERTY TAX EXMPTION STATUS A PORTION OF PROFESSIONAL ASSOCIATION DUES WERE RELATED TO LOBBYING ACTIVITIES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	1,169,172	1,268,175	1,216,333	3,343,859	3,432,137
b	Contributions	408,204	750,545	1,193,261		278,130
c	Net investment earnings, gains, and losses					
d	Grants or scholarships	246,008	418,012	853,697	1,808,329	
e	Other expenditures for facilities and programs	97,750	431,536	287,722	319,197	366,408
f	Administrative expenses					
g	End of year balance	1,233,618	1,169,172	1,268,175	1,216,333	3,343,859

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 25 300 %
- c Temporarily restricted endowment ▶ 74 700 %

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		9,999,826		9,999,826
b Buildings		375,338,014	193,355,623	181,982,391
c Leasehold improvements				0
d Equipment		243,687,240	161,940,125	81,747,115
e Other		63,512,548	6,525,546	56,987,002
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				330,716,334

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	96,016,995
INTEREST RATE SWAP	26,429,931
PROFESSIONAL & GENERAL LIABILITY	8,710,634
DEFERRED COMPENSATION	5,540,968
LONG TERM LEASE PAYABLE & OTHER	1,905,323
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	138,603,851

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	543,976,316
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	16,937,595		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	9,251,803		
e	Add lines **2a** through **2d**			2e	26,189,398
3	Subtract line **2e** from line **1**			3	517,786,918
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-596,657		
c	Add lines **4a** and **4b**			4c	-596,657
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	517,190,261

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	465,433,992
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	0		
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	465,433,992
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-596,657		
c	Add lines **4a** and **4b**			4c	-596,657
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	464,837,335

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Intended uses of endowment funds	Schedule D, Part V, Line 4	THERE ARE THREE PERMANENT ENDOWMENT FUNDS AND THE INTEREST EARNED ON THE FUNDS IS INTENDED TO BE USED AS FOLLOWS 1) CARDIOVASCULAR - TO BE USED FOR THE EDWARD HOSPITAL CARDIOVASCULAR PROGRAM, 2) ANIMAL ASSISTED THERAPY - TO BE USED TO SUPPORT THE USE OF DOGS VISITING PATIENTS TO HELP RELIEVE STRESS AND IMPROVE HEALING TIMES, 3) THE BOOK SCHOLARSHIP FUND - TO HELP NURSES EDUCATIONALLY BY SUPPLEMENTING THEIR FURTHER HIGHER EDUCATIONAL EXPENSES
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	THE CORPORATION, THE HOSPITAL, EHV, EHFC, THE FOUNDATION, AND LINDEN OAKS ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ON INCOME RELATED TO THEIR EXEMPT PURPOSES ACCORDINGLY, THERE IS NO MATERIAL PROVISION FOR INCOME TAX FOR THESE ENTITIES
Other revenues in audited financial statements not in form 990	Schedule D, Part XI, Line 2d	LOSS ON INTEREST RATE SWAPS - 11791445, NET ASSET TRANSFERS FROM EDWARD FOUNDATION - -2539642,
Other revenues in form 990 not in audited financial statements	Schedule D, Part XI, Line 4b	VALUE OF DONATED VOLUNTEER TIME - -968665, COST OF GOODS SOLD - -190245, BOND FEES - 562253,
Other expenses in form 990 not in audited financial statements	Schedule D, Part XII, Line 4b	VALUE OF DONATED VOLUNTEER TIME - -968665, BOND FEES - 562253, COST OF GOODS SOLD - -190245,

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 300 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 600 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			14,384,437	0	14,384,437	3 100 %
b Medicaid (from Worksheet 3, column a)			30,139,681	15,235,407	14,904,274	3 210 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d **Total** Financial Assistance and Means-Tested Government Programs	0	0	44,524,118	15,235,407	29,288,711	6 310 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,470,348	200,885	1,269,463	0 270 %
f Health professions education (from Worksheet 5)			1,428,623	6,865	1,421,758	0 310 %
g Subsidized health services (from Worksheet 6)			4,916,972	1,344,786	3,572,186	0 760 %
h Research (from Worksheet 7)			867,519	78,676	788,843	0 170 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,516,904	891	1,516,013	0 330 %
j **Total.** Other Benefits	0	0	10,200,366	1,632,103	8,568,263	1 840 %
k **Total.** Add lines 7d and 7j	0	0	54,724,484	16,867,510	37,856,974	8 150 %

Part II **Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					0	0 %
2	Economic development			20,650		20,650	0 %
3	Community support			66,191		66,191	0 010 %
4	Environmental improvements					0	0 %
5	Leadership development and training for community members			2,847		2,847	0 %
6	Coalition building			97,704		97,704	0 020 %
7	Community health improvement advocacy			131,222		131,222	0 020 %
8	Workforce development			33,213		33,213	0 %
9	Other					0	0 %
10	**Total**	0	0	351,827	0	351,827	0 080 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,180,383		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	503,607		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	127,058,177		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	167,071,214		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-40,013,037		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	EDWARD HOSPITAL 801 S WASHINGTON ST NAPERVILLE,IL 60540 WWW EDWARD ORG	X	X					X			A
2	PLAINFIELD FREE-STANDING EMERGENCY CTR 24600 W 127TH STREET PLAINFIELD,IL 60585 WWW EDWARD ORG/EMERGENCYSERVICES							X			A

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

A

Name of hospital facility or facility reporting group _____

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $_____			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 600% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

	Name and address	Type of Facility (describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
Community benefit report prepared by related organization	Schedule H, Part I, Line 6a	EDWARD HEALTH SERVICES CORPORATION
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	THE COSTS USED IN THE FINANCIAL ASSISTANCE (7A) AND MEDICAID (7B) SECTIONS WERE CALCULATED USING THE MEDICARE COST REPORT COST-TO-CHARGE RATIO THE COSTS ENTERED IN THE SUBSIDIZED HEALTH SERVICES SECTION (7G) WERE CALCULATED USING A COST ACCOUNTING SYSTEM AND ADDRESSED ALL PATIENT SEGMENTS THE COSTS ENTERED IN SECTIONS 7E, 7F, 7H AND 7I WERE CALCULATED USING A COMBINATION OF A COST ACCOUNTING SYSTEM AND ACTUAL COSTS

Identifier	ReturnReference	Explanation
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	0
Community Building Activities	Schedule H, Part II	EMPLOYEES ARE ENCOURAGED TO SERVE ON COMMUNITY BOARDS AND PARTICIPATE IN PROGRAMS AND COMMITTEES THAT ADDRESS ECONOMIC DEVELOPMENT, TRAINING, COMMUNITY HEALTH NEEDS AND IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT EXAMPLES OF THESE PROGRAMS AND THE BENEFIT THEY PROVIDED ARE HIGHLIGHTED BELOW ECONOMIC DEVELOPMENT COMMITTEES PROVIDE BUSINESS LEADERSHIP FOR THE BENEFIT OF COMMUNITIES BY PROMOTING ECONOMIC OPPORTUNITIES, ADVOCATING THE INTEREST OF BUSINESS, PROVIDING MEMBERS WITH EDUCATION AND RESOURCES AND ENCOURAGING MUTUAL SUPPORT EXAMPLES OF COMMITTEES IN WHICH EDWARD EMPLOYEES ARE ACTIVELY INVOLVED INCLUDE NAPERVILLE AREA CHAMBER OF COMMERCE, WILL COUNTY CENTER FOR ECONOMIC DEVELOPMENT, PLAINFIELD ADVISORY TASK FORCE ON ECONOMIC DEVELOPMENT, YORKVILLE ECONOMIC DEVELOPMENT COMMITTEE, NAPERVILLE DEVELOPMENT PARTNERSHIP AND THE DUPAGE REGIONAL ALLIANCE WORKFORCE DEVELOPMENT INCLUDES PROGRAMS THAT ADDRESS COMMUNITY-WIDE WORKFORCE ISSUES AND INCLUDE PROGRAMS SUCH AS HEALTHCARE CAREER DISCOVERY DAY, IN WHICH ADULTS AND CHILDREN AGES 10 AND OLDER ARE INVITED TO EXPLORE HEALTHCARE CAREERS ADDITIONALLY, EDWARD'S CHIEF NURSING OFFICER SITS ON THE COLLEGE OF DUPAGE ADVISORY BOARD AND WORKS WITH SEVERAL OTHER LOCAL COLLEGES TO SUPPORT AND GROW THEIR NURSING PROGRAMS, INCLUDING NORTH CENTRAL COLLEGE, BENEDICTINE UNIVERSITY, AURORA UNIVERSITY AND LEWIS UNIVERSITY COMMUNITY HEALTH IMPROVEMENT ADVOCACY INCLUDES EFFORTS TO SUPPORT POLICIES AND PROGRAMS TO SAFEGUARD OR IMPROVE PUBLIC HEALTH, ACCESS TO HEALTH CARE SERVICES, HOUSING, THE ENVIRONMENT, AND TRANSPORTATION A HIGHLIGHTED PROGRAM IN FY2012 WAS FORWARD, (FIGHTING OBESITY, REACHING HEALTHY WEIGHT AMONG RESIDENTS OF DUPAGE), A DUPAGE COUNTY COLLABORATIVE WHOSE GOAL IS TO IMPROVE THE HEALTH AND WELLBEING OF CHILDREN AND FAMILIES IN DUPAGE COUNTY COALITION BUILDING INCLUDES PARTICIPATION IN COMMUNITY COALITIONS AND OTHER COLLABORATIVE EFFORTS WITH THE COMMUNITY TO ADDRESS HEALTH AND SAFETY ISSUES THIS INCLUDES PROGRAMS SUCH AS DUPAGE HEALTH COALITION, IN WHICH A SET OF INTER-CONNECTED ORGANIZATIONS, PROGRAMS, AND FACILITIES WORK TOGETHER TO PROVIDE COORDINATED MEDICAL CARE AND OTHER HEALTH-RELATED SERVICES TO DUPAGE COUNTY'S LOW-INCOME RESIDENTS LEADERSHIP DEVELOPMENT AND TRAINING FOR COMMUNITY MEMBERS INCLUDES TRAINING IN CONFLICT RESOLUTION, CIVIC, CULTURAL, OR LANGUAGE SKILLS, AND MEDICAL INTERPRETER SKILLS FOR COMMUNITY RESIDENTS AN EXAMPLE OF INVOLVEMENT IS HUMAN RESOURCES SENIOR STAFF EXECUTIVES PARTNERING WITH ST JOHN'S EPISCOPAL CHURCH IN AURORA TO TEACH LEADERSHIP SESSION TO APPROXIMATELY 40 HIGH SCHOOL STUDENTS COMMUNITY SUPPORT INCLUDES CHILD CARE AND MENTORING PROGRAMS FOR VULNERABLE POPULATIONS OR NEIGHBORHOODS, NEIGHBORHOOD SUPPORT GROUPS, VIOLENCE PREVENTION PROGRAMS, AND DISASTER READINESS AND PUBLIC HEALTH EMERGENCY ACTIVITIES, SUCH AS COMMUNITY DISEASE SURVEILLANCE OR READINESS TRAINING BEYOND WHAT IS REQUIRED BY ACCREDITING BODIES OR GOVERNMENT ENTITIES

Identifier	ReturnReference	Explanation
Bad debt expense - methodology used to estimate amount	Schedule H, Part III, Line 2	THE BAD DEBT ALLOWANCES ARE ESTIMATED AND RECORDED ON A MONTHLY BASIS AS PART OF THE BUDGET-TO-ACTUAL REVIEW PROCESS THE BAD DEBT ALLOWANCES ARE REVIEWED IN CONJUNCTION WITH AN AR RATIOS ANALYSIS COMPARING THE BAD DEBT ALLOWANCES TO HISTORICAL AND CURRENT ACCOUNTS RECEIVABLE BALANCES A 12 MONTH HINDSIGHT ANALYSIS FOR BAD DEBT IS CONDUCTED AT THE END OF EACH FISCAL YEAR THE REPORT IS SORTED BY PAYOR AND AGED IN THE SAME MANNER AS THE ACCOUNTS RECEIVABLE AGED TRIAL BALANCE THE NET AMOUNT OF THE BAD DEBT ACTIVITY ON THE ACCOUNTS, INCLUDING ADDITIONAL WRITEOFFS, RECOVERIES, ADJUSTMENTS, REFUNDS AND DIRECT WRITEOFFS IS THEN ACCUMULATED IN A PIVOT TABLE BY PAYOR AND BY AGING BUCKET THESE AMOUNTS ARE THEN ENTERED INTO A BAD DEBT MATRIX THAT INCLUDED THE ACCOUNTS RECEIVABLE BY PAYOR FOR THE SAME TIME PERIOD THE NET BAD DEBT ACTIVITY IS THEN DIVIDED INTO THE ACCOUNTS RECEIVABLE FOR EACH PAYOR AND AGING BUCKET RESULTING IN A BAD DEBT PERCENTAGE THE COSTING METHODOLOGY IS THE COST TO CHARGE RATIO FROM THE MEDICARE COST REPORT
Bad debt expense - methodology used to estimate amount as community benefit	Schedule H, Part III, Line 3	WE USE A SOFTWARE TOOL TO DETERMINE IF OUR PATIENTS ARE ELIGIBLE UNDER OUR FINANCIAL ASSISTANCE POLICY WE ATTEMPT TO SCREEN ALL PATIENTS BUT SOME DO NOT PROVIDE ALL OF THE NECESSARY INFORMATION TO SCREEN THEM THOSE THAT ARE NOT SCREENED WOULD BE ELIGIBLE FOR BAD DEBT PLACEMENT AND COULD HAVE QUALIFIED FOR OUR FINANCIAL ASSISTANCE POLICY WE HAVE THE ABILITY TO REPORT THOSE PATIENTS WHO WERE NOT SCREENED AND WERE PLACED IN BAD DEBT THE COSTING METHODOLOGY IS THE COST TO CHARGE RATIO FROM THE MEDICARE COST REPORT MUCH OF HOSPITALS' BAD DEBT IS UNDOCUMENTED CHARITY CARE WHILE ALL BUSINESSES INCUR BAD DEBT EXPENSES, HOSPITALS ARE DIFFERENT IN THAT THEY CONTINUE TO PROVIDE SERVICES TO PEOPLE WHO CANNOT OR WILL NOT PAY THEREFORE A PORTION OF BAD DEBT HAS BEEN INCLUDED AS COMMUNITY BENEFIT WE CALCULATED A PORTION OF OUR BAD DEBT THAT WOULD HAVE QUALIFIED FOR CHARITY IF THE PATIENT HAD APPLIED BY REPORTING ON THE PATIENTS WHO QUALIFIED FOR THE ILLINOIS UNINSURED DISCOUNT PROGRAM IN ORDER TO BE ELIGIBLE FOR THIS DISCOUNT PATIENTS NEED TO HAVE A FAMILY INCOME BELOW 600% OF FEDERAL POVERTY LEVEL FOR THOSE THAT QUALIFY THEY ARE ENTITLED TO A DISCOUNT EQUAL TO 135% OF A HOSPITAL'S COST USING THE MOST RECENT MEDICARE COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE THE CORPORATION EVALUATES THE COLLECTIBILITY OF ITS ACCOUNTS RECEIVABLE BASED ON THE LENGTH OF TIME THE RECEIVABLE IS OUTSTANDING, PAYOR CLASS, AND THE ANTICIPATED FUTURE UNCOLLECTIBLE AMOUNTS BASED ON HISTORICAL EXPERIENCE ACCOUNTS RECEIVABLE ARE CHARGED TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WHEN THEY ARE DEEMED UNCOLLECTIBLE PATIENT SERVICE REVENUE IS REDUCED BY THE PROVISION FOR BAD DEBTS, AND ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS THESE AMOUNTS ARE BASED ON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS FOR EACH MAJOR PAYOR SOURCE, CONSIDERING BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS ON THE BASIS OF HISTORICAL EXPERIENCE, A SIGNIFICANT PORTION OF THE CORPORATION'S UNINSURED PATIENTS WILL BE UNABLE OR UNWILLING TO PAY FOR THE SERVICES PROVIDED THUS, THE CORPORATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD SERVICES ARE PROVIDED RELATED TO SELF-PAY PATIENTS, INCLUDING BOTH UNINSURED PATIENTS AND PATIENTS WITH DEDUCTIBLE AND CO-PAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR A PORTION OF THEIR BALANCE FOR RECEIVABLES ASSOCIATED WITH PATIENTS WHO HAVE THIRD PARTY COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES THE CORPORATION'S ALLOWANCE FOR DOUBTFUL ACCOUNTS WAS 17 5% AND 19 4% OF TOTAL ACCOUNTS RECEIVABLE AS OF JUNE 30, 2013 AND 2012, RESPECTIVELY THE CORPORATION'S COMBINED ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CHARITY CARE COVERED 51 0% AND 75 4% OF SELF-PAY ACCOUNTS RECEIVABLE AT JUNE 30, 2013 AND 2012, RESPECTIVELY THE CORPORATION'S WRITE-OFFS TO THE ALLOWANCE FOR DOUBTFUL ACCOUNTS WERE $29,375 AND $34,817 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012 RESPECTIVELY THIS DECREASE WAS THE RESULT OF POSITIVE TRENDS EXPERIENCED IN COLLECTING THE AMOUNTS DUE FROM THE PATIENT THE CORPORATION HAS NOT CHANGED ITS CHARITY CARE OR UNINSURED DISCOUNT POLICIES FROM FISCAL YEAR 2012 TO FISCAL YEAR 2013 IN ADDITION, THE CORPORATION HAS NOT CHANGED ITS PROCESS FOR ESTIMATING THE ALLOWANCE FOR DOUBTFUL ACCOUNTS
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	IF EDWARD HOSPITAL DISCONTINUED UNPROFITABLE SERVICES, IT WOULD BECOME THE RESPONSIBILITY OF THE GOVERNMENT OR ANOTHER PROVIDER TO CARE FOR MEDICARE PATIENTS THIS WOULD ULTIMATELY RESULT IN ACCESS ISSUES, AS WE ARE SEEING TODAY DUE TO THE LOSSES THAT FACILITIES INCUR FOR PROVIDING CARE TO MEDICARE PATIENTS THEREFORE THE SHORTFALL INCURRED BY CONTINUING TO PROVIDE THESE SERVICES IS CONSIDERED A COMMUNITY BENEFIT COSTING METHODOLOGY THE MEDICARE COST REPORT COST-TO-CHARGE RATIO WAS USED TO ESTIMATE COST

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	IT IS OUR POLICY NOT TO PURSUE COLLECTION PRACTICES AGAINST PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE IF A PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE DURING THE COLLECTION PROCESS, THE COLLECTION EFFORTS CEASE
Community Served by Needs Assessment	Schedule H, Part V Section B, Line 3	(1) EDWARD HOSPITAL - AS PART OF THE COMMUNITY HEALTH ASSESSMENT, TWO FOCUS GROUPS WERE HELD ON JUNE 19 AND JUNE 26, 2012 (ONE FOCUSING ON NEEDS IN DUPAGE COUNTY ONLY, AND ONE FOCUSING ON NEEDS IN BOTH DUPAGE AND WILL COUNTIES) IN ALL, 15 KEY INFORMANTS TOOK PART, INCLUDING REPRESENTATIVES FROM PUBLIC HEALTH, PHYSICIANS, OTHER HEALTH PROFESSIONALS, SOCIAL SERVICE PROVIDERS, AND OTHER COMMUNITY LEADERS A LIST OF RECOMMENDED PARTICIPANTS FOR FOCUS GROUPS WERE PROVIDED BY THE SPONSORS POTENTIAL PARTICIPANTS WERE CHOSEN BECAUSE OF THEIR ABILITY TO IDENTIFY PRIMARY CONCERNS OF THE POPULATIONS WITH WHOM THEY WORK, AS WELL AS OF THE COMMUNITY OVERALL PARTICIPANTS INCLUDED A REPRESENTATIVE OF PUBLIC HEALTH, AS WELL AS SEVERAL INDIVIDUALS WHO WORK WITH LOW-INCOME, MINORITY OR OTHER MEDICALLY UNDERSERVED POPULATIONS, AND THOSE WHO WORK WITH PERSONS WITH CHRONIC DISEASE CONDITIONS FOCUS GROUP CANDIDATES WERE FIRST CONTACTED BY LETTER TO REQUEST THEIR PARTICIPATION FOLLOW-UP PHONE CALLS WERE THEN MADE TO ASCERTAIN WHETHER OR NOT THEY WOULD BE ABLE TO ATTEND CONFIRMATION CALLS WERE PLACED THE DAY BEFORE THE GROUP WAS SCHEDULED TO INSURE A REASONABLE TURNOUT ORGANIZATIONS PROVIDING INPUT TO THIS PROCESS THROUGH THE FOCUS GROUPS ARE OUTLINED BELOW ORGANIZATIONS REPRESENTED 360 YOUTH SERVICES ACCESS DUPAGE DUPAGE COUNTY HEALTH DEPARTMENT DUPAGE HEALTH COALITION LISLE WOODRIDGE FIRE PROTECTION DISTRICT LITTLE FRIENDS, INC MANORCARE HEALTH SERVICES - NAPERVILLE NAPERVILLE FIRE DEPARTMENT PHYSICIAN ROMEOVILLE FIRE DEPARTMENT WILL COUNTY HEALTH DEPARTMENT WINFIELD SCHOOLS AUDIO FROM THE FOCUS GROUP SESSION WAS RECORDED, FROM WHICH VERBATIM COMMENTS IN THIS REPORT ARE TAKEN THERE ARE NO NAMES CONNECTED WITH THE COMMENTS, AS PARTICIPANTS WERE ASKED TO SPEAK CANDIDLY AND ASSURED OF CONFIDENTIALITY ,(2) PLAINFIELD FREE-STANDING EMERGENCY CTR - EDWARD ACTIVELY SEEKS AND ENCOURAGES COLLARBOATION, INFORMATION AND INPUT FROM THE BROAD COMMUNITY THIS INFORMATION IS A PIVOTAL PART OF THE COMMUNITY BENEFITS PLAN AND INCLUDES INPUT FROM VARIOUS SOURCES, INCLUDING ACCESS DUPAGE, A COMMUNITY BASED PROGRAM THAT PROVIDES ESSENTIAL HEALTH CARE SERVICES TO UNDER AND UN-INSURED RESIDENTS OF DUPAGE COUNTY, AND THE EDWARD PATIENT FAMILY ADVISORY COUNCIL, WHICH CONSISTS OF VOLUNTEER PATIENTS AND/OR FAMILIES OF PATIENTS THAT HAVE RECEIVED EDWARD OR LINDEN OAKS SERVICES, AND THE WILL COUNTY MOBILIZING FOR ACTION THROUGH PLANNING AND PARTNERSHIPS (MAPP) COMMITTEE, WHICH CONSISTS OF NON-PROFIT ORGANIZATIONS THAT PROVIDE SERVICES TO THE WILL COUNTY AREA WITH THE COMMON GOAL OF IMPROVING COMMUNITY HEALTH STATUS EDWARD AND LINDEN OAKS COLLABORATED WITH THESE COMMUNITY GROUPS ON TOPICS SUCH AS FINANCIAL ASSISTANCE AND CHARITY CARE POLICIES, ACCESS TO CARE FOR THE INDIGENT AND CHRONIC CARE MANAGEMENT ,

Identifier	ReturnReference	Explanation
Other Hospital Facilities included in Needs Assessment	Schedule H, Part V Section B, Line 4	(1) EDWARD HOSPITAL - LINDEN OAKS HOSPITAL,(2) PLAINFIELD FREE-STANDING EMERGENCY CTR - LINDEN OAKS HOSPITAL,
Availability of Needs Assessment	Schedule H, Part V Section B, Line 5c	(1) EDWARD HOSPITAL - THE COMMUNITY HEALTH NEEDS ASSESSMENT IS AVAILABLE TO THE PUBLIC USING THE FOLLOWING URL HTTP //EDWARD HEALTHFORECAST NET HEALTHFORECAST NET IS AN INTERACTIVE, DYNAMIC TOOL DESIGNED TO SHARE COMMUNITY HEALTH NEEDS ASSESSMENT DATA WITH COMMUNITY PARTNERS AND THE PUBLIC AT LARGE THIS SITE * INFORMS READERS THAT THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT IS AVAILABLE AND PROVIDES INSTRUCTIONS FOR DOWNLOADING IT, * OFFERS THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT DOCUMENT IN A FORMAT THAT, WHEN ACCESSED, DOWNLOADED, VIEWED, AND PRINTED IN HARD COPY, EXACTLY REPRODUCES THE IMAGE OF THE REPORT, * GRANTS ACCESS TO DOWNLOAD, VIEW, AND PRINT THE DOCUMENT WITHOUT SPECIAL COMPUTER HARDWARE OR SOFTWARE REQUIRED FOR THAT FORMAT (OTHER THAN SOFTWARE THAT IS READILY AVAILABLE TO MEMBERS OF THE PUBLIC WITHOUT PAYMENT OF ANY FEE) AND WITHOUT PAYMENT OF A FEE TO THE HOSPITAL ORGANIZATION OR FACILITY OR TO ANOTHER ENTITY MAINTAINING THE WEBSITE LINKS TO THIS DEDICATED SITE ARE ALSO MADE AVAILABLE ON EDWARD'S WEBSITE AT HTTP //WWW EDWARD ORG EDWARD WILL PROVIDE ANY INDIVIDUAL REQUESTING A COPY OF THE WRITTEN REPORT WITH THE DIRECT WEBSITE ADDRESS, OR URL, WHERE THE DOCUMENT CAN BE ACCESSED EDWARD WILL ALSO MAINTAIN AT ITS FACILITIES A HARD COPY OF THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT THAT MAY BE VIEWED BY ANY WHO REQUEST IT ,(2) PLAINFIELD FREE-STANDING EMERGENCY CTR - EHSC POSTS THE FOLLOWING INSTRUCTIONS ON THE PUBLIC WEBSITE EHSC ANNUALLY FILES A REPORT OF ITS COMMUNITY BENEFIT PLAN WITH THE ILLINOIS ATTORNEY GENERAL'S OFFICE THIS REPORT IS PUBLIC INFORMATION AND AVAILABLE TO THE PUBLIC BY CONTACTING CHARITABLE TRUSTS BUREAU OFFICE OF THE ATTORNEY GENERAL 100 W RANDOLPH ST THIRD FLOOR CHICAGO, ILLINOIS 60601-3175 (312) 814-3942,

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H, Part VI, Line 2	PLANNING FOR COMMUNITY BENEFITS IS AN INTEGRAL PART OF THE EDWARD STRATEGIC PLANNING PROCESS, WHICH FOLLOWS A THREE-YEAR CYCLE WITH INTERIM ANNUAL REVIEWS AND UPDATES THE PROCESS BRINGS TOGETHER DEMOGRAPHICS, PUBLIC HEALTH STATISTICS AND INPUT FROM REPRESENTATIVES FROM THE COMMUNITY, INCLUDING PATIENTS AND PROVIDER AGENCIES THE OVERARCHING GOAL OF THIS PROCESS IS TO UNDERSTAND THE CRUCIAL HEALTH ISSUES IN THE COMMUNITY IN ORDER TO ENSURE ORGANIZATIONAL RESPONSIVENESS AND APPROPRIATE PRIORITIZATION OF RESOURCES
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	INFORMING OUR PATIENTS THAT FINANCIAL ASSISTANCE IS AVAILABLE IS AN IMPORTANT PART OF EDWARD HOSPITAL FINANCIAL ASSISTANCE PROGRAM FINANCIAL ASSISTANCE IS AVAILABLE TO THE UNDER-INSURED AS WELL AS THE UNINSURED INFORMATION ABOUT OUR FINANCIAL ASSISTANCE PROGRAM AND THE APPLICATION IS AVAILABLE ON EDWARD'S WEBSITE IN ENGLISH AND SPANISH PATIENT STATEMENTS ALSO INCLUDE THE INFORMATION ON HOW TO OBTAIN A FINANCIAL ASSISTANCE APPLICATION UNISURED INPATIENTS ARE SCREENED FOR ELIGIBILITY FOR GOVERMENTAL PROGRAMS PATIENTS WHO DO NOT QUALIFY FOR SUCH PROGRAMS ARE GIVEN A FINANCIAL ASSISTANCE APPLICATION SIGNAGE IS POSTED AT ALL OUTPATIENT REGISTRATION AREAS INCLUDING THE EMERGENCY DEPARTMENT ALSO, OUR CUSTOMER SERVICE DEPARTMENT AND FINANCIAL COUNSELORS ARE AVAILABLE TO ASSIST PATIENTS WHO ARE HAVING DIFFICULTY PAYING THEIR BILL AND THE NEED FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
Community information	Schedule H, Part VI, Line 4	EDWARD HOSPITAL & HEALTH SERVICES (ALSO KNOWN AS EDWARD HEALTH SERVICES CORPORATION AND REFERRED TO AS EDWARD) IS A FULL-SERVICE, REGIONAL HEALTHCARE PROVIDER OFFERING ACCESS TO A FULL RANGE OF HEALTH CARE SERVICES, INCLUDING PRIMARY CARE, COMPLEX MEDICAL SPECIALTIES, AND INNOVATIVE PROGRAMMING FOR RESIDENTS OF CHICAGO'S WEST AND SOUTHWEST SUBURBS THE STUDY AREA FOR THE SURVEY EFFORT (REFERRED TO AS THE "EDWARD HOSPITAL SERVICE AREA," "EH SERVICE AREA" OR "EHSA" IN THIS REPORT) IS DEFINED AS THE FOLLOWING RESIDENTIAL ZIP CODES IN PORTIONS OF DUPAGE, WILL AND KENDALL COUNTIES, ILLINOIS 60502, 60504, 60517, 60532, 60540, 60555, 60563, 60565, 60440, 60446, 60490, 60503, 60543, 60544, 60560, 60564, 60585, AND 60586 THIS COMMUNITY DEFINITION WAS DETERMINED BECAUSE 80% OF EDWARD PATIENTS ORIGINATE FROM THIS AREA OTHER HOSPITALS SERVING THE COMMUNITY EDWARD COLLABORATES WITH A NUMBER OF HOSPITALS TO SERVE THIS COMMUNITY, INCLUDING RUSH-COPLEY MEDICAL CENTER, ADVENTIST BOLINGBROOK HOSPITAL, ADVOCATE GOOD SAMARITAN HOSPITAL, PROVENA SAINT JOSEPH MEDICAL CENTER, CENTRAL DUPAGE HOSPITAL, LINDEN OAKS AT EDWARD, ADVENTIST HINSDALE HOSPITAL, PROVENA MERCY MEDICAL CENTER RACE AND ETHNICITY THE RACIAL AND ETHNIC COMPOSITION OF EDWARD'S SERVICE AREA IS SUMMARIZED BELOW EDWARD HAS A SIGNIFICANTLY HIGHER PERCENTAGE OF RESIDENTS WITH ASIAN ETHNICITY (OVER 10 PERCENT) THAN EITHER ILLINOIS OR THE UNITED STATES FIFTEEN PERCENT (15%) OF AREA RESIDENTS ARE OF HISPANIC/LATINO ETHNICITY, ROUGHLY CONSISTENT WITH THE STATE OF ILLINOIS AND SLIGHTLY LOWER THAN THE NATION AS A WHOLE *INFORMATION PROVIDED BY US CENSUS (2012 ESTIMATED POPULATION BY SINGLE RACE CLASSIFICATION) POVERTY THE NUMBER AND PERCENTAGE OF LOWER-INCOME RESIDENTS INCREASED IN 2010 ACCORDING TO THE MOST RECENTLY AVAILABLE DATA FROM THE US CENSUS BUREAU THE PERCENTAGE OF INDIVIDUALS AT OR BELOW THE POVERTY LEVEL IS NOW AT 6 9% IN DUPAGE COUNTY AND 8 5% IN WILL COUNTY WHILE THIS IS LOWER THAN THE STATE AVERAGE, IT NEVERTHELESS REPRESENTS A SIGNIFICANT NUMBER OF INDIVIDUALS-IN FACT, NEARLY 120,000 -LIVING AT OR BELOW THE POVERTY LEVEL IN DUPAGE AND WILL COUNTIES THE INCREASE IN POVERTY IS STRAINING THE PUBLIC SYSTEM'S ABILITY TO FUND HEALTH CARE SERVICES FOR THESE VULNERABLE POPULATION ACCORDING TO THE HEALTH RESOURCE SERVICE ADMINISTRATION (HRSA), WILL COUNTY, AN AREA WHICH 40% OF EDWARD ADMISSIONS WERE FROM, HAS BEEN DESIGNATED AS HAVING MEDICALLY UNDERSERVED POPULATIONS (MUPS) REFLECTING A HIGH NUMBER OF INDIVIDUALS FACING ECONOMIC, CULTURAL OR LINGUISTIC BARRIERS TO HEALTH CARE
Promotion of community health	Schedule H, Part VI, Line 5	THE MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA AND ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR ALL DEPARTMENTS AS A NOT-FOR-PROFIT ORGANIZATION, EDWARD RE-INVESTS EARNINGS IN THE ORGANIZATION TO MAINTAIN AND ENHANCE SERVICES THAT BENEFIT ITS COMMUNITY THE ORGANIZATION DEVELOPS AND UPDATES A STRATEGIC PLAN ON A REGULAR BASIS TO IDENTIFY NEEDS AND OPPORTUNITIES TO DEPLOY EXCESS FUNDS (REVENUE IN EXCESS OF EXPENDITURES) PROJECTS ARE EVALUATED BASED ON ORGANIZATIONAL OBJECTIVES AND COMMUNITY NEEDS, AND ARE PRIORITIZED BY SENIOR MANAGEMENT AND THE BOARD OF TRUSTEES

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	EDWARD HOSPITAL AND LINDEN OAKS HOSPITAL ARE PART OF AN AFFILIATED HEALTH SYSTEM, EDWARD HEALTH SERVICES CORPORATION (EHSC) THE COMMUNITY NEED ASSESSMENT AND THE DEVELOPMENT AND MANAGEMENT OF THE COMMUNITY BENEFIT STRATEGIC PLAN IS PROVIDED BY EHSC BOTH HOSPITALS PLAY A VITAL ROLE IN IMPLEMENTING THE INITIATIVES SET FORTH IN THE STRATEGIC PLAN BY PROVIDING THE COMMUNITY BENEFIT SERVICES THAT ARE QUANTIFIED IN PART I AND PART II OF SCHEDULE H FOR EACH OF THE HOSPITAL TAX FILINGS
State filing of community benefit report	Schedule H, Part VI, Line 7	IL

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ACCESS DUPAGE 511 THORNHILL DR CAROL STREAM,IL 60188	36-4448208	501(C)(3)	683,000	0	N/A	N/A	PROGRAM SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	MONITORING OF THE USE OF GRANT FUNDS IS ACHIEVED THROUGH VARIOUS MEANS, INCLUDING ACTIVE PARTICIPATION IN PROGRAM IMPLEMENTATION, WRITTEN CONTRIBUTION AGREEMENTS, AND/OR PERFORMANCE REPORTS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Identifier	Return Reference	Explanation
Health or social club dues or initiation fees	Schedule J, Part I, Line 1a	ALL EDWARD HEALTH SERVICES CORPORATION EMPLOYEES ARE OFFERED A MEMBERSHIP AT THE EDWARD HEALTH & FITNESS CENTER, AN AFFILIATE OF EDWARD HEALTH SERVICES CORPORATION, AS A TAXABLE EMPLOYEE BENEFIT MEMBERS OF SENIOR MANAGEMENT (THE PRESIDENT AND VICE PRESIDENTS) ARE ALSO PROVIDED THIS BENEFIT FOR THEIR SPOUSE AND CHILDREN, ALSO AS A TAXABLE BENEFIT THE VALUE OF THIS BENEFIT IS DETERMINED BASED UPON THE FAIR MARKET VALUE OF THESE MEMBERSHIPS, WHICH IS IN TURN DETERMINED BASED UPON THE ACTUAL AMOUNT THAT THE EDWARD HEALTH & FITNESS CENTER CHARGES TO OTHER CORPORATE CUSTOMERS
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	EXECUTIVE COMPENSATION, INCLUDING THE PRESIDENT AND ALL OFFICERS ("SENIOR MANAGEMENT"), IS MANAGED BY THE EDWARD HEALTH SERVICES CORPORATION EXECUTIVE COMMITTEE ("COMMITTEE"), ON BEHALF OF EDWARD HEALTH SERVICES CORPORATION AND ALL OF ITS AFFILIATES, INCLUDING EDWARD HOSPITAL ON AN ANNUAL BASIS, THE COMMITTEE REVIEWS COMPENSATION ARRANGEMENTS, INCLUDING THE COMPENSATION AWARD FOR THE EDWARD HOSPITAL PRESIDENT FOR THE COMING YEAR THE COMMITTEE CONDUCTS THE REVIEW IN A MANNER THAT WILL QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE INTERMEDIATE SANCTION RULES OF SECTION 4958 OF THE INTERNAL REVENUE CODE AS FOR THE PRESIDENT, THIS INDIVIDUAL IS COMPENSATED WITH A COMPETITIVE BASE SALARY, ALONG WITH AN INCENTIVE PLAN WHICH IS REFLECTIVE OF EDWARDS MARKET, AS DETERMINED BY A REVIEW OF MARKET COMPENSATION SURVEY DATA AT THE TIME OF HIRE, THE SALARY DETERMINATION IS MADE BY GIVING CONSIDERATION TO EXPERIENCE PERTINENT TO THE ROLE FOR WHICH THE INDIVIDUAL IS TO BE HIRED ALSO CONSIDERED ARE NICHE SKILLS OR EXPERIENCE THIS PRESIDENT BRINGS TO THE ORGANIZATION SUPPLY AND DEMAND WILL ALSO PLAY A ROLE IN DETERMINING THE HIRE IN RATE OF PAY BASED ON THESE FACTORS, EDWARD HEALTH SERVICES CORPORATION HUMAN RESOURCES DEPARTMENT, WHICH SUPPORTS EDWARD HEALTH SERVICES CORPORATION AND ALL OF ITS AFFILIATES, INCLUDING EDWARD HOSPITAL, WILL ASSIGN THE PRESIDENT TO AN APPROPRIATE PAY GRADE, AND A RATE OF PAY WILL BE OFFERED WITHIN THAT PAY GRADE ON AN ANNUAL BASIS, EDWARD HEALTH SERVICES CORPORATION HUMAN RESOURCES WORKS WITH AN INDEPENDENT THIRD PARTY COMPENSATION CONSULTANT TO CONDUCT A THOROUGH MARKET REVIEW OF ALL POSITION WHICH ARE NOT CONSIDERED SENIOR MANAGEMENT USING A VARIETY OF SOURCES, OUR SALARY RANGES ARE COMPARED TO THE CURRENT MARKET PAY GRADE ASSIGNMENTS, AND INDIVIDUAL RATES OF PAY, MAY CHANGE BASED ON THE RESULTS OF THIS ANNUAL MARKET REVIEW IN ADDITION, ANNUAL MERIT INCREASES MAY BE AWARDED BASED ON EDWARD'S BUDGET FOR THE YEAR
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	INDIVIDUALS WHO HAVE THE TITLE OF VICE PRESIDENT OR HIGHER ARE ELIGIBLE TO PARTICIPATE IN A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP), ANY ELIGIBLE PARTICIPANTS MUST BE APPROVED BY THE EXECUTIVE COMMITTEE THE SERP WAS ESTABLISHED TO RECOGNIZE THE VALUABLE CONTRIBUTIONS THAT EACH OF THE PARTICIPANTS MAKES TO THE OPERATIONS OF EDWARD HEALTH SERVICES CORPORATION AND TO REWARD CERTAIN EXECUTIVE EMPLOYEES FOR THEIR LONG-TERM SERVICE AND COMMITMENT TO EDWARD HEALTH SERVICES CORPORATION THE SERP IS DESIGNED TO PROVIDE A FULL RETIREMENT SUPPLEMENT TO PARTICIPANTS IF THEY REMAIN WITH EDWARD HEALTH SERVICES CORPORATION UNTIL AGE 62 IN EXCHANGE FOR THIS LONG-TERM SERVICE, EDWARD HEALTH SERVICES CORPORATION WANTS TO SUPPLEMENT THESE PARTICIPANTS' RETIREMENT INCOME WITH ADDITIONAL ANNUAL COMPENSATION THAT IS INVESTED IN AN ANNUITY CONTRACT, CONTRIBUTIONS ARE IMMEDIATELY VESTED THE FOLLOWING OFFICERS RECEIVED PAYMENTS FROM A SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN BYRNE, BARBARA P -- 42,535 DAVIS, PAMELA M -- 200,000 KENNEY, ANNETTE -- 41,589 LUDWIG-BEYMER, PATTI -- 11,761 PRYOR, VINCENT E -- 94,500 SMITH, BRENT E -- 60,008
Non-fixed payments	Schedule J, Part I, Line 7	SCHEDULE J, PART 1, LINE 7 IS ANSWERED 'YES' BECAUSE CERTAIN INDIVIDUALS, WHOSE SALARY AND BENEFITS ARE PAID BY THE REPORTING ORGANIZATION OR A RELATED ORGANIZATION, RECEIVED A NON-FIXED PAYMENT DURING THE YEAR THE NON-FIXED PAYMENTS ARE INCLUDED IN SCHEDULE J, PART II, COLUMN B(II)

Additional Data Return to Form

Software ID: 12000266
Software Version: v2012.1.0
EIN: 36-3297173
Name: EDWARD HOSPITAL

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ANNETTE KENNEY	(I)	0	0	0	0	0	0	0
	(II)	219,730	50,884	10,860	55,557	15,877	352,908	0
BARBARA P BYRNE MD	(I)	0	0	0	0	0	0	0
	(II)	290,087	65,642	11,534	52,536	4,235	424,034	0
BRENT E SMITH DO	(I)	0	0	0	0	0	0	0
	(II)	326,024	73,943	4,521	72,509	7,541	484,537	0
BRIAN P DAVIS	(I)	0	0	0	0	0	0	0
	(II)	193,001	45,209	31,053	12,167	20,371	301,800	0
DENNISE VAUGHN	(I)	0	0	0	0	0	0	0
	(II)	216,813	49,573	25,135	15,672	7,650	314,843	0
JOHN S LEE	(I)	290,094	0	129,055	17,500	18,553	455,202	0
	(II)	0	0	0	0	0	0	0
KIMBERLY J STACHE	(I)	184,300	20,804	381	9,384	2,164	217,034	0
	(II)	0	0	0	0	0	0	0
LINDA DEVEE	(I)	141,594	15,833	6,226	10,360	6,148	180,161	0
	(II)	0	0	0	0	0	0	0
LYNN L COCHRAN	(I)	155,427	18,252	8,011	11,930	12,986	206,605	0
	(II)	0	0	0	0	0	0	0
MARIANNE SPENCER	(I)	0	0	0	0	0	0	0
	(II)	282,494	65,127	118,770	17,500	20,521	504,411	0
MARY L MASTRO	(I)	0	0	0	0	0	0	0
	(II)	268,556	80,518	131,455	17,500	19,127	517,156	0
PAMELA M DAVIS	(I)	0	0	0	0	0	0	0
	(II)	758,342	255,320	182,383	217,500	12,066	1,425,610	0
PATTI LUDWIG-BEYMER	(I)	22,951	0	2,827	838	2,607	29,222	0
	(II)	180,512	46,676	44,137	22,021	19,826	313,173	0
PETER T SCHUBEL MD	(I)	333,537	0	99,564	15,000	16,153	464,253	0
	(II)	0	0	0	0	0	0	0
RALPH P HOOVER MD	(I)	289,394	0	147,258	17,463	18,353	472,468	0
	(II)	0	0	0	0	0	0	0
RYAN SNITOWSKY	(I)	291,658	0	117,139	12,500	14,119	435,417	0
	(II)	0	0	0	0	0	0	0
THOMAS A SCALETTA MD	(I)	349,700	2,500	81,873	12,500	18,153	464,726	0
	(II)	0	0	0	0	0	0	0
VINCENT E PRYOR	(I)	0	0	0	0	0	0	0
	(II)	425,528	128,513	21,109	104,500	21,126	700,776	0
WILLIAM G KOTTMANN	(I)	0	0	0	0	0	0	0
	(II)	280,851	85,270	172,541	17,500	17,354	573,517	0
YVETTE M SABA	(I)	175,094	20,358	13,469	11,684	14,518	235,123	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	ILLINOIS FINANCE AUTHORITY SERIES 2008A	86-1091967	45200FFF1	04-09-2008	85,733,137	SEE PART VI		X		X		X
B	ILLINOIS FINANCE AUTHORITY SERIES 2008 B-1 B-2 & C	86-1091967	45200FFY0	04-30-2008	126,220,000	SEE PART VI		X		X		X
C	ILLINOIS FINANCE AUTHORITY SERIES 2009-A	86-1091967	45200FB65	10-28-2009	43,500,000	SEE PART VI		X		X		X
D	ILLINOIS FINANCE AUTHORITY SERIES 2012A	86-1091967		03-02-2012	26,025,000	SEE PART VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	11,675,000	305,000	2,685,000
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	85,733,137	126,220,000	43,500,000	26,025,000
4	Gross proceeds in reserve funds	0	0	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrows	85,733,137	0	0	0
7	Issuance costs from proceeds	0	344,612	707,220	250,000
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	0	0	6,344,198
11	Other spent proceeds	0	125,875,388	42,792,780	19,430,802
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2008	2008	2009	2013

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		X
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		X

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X	X			X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X			X
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		X
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 0000%		0 0000%		0 0000%		0 0000%
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		0 0000%		0%		0%		0%
6	Total of lines 4 and 5		0 0000%		0%		0%		0%
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		0%		0%		0%		0%
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X	X		X	
b	Exception to rebate?		X		X		X		X
c	No rebate due?	X		X			X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X		X			X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X		X			X
b	Name of provider	CITIGROUPGOLDMAN SACHDEUTSCHE BANK		CITIGROUPGOLDMAN SACHDEUTSCHE BANK		JP MORGAN CHASE			
c	Term of hedge		0 0		33 0		30 0		0 0
d	Was the hedge superintegrated?		X	X			X		X
e	Was a hedge terminated?		X		X		X		X

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC		0 0		0 0		0 0		0 0
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?		X		X		X		X
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
DESCRIPTION OF PURPOSE	SCHEDULE K, PART I, COLUMN (F)	THE PURPOSE OF THE ISSUANCE OF THE BONDS REPORTED IN SCHEDULE K ARE AS FOLLOWS ILLINOIS FINANCE AUTHORITY SERIES 2008A THESE REVENUE BONDS WERE USED TO REFUND THE 7/1/1998 BOND ISSUE ILLINOIS FINANCE AUTHORITY SERIES 2008 B-1, B-2, & C THESE REVENUE REFUNDING BONDS WERE USED TO REFUND THE 3/7/2007 BOND ISSUE ILLINOIS FINANCE AUTHORITY SERIES 2009-A THESE REVENUE REFUNDING BONDS WERE USED TO REFUND THE 4/4/2001 AND THE 7/1/2005 BOND ISSUES ILLINOIS FINANCE AUTHORITY SERIES 2012-A THESE BONDS WERE USED TO FINANCE VARIOUS CONSTRUCTION PROJECTS AND REFUND THE 4/4/2001 BOND ISSUE
ISSUER NAME Illinois Finance Authority Series 2008A No Rebate Due	Schedule K, Part IV, Line 2c	THE CALCULATION FOR COMPUTING NO REBATE DUE WAS PERFORMED ON FEBRUARY 15, 2013
ISSUER NAME Illinois Finance Authority Series 2008 B-1, B-2, & C No Rebate Due	Schedule K, Part IV, Line 2c	THE CALCULATION FOR COMPUTING NO REBATE DUE WAS PERFORMED ON FEBRUARY 15, 2013

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue				
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?								
15	Were the bonds issued as part of an advance refunding issue?								
16	Has the final allocation of proceeds been made?								
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?								

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?								
2	Are there any lease arrangements that may result in private business use of bond-financed property?								

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?								

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?								
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?								
7	Has the organization established written procedures to monitor the requirements of section 148?								

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
Total	▶ $											

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PETER SCHUBEL MD	FAMILY MEMBER OF RONALD SCHUBEL, CHAIRMAN/TRUSTEE	464,254	EMPLOYMENT AS EMERGENCY DEPARTMENT PHYSICIAN		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Identifier	Return Reference	Explanation
VOLUNTEERS	FORM 990, PART I, LINE 6	OUR VOLUNTEERS WORK IN A LARGE MAJORITY OF AREAS THROUGHOUT THE ORGANIZATION THE RESPONSIBILITY THE VOLUNTEER HAS VARIES, DEPENDENT ON THE AREA THEY ARE VOLUNTEERING IN AND THE PROJECTS TO BE COMPLETED VOLUNTEERS HAVE ASSISTED WITH CLERICAL WORK, DATA ENTRY, MEETING AND GREETING, FRIENDLY VISITS, ESCORTING AND PROVIDING GENERAL INFORMATION TO PATIENTS AND VISITORS WE TRACK OUR VOLUNTEER HOURS MONTHLY ALL OF THE VOLUNTEERS SIGN IN AND OUT EACH SHIFT THEY COME IN AND WE COLLECT THE SIGN IN SHEETS AT THE END OF THE MONTH THROUGHOUT THE ORGANIZATION, FOR THE FISCAL YEAR ENDED JUNE 30, 2013 OUR VOLUNTEERS GAVE 89,000 HOURS OF SERVICE

Identifier	Return Reference	Explanation
PROGRAM SERVICE DESCRIPTION	FORM 990, PART III, LINE 4A	ACCREDITED BY THE JOINT COMMISSION, EDWARD HAS EARNED A REPUTATION AS A LEADER IN COMPLEX MEDICAL SPECIALTIES AND INNOVATIVE PROGRAMMING, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING -- MOST UP-TO-DATE SURGICAL SUITES, INCLUDING SIX STATE-OF-THE-ART OPERATING ROOMS FOR MINIMALLY INVASIVE SURGICAL PROCEDURES AND THE DA VINCI SI ROBOTIC SURGICAL SYSTEM -- COMPREHENSIVE, ADVANCED CARDIAC CARE IN ONE LOCATION THROUGH EDWARD HEART HOSPITAL (THE FIRST SUCH FACILITY IN ILLINOIS, OPENED IN 2002) -- HEARTAWARE, AN ONLINE TEST SO PEOPLE CAN DETERMINE THEIR RISK FOR HEART DISEASE AND AN INITIATIVE TO ENHANCE AND PROMOTE THE PREVENTION OF HEART DISEASE -- EDWARD PROVIDES WORLD CLASS STROKE CARE THROUGH THE EDWARD NEUROSCIENCES INSTITUTE IN AFFILIATION WITH THE NORTHWESTERN MEDICAL FACULTY FOUNDATION THE INSTITUTE FEATURES THE MOST ADVANCED INTERVENTIONAL NEUROSURGERY TECHNIQUES AND DRUG THERAPIES TO TREAT STROKES AND OTHER NEUROLOGICAL DISORDERS -- EDWARD CANCER CENTER HAS OPENED A NUMBER OF MULTIDISCIPLINARY ONCOLOGY CLINICS, INCLUDING A MULTIDISCIPLINARY THORACIC ONCOLOGY CLINIC, THE FIRST OF ITS KIND IN DUPAGE, WILL AND KANE COUNTIES, FOR COORDINATED, FASTER, MORE EFFICIENT TREATMENT OF LUNG CANCER AND OTHER MALIGNANCIES AND ABNORMALITIES OF THE CHEST, A NEURO-ONCOLOGY MULTIDISCIPLINARY CENTER, THE ONLY ONE IN THE AREA TO TREAT BRAIN AND SPINAL CORD TUMORS AND A BREAST CANCER CONFERENCE, A MULTIDISCIPLINARY TEAM THAT MEETS WEEKLY TO DETERMINE THE BEST TREATMENT PLAN FOR NEWLY DIAGNOSED BREAST CANCER PATIENTS -- EDWARD WAS RE-DESIGNATED A MAGNET HOSPITAL FOR NURSING EXCELLENCE IN 2010 AFTER RECEIVING ITS ORIGINAL DESIGNATION IN 2005 EDWARD IS ONE OF ONLY THREE HOSPITALS IN DUPAGE COUNTY AND THE ONLY ONE SERVING WILL COUNTY TO HAVE EARNED THE PRESTIGIOUS RECOGNITION -- CARE FOR THE MOST CRITICALLY ILL NEWBORNS IN ITS LEVEL III NEWBORN INTENSIVE CARE UNIT (NICU) -- EXPERT EMERGENCY SERVICES FOR ADULTS AND PEDIATRIC PATIENTS IN ITS LEVEL II EMERGENCY DEPARTMENT AND PEDIATRIC EMERGENCY DEPARTMENT -- STATE-OF-THE-ART IMAGING TECHNOLOGY AT NUMEROUS LOCATIONS THROUGHOUT THE REGION -- ACCESS TO THE LATEST CLINICAL TRIALS FOR CANCER AND HEART DISEASE -- FIRST IN THE REGION TO OFFER ANIMAL-ASSISTED THERAPY, MUSIC THERAPY AND ART THERAPY THROUGH ITS HEALING ARTS PROGRAM DURING THE FISCAL YEAR ENDED JUNE 30, 2013, EDWARD HOSPITAL PROVIDED NEARLY $93 7 MILLION IN COMMUNITY BENEFITS AND $17 8 MILLION IN CHARITY CARE, A 325% INCREASE SINCE FY 2006 FOR FISCAL YEAR 2013, EDWARD HOSPITAL HAD 87,140 PATIENT DAYS AND 91,663 EMERGENCY ROOM VISITS FOR MORE INFORMATION ABOUT EDWARD HOSPITAL, VISIT WWW EDWARD ORG

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	EDWARD HOSPITAL'S SOLE CORPORATE MEMBER IS EDWARD HEALTH SERVICES CORPORATION, AN ILLINOIS NOT-FOR-PROFIT AND SECTION 501(C)(3) TAX EXEMPT CORPORATION

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	EDWARD HOSPITAL'S SOLE CORPORATE MEMBER, EDWARD HEALTH SERVICES CORPORATION, MAY ELECT, REMOVE AND REPLACE MEMBERS OF THE BOARD OF TRUSTEES OF EDWARD HOSPITAL THE EHSC BOARD OF TRUSTEES CONSISTS OF THE INDIVIDUALS WHO CONCURRENTLY SERVE ON THE EH BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE BOARD OF TRUSTEES OF EDWARD HOSPITAL'S SOLE CORPORATE MEMBER, EDWARD HEALTH SERVICES CORPORATION (EHSC), HAS THE FOLLOWING EXCLUSIVE POWERS OVER EDWARD HOSPITAL (EH) -ELECT, REMOVE AND REPLACE MEMBERS OF THE BOARD OF TRUSTEES OF EDWARD HOSPITAL (EH BOARD OF TRUSTEES) -APPROVE, BEFORE THEY MAY BECOME EFFECTIVE, ALL AMENDMENTS TO THE ARTICLES OF INCORPORATION OF EH PROPOSED BY THE EH BOARD OF TRUSTEES AND ENACT OR AMEND ARTICLES OF INCORPORATION FOR EH IN THE DISCRETION OF EHSC -APPROVE A PLAN OF DISSOLUTION OR LIQUIDATION OF EH OR A PLAN OF MERGER OR CONSOLIDATION OF EH WITH ANOTHER CORPORATION -ADOPT, OR PERMIT THE ADOPTION OF, ANY ANNUAL OR LONG-TERM CAPITAL OR OPERATIONAL BUDGET OF EH OR OF ANY AFFILIATE OR SUBSIDIARY OF EH -APPROVE, OR PERMIT THE APPROVAL OF, ANY LONG-TERM BORROWING OF MONEY FOR CAPITAL NEEDS BY EH OR BY ANY AFFILIATE OR SUBSIDIARY OF EH -APPROVE, BEFORE IT MAY BECOME EFFECTIVE, THE CREATION OF ANY TAXABLE OR TAX-EXEMPT SUBSIDIARY ORGANIZATION OF EH -ADOPT POLICIES WHICH MAY IMPOSE OBLIGATIONS UPON THE EH BOARD OF TRUSTEES OR LIMITATIONS ON THE POWERS OF THE EH BOARD OF TRUSTEES WHICH SHALL BE CONSISTENT WITH THE BYLAWS AND THE ARTICLES OF INCORPORATION OF EH, PROVIDED THAT THE POLICIES SHALL FIRST BE SUBMITTED TO THE EH BOARD OF TRUSTEES FOR COMMENT UPON NO LESS THAN THIRTY (30) DAYS PRIOR WRITTEN NOTICE. ANY POLICIES AS DESCRIBED ABOVE WHICH ARE ADOPTED BY THE EHSC BOARD OF TRUSTEES SHALL BE DELIVERED TO THE CHAIRMAN, PRESIDENT OR SECRETARY OF EH, SIGNED BY AN AUTHORIZED OFFICER OF EHSC, AND SHALL BE EFFECTIVE AS OF THE DATE OF DELIVERY. THE EHSC BOARD OF TRUSTEES CONSISTS OF THE INDIVIDUALS WHO CONCURRENTLY SERVE ON THE EH BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	A DRAFT OF THE FULL FORM 990 WAS PROVIDED TO THE EDWARD HEALTH SERVICES CORPORATION AUDIT COMMITTEE, AND WAS REVIEWED WITH THE ASSISTANCE OF CROWE HORWATH FOLLOWING REVIEW BY THE AUDIT COMMITTEE, AND PRIOR TO FILING, A FINAL COPY OF THE FORM 990 WAS THEN PROVIDED TO THE FULL BOARD OF TRUSTEES OF EDWARD HOSPITAL, AND KEY COMPONENTS OF THE FORM 990 WERE ALSO REVIEWED

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	EDWARD HEALTH SERVICES CORPORATION, ON BEHALF OF ITSELF AND ALL AFFILIATES INCLUDING EDWARD HOSPITAL, MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY THROUGH ANNUAL REPORTING, AND ONGOING EDUCATION EACH YEAR, EHSC CONDUCTS AN ANNUAL CONFLICT OF INTEREST REVIEW THIS PROCESS INVOLVES REQUIRING ALL TRUSTEES, OFFICERS, KEY EMPLOYEES, CONTRACTED PHYSICIANS AND PHYSICIANS IN LEADERSHIP ROLES, AND MANAGEMENT LEVEL EMPLOYEES TO COMPLETE AN ELECTRONIC CONFLICT OF INTEREST QUESTIONNAIRE THE DATA ARE REPORTED BACK TO THE DIRECTOR OF COMPLIANCE AND PRIVACY, WHO ASSESSES THE REPORTED CONFLICTS TO DETERMINE WHETHER THEY REQUIRE ANY FOLLOW-UP ACTION, INCLUDING DIVESTITURE OF ANY BUSINESS INTEREST OR POSSIBLE TERMINATION OF ANY BUSINESS RELATIONSHIP THE DIRECTOR OF COMPLIANCE AND PRIVACY ENSURES THAT ALL REQUIRED INDIVIDUALS SUBMIT A COMPLETED QUESTIONNAIRE, AND IF NO REPORT IS COMPLETED, THE MATTER IS REPORTED TO THE BOARD OF TRUSTEES THE BOARD OF TRUSTEES IS ALSO PROVIDED A SUMMARY REPORT OF ALL ACTUAL OR POTENTIAL CONFLICTS OF INTEREST, SO THAT THEY ARE AWARE OF THESE RELATIONSHIPS AS THE BUSINESS OF THE BOARD IS BEING CONDUCTED IN CASES WHERE AN ACTUAL OR POTENTIAL CONFLICT IS IDENTIFIED, THE CONFLICTED INDIVIDUAL IS EDUCATED ABOUT HOW THEY SHOULD RAISE THIS ISSUE IF THEY ARE EVER IN A POSITION WHERE THEIR CONFLICT MAY BE IMPLICATED CONFLICTED INDIVIDUALS MUST RECUSE THEMSELVES FROM VOTING, BUT, AT THE DISCRETION OF THE BOARD, MAY BE PERMITTED TO PARTICIPATE IN DISCUSSION ABOUT MATTERS IN WHICH THEY HAVE AN ACTUAL OR APPARENT CONFLICT IN ADDITION TO THIS ANNUAL REPORTING, ALL INDIVIDUALS NOTED ABOVE ARE ADVISED THAT, PURSUANT TO THE CONFLICTS POLICY, THEY ARE REQUIRED TO REPORT TO THE DIRECTOR OF COMPLIANCE AND PRIVACY ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST AS THEY MAY ARISE THROUGHOUT THE COURSE OF THE YEAR

Identifier	Return Reference	Explanation
Process used to establish compensation of top management official	Form 990, Part VI, Section B, Line 15a	EXECUTIVE COMPENSATION, INCLUDING THE CEO AND ALL OFFICERS (SENIOR MANAGEMENT), IS MANAGED BY THE EHSC EXECUTIVE COMMITTEE (COMMITTEE), ON BEHALF OF EHSC AND ALL OF ITS AFFILIATES ON AN ANNUAL BASIS, THE COMMITTEE REVIEWS COMPENSATION ARRANGEMENTS, AND BASED ON SUCH REVIEW, THE COMMITTEE RECOMMENDS THE COMPENSATION AWARD FOR THE EHSC CEO FOR THE COMING YEAR TO THE EHSC BOARD FOR APPROVAL THE COMMITTEE CONDUCTS THE REVIEW IN A MANNER THAT WILL QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE INTERMEDIATE SANCTION RULES OF SECTION 4958 OF THE INTERNAL REVENUE CODE TO THAT END - THE CEO AND ALL OTHER MEMBERS OF SENIOR MANAGEMENT MAY PARTICIPATE IN THIS REVIEW PROCESS AND BE PRESENT AT MEETINGS OF THE COMMITTEE ONLY IF AND TO THE EXTENT NECESSARY TO ANSWER QUESTIONS AND PROVIDE OTHER INFORMATION THE COMMITTEE NEEDS FOR ITS ANALYSIS, ASSESSMENT AND DELIBERATIONS, AND THEY MUST OTHERWISE RECUSE THEMSELVES FROM COMMITTEE MEETINGS DURING COMMITTEE DEBATE AND VOTING ON COMPENSATION ARRANGEMENTS - THE COMMITTEE CONFIRMS PRIOR TO COMMENCEMENT OF THE ANNUAL REVIEW THAT NO OTHER MEMBER OF THE COMMITTEE HAS A CONFLICT OF INTEREST WITH REGARD TO THE COMPENSATION MATTERS ADDRESSED IN THE REVIEW ANY MEMBER IDENTIFIED AS HAVING A CONFLICT SHALL PARTICIPATE IN THE PROCESS ONLY TO THE SAME EXTENT AS MEMBERS OF SENIOR MANAGEMENT - THE COMMITTEE CONDUCTS THE REVIEW WITH THE ASSISTANCE OF AN EXPERIENCED AND INDEPENDENT COMPENSATION FIRM, WHO SHALL SUMMARIZE ITS ANALYSIS AND FINDINGS IN WRITING TO THE EXECUTIVE COMMITTEE - THE COMMITTEE OBTAINS AND RELIES UPON CURRENT, COMPARABLE MARKET COMPENSATION DATA FOR APPROPRIATE PEER ORGANIZATIONS FOR EACH COMPENSATION COMPONENT PRIOR TO MAKING ITS DETERMINATION RELEVANT INFORMATION WILL INCLUDE COMPENSATION LEVELS PAID BY SIMILARLY SITUATED ORGANIZATIONS, BOTH TAXABLE AND TAX-EXEMPT, FOR FUNCTIONALLY COMPARABLE POSITIONS, THE AVAILABILITY OF SIMILAR SERVICES IN THE GEOGRAPHIC AREA SERVED BY EHSC, CURRENT COMPENSATION SURVEYS COMPILED BY AN INDEPENDENT FIRM, AND ACTUAL WRITTEN OFFERS FROM SIMILAR ORGANIZATIONS COMPETING FOR THE SERVICES OF THE MEMBERS OF SENIOR MANAGEMENT - THE EXECUTIVE COMMITTEE ALSO ADEQUATELY AND PROMPTLY DOCUMENTS ITS DECISION THE DOCUMENTATION STATES THE INTENTION TO QUALIFY FOR THE REBUTTABLE PRESUMPTION OF REASONABLENESS, THE SPECIFIC TERMS OF THE COMPENSATION ARRANGEMENT THAT WERE APPROVED, THE APPROVAL DATE, THE NAMES OF THE INDIVIDUALS PRESENT AND THOSE WHO VOTED, THE SPECIFIC COMPARABILITY DATA OBTAINED AND RELIED UPON, AND AN EXPLANATION AS TO WHY THE APPROVED AMOUNTS ARE CONSIDERED REASONABLE IF THE TERMS OF THE COMPENSATION ARRANGEMENT DIFFER FROM THE COMPARABILITY DATA IT ALSO REFLECTS THE STEPS TAKEN BY THE COMMITTEE TO CONFIRM THE ABSENCE OF CONFLICTS ON THE PART OF ANY COMMITTEE MEMBER AND TO MEET THE FOREGOING REQUIREMENTS CONCERNING THE NATURE AND EXTENT OF PARTICIPATION OF ANY CONFLICTED COMMITTEE MEMBER OR MEMBERS OF SENIOR MANAGEMENT IN ADDITION, THE EXECUTIVE COMMITTEE PERIODICALLY REVIEWS THE EXECUTIVE COMPENSATION PLAN, INCLUDING THE PHILOSOPHY, FOR (A) COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS, AND (B) ALIGNMENT WITH EHSC'S MISSION, CHARITABLE PURPOSES, GOALS AND STRATEGIES BASED ON THE REVIEW, THE COMMITTEE DEVELOPS AND RECOMMENDS TO THE FULL BOARD FOR ITS APPROVAL CHANGES IN ONE OR MORE COMPONENTS OF THE PLAN OR THE PLAN PHILOSOPHY THAT THE COMMITTEE CONSIDERS NECESSARY AND APPROPRIATE RELATIVE TO ONE OR BOTH OF THESE CRITERIA OTHER INDIVIDUALS WHO ARE KEY EMPLOYEES OF EDWARD HEALTH SERVICES CORPORATION ARE COMPENSATED WITH A COMPETITIVE BASE SALARY, ALONG WITH AN INCENTIVE PLAN, WHICH IS REFLECTIVE OF EDWARD'S MARKET, AS DETERMINED BY A REVIEW OF INDEPENDENTLY GATHERED MARKET COMPENSATION SURVEY DATA - AT THE TIME OF HIRE, THE SALARY DETERMINATION IS MADE BY GIVING CONSIDERATION TO EXPERIENCE PERTINENT TO THE ROLE FOR WHICH THE INDIVIDUAL IS TO BE HIRED ALSO CONSIDERED ARE NICHE SKILLS OR EXPERIENCE THIS KEY EMPLOYEE BRINGS TO THE ORGANIZATION SUPPLY AND DEMAND WILL ALSO PLAY A ROLE IN DETERMINING THE HIRE IN RATE OF PAY BASED ON THESE FACTORS, EDWARD HEALTH SERVICES HUMAN RESOURCES DEPARTMENT, WHICH SUPPORTS EDWARD HOSPITAL AND ALL OF ITS AFFILIATES, WILL ASSIGN THE KEY EMPLOYEE TO AN APPROPRIATE PAY GRADE, AND A RATE OF PAY WILL BE OFFERED WITHIN THAT PAY GRADE - ON AN ANNUAL BASIS, EDWARD HEALTH SERVICES HUMAN RESOURCES WORKS WITH AN INDEPENDENT THIRD PARTY COMPENSATION CONSULTANT TO CONDUCT A THOROUGH MARKET REVIEW OF ALL POSITIONS WHICH ARE NOT CONSIDERED SENIOR MANAGEMENT USING A VARIETY OF SOURCES, OUR SALARY RANGES ARE COMPARED TO THE CURRENT MARKET PAY GRADE ASSIGNMENTS, AND INDIVIDUAL RATES OF PAY, MAY CHANGE BASED ON THE RESULTS OF THIS ANNUAL MARKET REVIEW IN ADDITION, ANNUAL MERIT INCREASES MAY BE AWARDED BASED ON EDWARD'S BUDGET FOR THE YEAR

Identifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	PLEASE SEE THE NARRATIVE TO FORM 990, PART VI, LINE 15A

Identifier	Return Reference	Explanation
JOINT VENTURE ARRANGEMENTS	FORM 990, PART VI, LINE 16B	CURRENTLY, IT IS THE POLICY OF EDWARD HEALTH SERVICES CORPORATION AND EDWARD HOSPITAL THAT PARTICIPATION BY THE HOSPITAL, OR ANY EDWARD AFFILIATE, IN A JOINT VENTURE REQUIRES REVIEW BY THE EDWARD HEALTH SERVICES CORPORATION FINANCE COMMITTEE (REGARDLESS OF THE DOLLAR AMOUNT OF THE INVESTMENT) AND APPROVAL BY THE EDWARD HEALTH SERVICES CORPORATION BOARD OF TRUSTEES REGARDLESS OF THE PERCENTAGE OWNERSHIP THAT ANY EDWARD ENTITY MAY HAVE IN THE JOINT VENTURE, THE VENTURE'S GOVERNING DOCUMENTS MUST INCLUDE THE FOLLOWING PROVISIONS RELATED TO THE ENTITY (1) IT IS TO BE OPERATED IN A MANNER CONSISTENT WITH EDWARD'S CHARITABLE MISSION, (2) THERE IS A COMMITMENT TO PROVIDE FREE OR UNCOMPENSATED CARE, TREAT MEDICAID AND MEDICARE PATIENTS AND MAINTAIN HEALTH CARE AND EDUCATION PROGRAMS FOR THE BENEFIT OF THE COMMUNITY, (3) THE ACTIVITIES OF SHOULD RESULT IN SIGNIFICANT COMMUNITY BENEFITS SUCH AS (A) THE CREATION OF A NEW PROVIDER OF HEALTHCARE SERVICES, (B) THE EXPANSION OF COMMUNITY HEALTHCARE RESOURCES, (C) THE IMPROVEMENT IN TREATMENT MODALITY, (D) THE REDUCTION IN HEALTHCARE COSTS, OR (E) THE IMPROVEMENT IN PATIENT CONVENIENCE AND ACCESS TO PHYSICIANS, AND (4) HEALTHCARE SERVICES MUST BE PROVIDED IN A NON-DISCRIMINATORY MANNER

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	CURRENTLY, THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST IF A REQUEST IS RECEIVED FOR THIS INFORMATION, IT IS FORWARDED ON TO EITHER THE LEGAL DEPARTMENT OR THE FINANCE DEPARTMENT, AND THE MATERIALS WOULD THEN BE PROVIDED TO THE REQUESTOR

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	GAINS ON INTEREST RATE SWAPS - 11791445, NET ASSETS RELEASED FROM RESTRICTIONS FROM EDWARD FOUNDATION - -343758, CHANGE IN TEMPORAIRILY RESTRICTED NET ASSETS OF EDWARD FOUNDATION - 408204, CASH SETTLEMENTS ON INTEREST RATE SWAPS - -4721179,

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
EDWARD HOSPITAL

Employer identification number
36-3297173

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) Section 512(b)(13) controlled entity? No
(1) EDWARD HEALTH SERVICES CORPORATION 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	PARENT	IL	501(C)(3)	11 - Type II	NA		No
(2) NAPERVILLE PSYCHIATRIC VENTURES 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	HOSPITAL	IL	501(C)(3)	3	EHV		No
(3) EDWARD HEALTH VENTURES 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	SUPPORTING ORG	IL	501(C)(3)	11 - Type II	EHSC		No
(4) EDWARD FOUNDATION 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	FUNDRAISING	IL	501(C)(3)	7	EHSC		No
(5) EDWARD HEALTH & FITNESS CENTER 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	HEALTH CARE	IL	501(C)(3)	9	EHV		No
(6) EDWARD AMBULANCE SERVICES LLC 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540	HEALTH CARE	IL	501(C)(3)	9	EH	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) EDWARD PHYSICIAN OFFICE CENTER 801 S WASHINGTON ST NAPERVILLE, IL 60540 36-3524485	HEALTH CARE	IL	EHV	RELATED	411,716	4,112,671		No			No	35 64 %
(2) THE CENTER FOR SURGERY LP 801 S WASHINGTON ST NAPERVILLE, IL 60540 36-3776424	HEALTH CARE	IL	NO	N/A								

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) EDWARD MANAGEMENT CORPORATION 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540 36-3833311	MANAGEMENT CORP	IL	NA	C CORPORATION					
(2) NAPERVILLE HEALTH CARE ASSOC LTD 801 SOUTH WASHINGTON STREET NAPERVILLE, IL 60540 36-3651180	HEALTH CARE	IL	EH	C CORPORATION	12,148	5,248,314	100 %	Yes	
(3) EHSC CAYMAN SEGREGATED PORTFOLIO 1ST CARRIBEAN HSE 3RD FL 10 MAIN ST GEORGE TOWN CJ 000000000	INSURANCE	CJ	NA	C CORPORATION					
(4) ILLINOIS HEALTH PARTNERS LLC 801 SOUTH WASHINGTON NAPERVILLE, IL 60540 45-2389060	HEALTH CARE	IL	NA	C CORPORATION					

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s	Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) EDWARD AMBULANCE SERVICES LLC	A	9,532	ACTUAL COST

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID: 12000266
Software Version: v2012.1.0
EIN: 36-3297173
Name: EDWARD HOSPITAL

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	

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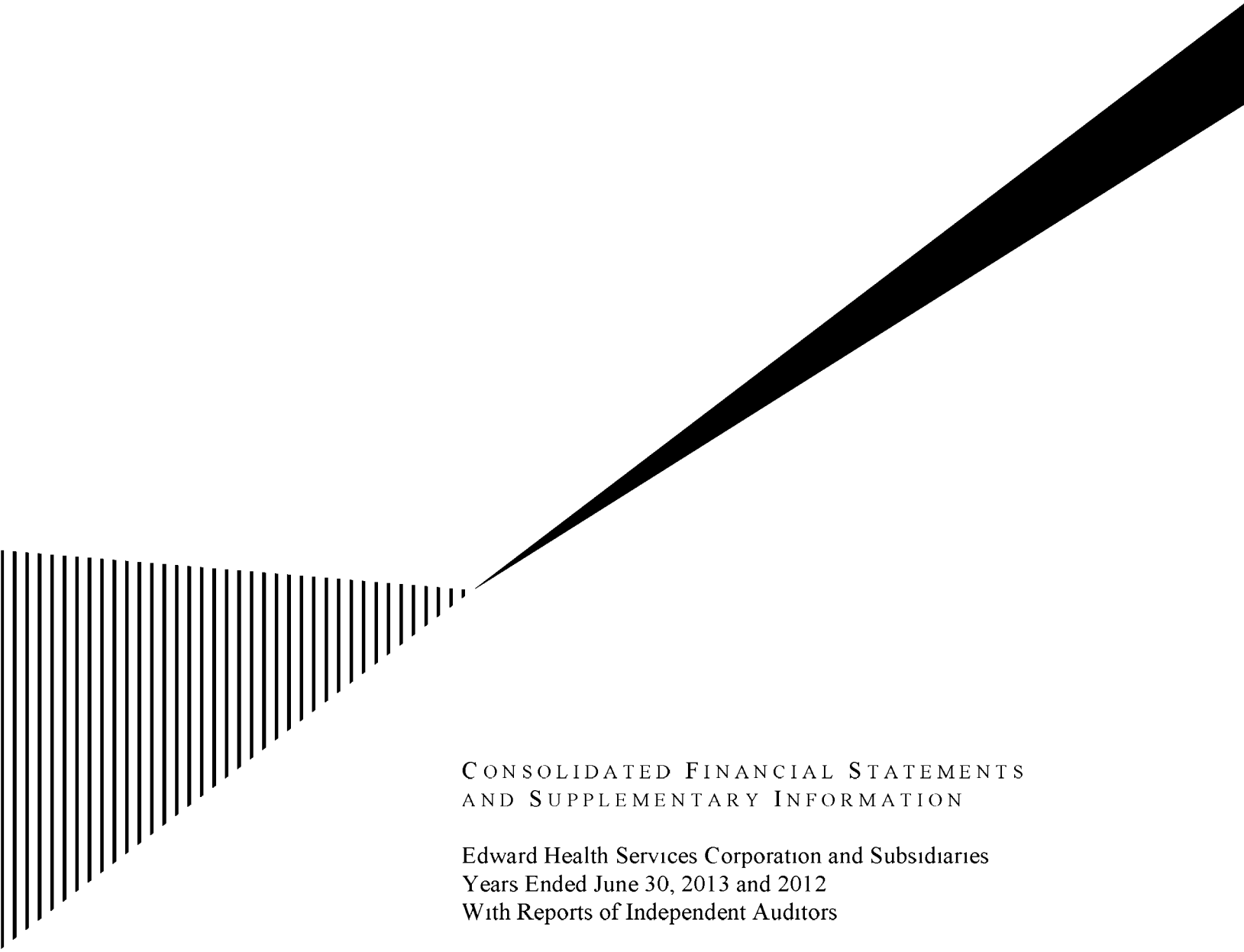

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Edward Health Services Corporation and Subsidiaries
Years Ended June 30, 2013 and 2012
With Reports of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Edward Health Services Corporation and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606-1787
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Fax +1 312 879 4000
www ey com

Report of Independent Auditors

The Board of Trustees
Edward Health Services Corporation

We have audited the accompanying consolidated financial statements of Edward Health Services Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Edward Health Services Corporation and Subsidiaries at June 30, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Ernst & Young LLP

September 26, 2013

Edward Health Services Corporation and Subsidiaries

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30 2013	2012
Assets		
Current assets		
Cash and cash equivalents	**$ 547**	$ 2,503
Assets limited as to use	**5,575**	5,325
Patient accounts receivable, less allowances for doubtful accounts (2013 – $19,808, 2012 – $20,839)	**93,467**	88,105
Estimated amounts due from third-party payors	**1,395**	1,941
Inventories	**9,530**	9,198
Prepaid expenses and other current assets	**8,632**	7,855
Total current assets	**119,146**	114,927
Assets limited as to use, less current portion		
Externally designated investments under debt agreements	**–**	3,843
Externally designated for self-insurance	**100,575**	93,344
Board-designated investments	**433,923**	414,627
	534,498	511,814
Other assets		
Deferred financing costs, net	**3,428**	3,613
Goodwill and other intangible assets, net	**31,356**	31,651
Investments in affiliates and other	**15,886**	15,049
Reinsurance recoverable for reinsured losses	**7,429**	7,632
	58,099	57,945
Land, buildings, and equipment		
Land and improvements	**41,530**	41,257
Buildings and improvements	**525,240**	506,042
Furniture and equipment	**259,060**	208,163
Construction-in-progress	**64,263**	38,089
	890,093	793,551
Less allowances for depreciation	**435,955**	401,778
	454,138	391,773
	$ 1,165,881	$ 1,076,459

	June 30	
	2013	**2012**
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 35,202**	$ 26,658
Accrued expenses	**56,701**	47,864
Estimated amounts due to third-party payors	**99,964**	95,698
Current maturities of long-term debt	**6,575**	5,325
Total current liabilities	**198,442**	175,545
Long-term debt, less current maturities	**261,298**	267,862
Professional and general liability	**42,275**	47,139
Reserve for reinsured losses	**7,429**	7,632
Other liabilities	**35,919**	47,874
Total liabilities	**545,363**	546,052
Net assets		
Unrestricted net assets	**619,078**	529,065
Temporarily restricted net assets	**1,047**	949
Permanently restricted net assets	**393**	393
Total net assets	**620,518**	530,407
	$ 1,165,881	$ 1,076,459

See accompanying notes.

Edward Health Services Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(Dollars in Thousands)

	Year Ended June 30	
	2013	**2012**
Revenues		
Net patient service revenue before provision for bad debts	**$ 586,052**	$ 593,675
Provision for bad debts	**(28,522)**	(38,290)
Net patient service revenue	**557,530**	555,385
Other operating revenue	**35,506**	31,578
	593,036	586,963
Expenses		
Salaries and wages	**252,118**	238,089
Employee benefits	**62,223**	55,896
Medical fees	**7,671**	9,716
Purchased services	**40,603**	32,430
Supplies and other	**144,884**	151,265
Depreciation and amortization	**35,741**	34,753
Interest	**5,752**	6,340
Medicaid tax	**16,089**	16,089
	565,081	544,578
Operating income before impairment of software	**27,955**	42,385
Impairment of software	**–**	6,029
Operating income	**27,955**	36,356
Non-operating		
Realized gains and investment income	**34,358**	3,059
Unrealized gains (losses) on investments, net	**19,629**	(389)
Gain (loss) on interest rate swaps	**11,790**	(17,955)
Cash settlements on interest swaps	**(4,721)**	(4,783)
Other non-operating gains (losses)	**906**	(1,426)
	61,962	(21,494)
Excess of revenues and gains over expenses and losses	**$ 89,917**	$ 14,862

Edward Health Services Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30	
	2013	**2012**
Unrestricted net assets		
Excess of revenues and gains over expenses and losses	**$ 89,917**	$ 14,862
Net assets released from restrictions and used for purchase of fixed assets	**96**	432
Increase in unrestricted net assets	**90,013**	15,294
Temporarily restricted net assets		
Contributions	**564**	793
Net assets released from restrictions and used for operations	**(370)**	(430)
Net assets released from restrictions and used for purchase of fixed assets	**(96)**	(432)
Increase (decrease) in temporarily restricted net assets	**98**	(69)
Increase in net assets	**90,111**	15,225
Net assets at beginning of year	**530,407**	515,182
Net assets at end of year	**$ 620,518**	$ 530,407

See accompanying notes.

Edward Health Services Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30	
	2013	**2012**
Operating activities		
Increase in net assets	**$ 90,111**	$ 15,225
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**35,741**	34,753
Impairment of equipment	**–**	6,029
Provision for doubtful accounts	**28,522**	38,290
Change in net unrealized (gain) loss on interest rate swaps	**(11,790)**	17,955
Restricted contributions	**(564)**	(793)
Loss on early extinguishment of debt	**–**	782
Loss on disposal of fixed assets	**–**	532
Changes in operating assets and liabilities		
Patient accounts receivable	**(33,884)**	(54,828)
Inventories, prepaid expenses, and other current assets	**(1,109)**	3,543
Accounts payable and accrued expenses	**17,381**	7,260
Other assets and liabilities	**(5,029)**	2,595
Investments	**(22,934)**	(35,585)
Estimated amounts due from/to third-party payors	**4,812**	18,488
Net cash provided by operating activities	**101,257**	54,246
Investing activities		
Additions to land, buildings, and equipment, net	**(97,626)**	(58,325)
Investments in affiliates and other	**(837)**	(2,423)
Net cash used in investing activities	**(98,463)**	(60,748)
Financing activities		
Principal payments under bond obligations	**(5,314)**	(5,010)
Proceeds from issuance of long-term debt	**–**	26,050
Repayment of long-term debt	**–**	(26,050)
Restricted contributions	**564**	793
Net cash used in financing activities	**(4,750)**	(4,217)
Net decrease in cash and cash equivalents	**(1,956)**	(10,719)
Cash and cash equivalents at beginning of year	**2,503**	13,222
Cash and cash equivalents at end of year	**$ 547**	$ 2,503
Supplemental disclosure of cash flow information		
Interest paid	**$ 5,628**	$ 6,316

See accompanying notes

Edward Health Services Corporation and Subsidiaries

Notes to Consolidated Financial Statements
(Dollars in Thousands)

June 30, 2013

1. Corporate Organization

The accompanying consolidated financial statements represent the accounts of Edward Health Services Corporation (the Corporation) and its affiliates Included among the affiliates are Edward Hospital (the Hospital), an acute care hospital located in Naperville, Illinois, serving residents of Naperville and its surrounding communities, Edward Health Ventures (EHV), an organization that provides the services of physician practices, holds real estate investments, and invests in joint venture medical practices and other health care services, Edward Foundation (the Foundation), a charitable foundation organized to solicit gifts for the maintenance and benefit of the Corporation and its affiliates, and EHSC Cayman Segregated Portfolio Co (the Captive), which provides general and professional liability insurance coverage to the Corporation and its affiliates EHV is the sole corporate member of Edward Health & Fitness Center (EHFC), an Illinois not-for-profit corporation, and is the sole shareholder of Edward Management Corporation (EMC), an Illinois for-profit corporation, which provides physician billing services EHV has a 99% ownership interest in Naperville Psychiatric Ventures, an Illinois general partnership, d/b/a Linden Oaks Hospital (Linden Oaks), a psychiatric hospital located on the campus of the Hospital, and the Corporation owns the remaining 1% interest EHV is also the general partner of the Edward Physician Office Center Limited Partnership (EPOCLP), an Illinois for-profit limited partnership, which owns a medical office building on the Hospital campus EHV and the Hospital together own 96% of the limited and general partnership units of EPOCLP

Significant intercompany transactions have been eliminated in consolidation

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period

Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

Cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts whose use is limited by board designation or other arrangements under trust agreements

Accounts Receivable

The Corporation evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, payor class, and the anticipated future uncollectible amounts based on historical experience Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible

Patient service revenue is reduced by the provision for bad debts, and accounts receivable are reduced by an allowance for doubtful accounts These amounts are based on management's assessment of historical and expected net collections for each major payor source, considering business and economic conditions, trends in health care coverage, and other collection indicators Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Corporation records a significant provision for bad debts in the period services are provided related to self-pay patients, including both uninsured patients and patients with deductible and co-payment balances due for which third-party coverage exists for a portion of their balance For receivables associated with patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary Accounts receivable are written off after collection efforts have been followed in accordance with the Corporation's policies

The Corporation's allowance for doubtful accounts was 17 5% and 19 4% of total accounts receivable as of June 30, 2013 and 2012, respectively The Corporation's combined allowance for doubtful accounts and charity care covered 51 0% and 75 4% of self-pay accounts receivable at June 30, 2013 and 2012, respectively The Corporation's write-offs to the allowance for doubtful accounts were $29,375 and $34,817 for the years ended June 30, 2013 and 2012 respectively This decrease was the result of positive trends experienced in collecting the

2. Summary of Significant Accounting Policies (continued)

amounts due from the patient The Corporation has not changed its charity care or uninsured discount policies from fiscal year 2012 to fiscal year 2013 In addition, the Corporation has not changed its process for estimating the allowance for doubtful accounts

Assets Limited as to Use and Investment Income

Assets limited as to use include assets set aside by the Board of Trustees (the Board) for future capital improvements, which the Board, at its discretion, may subsequently use for other purposes In addition, assets limited as to use include assets externally designated by reinsurers for the self-insured professional and general liability

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices for those or similar investments Dividends, realized gains and losses, and unrealized gains and losses are reported as non-operating gains and losses in the consolidated statements of operations and changes in net assets

Interest Rate Swaps

Interest rate swaps are measured at fair value based on quoted market interest rates In accordance with Accounting Standards Codification (ASC) 815-10-50, *Disclosures about Derivative Instruments and Hedging Activities*, gains and losses resulting from changes in market interest rates are reported as non-operating gains and losses in the consolidated statements of operations and changes in net assets

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

2. Summary of Significant Accounting Policies (continued)

Deferred Financing Costs and Goodwill

Debt issuance and financing costs are capitalized and amortized over the life of the debt issue using methods that approximate the effective interest method Goodwill is reviewed annually for impairment

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at cost, except donated assets, which are recorded at fair market value as of the date of donation The Corporation has capitalized internal developed software costs of $27,393 and $2,340 at June 30, 2013 and 2012, respectively, which is recorded in furniture and equipment in the consolidated balance sheet The related amortization expense is $1,370 and $167 as of June 30, 2013 and 2012, respectively The Corporation records depreciation expense, including amortization of assets recorded under capital leases, using the straight-line method over the estimated useful lives of the assets, which range from 3 to 90 years During 2012, management changed the estimate of the remaining service life of certain buildings The change is being accounted for prospectively as a change in estimate The impact of this change was a reduction in depreciation expense of $9,200 in 2012.

The Corporation considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying values of an asset are appropriate Impairment write-downs are recognized in the consolidated statements of operations and changes in net assets at the time the impairment is identified

Impairment and Nonrecurring Gain

Long-lived and intangible assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets When impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimated fair values

2. Summary of Significant Accounting Policies (continued)

During the year ended June 30, 2012, the Corporation recorded total impairment expense of $6,029 This amount comprised long-lived asset impairments related to the plans to cease previously planned information systems technology There was no impairment recorded for the year ended June 30, 2013

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the pledge is received to the extent estimated to be collectible by the Corporation Pledges received with donor restrictions that limit the use of the donated assets are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions

Temporarily restricted net assets are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the Corporation Temporarily restricted gifts are recorded as an addition to temporarily restricted net assets in the period received Resources restricted by donors for specific operating purposes are reported as revenue to the extent expended within the period

Permanently restricted net assets consist of amounts held in perpetuity, as designated by donors Earnings on investments of endowment funds are included in revenue unless restricted by donors

(Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue

The Corporation has agreements with various third-party payors that provide for payments to the Corporation at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts received or due from patients, third-party payors, and others for services rendered These amounts include estimated adjustments under certain reimbursement agreements with third-party payors, which are subject to audit by the applicable administering agency These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined (see Note 4) Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor services, is as follows for the years ended June 30, 2013 and June 30, 2012

	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts) for the year ended June 30, 2013	$ 505,036	$ 81,016	$ 586,052
Patient service revenue (net of contractual allowances and discounts) for the year ended June 30, 2012	518,165	75,510	593,675

Charity Care

The Corporation provides care to all patients regardless of their ability to pay. Charity care provided by the Corporation is excluded from net patient service revenue.

Excess of Revenues and Gains Over Expenses and Losses

The consolidated statements of operations and changes in net assets include excess of revenues and gains over expenses and losses Changes in unrestricted net assets, which are excluded from excess of revenues and gains over expenses and losses, include contributions of long-lived assets, including assets acquired using donor-restricted contributions.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Corporation, the Hospital, EHV, EHFC, the Foundation, and Linden Oaks are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to their exempt purposes Accordingly, there is no material provision for income tax for these entities

EPOCLP is a partnership, and as such, income taxes are paid directly by the partners Accordingly, no provision for income taxes has been recorded

There is presently no tax imposed by the government of the Cayman Islands on the Captive The only taxes payable by the Captive are withholding taxes of other countries applicable to certain investment income As a result, no tax liability or expense has been recorded in the financial statements of the Captive

Adoption of New Accounting Standards

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 is effective for fiscal years and interim periods beginning after December 31, 2011, with early adoption permitted Changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. ASU 2011-07 states that a health care entity that recognizes significant amounts of patient service revenue at the time the services are rendered even though it does not assess the patient's ability to pay must present the provision for doubtful accounts as a reduction of net patient revenue and not include it as a separate item in operating expenses The Corporation adopted this guidance effective July 1, 2011 The presentation and disclosures, as required by ASU 2011-07, are reflected in the Corporation's consolidated statement of operations and changes in net assets and in Note 2

2. Summary of Significant Accounting Policies (continued)

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*, which clarifies and defines the calculation of charity care disclosed by not-for-profit entities This guidance was adopted by the Corporation on July 1, 2011, and had no impact on the consolidated financial statements Refer to Charity Care in Note 2

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which requires that health care entities present anticipated insurance recoveries separately on the balance sheet from estimated liabilities for medical malpractice claims or similar contingent liabilities The Corporation adopted this guidance in its first quarter of fiscal year 2012 The guidance had no impact on the consolidated financial statements

In January 2010, the FASB issued ASU 2010-06, *Improving Disclosures about Fair Value Measurements* ASU 2010-06 amends ASC 820, *Fair Value Measurement*, to require a number of additional disclosures regarding fair value measurements These disclosures include the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers, the reasons for any transfer in or out of Level 3, and information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances, and settlements on a gross basis, as well as clarification on previous reporting requirements This new guidance was effective for the first reporting period, including interim periods beginning after December 15, 2009, for all disclosures except the requirement to separately disclose purchases, sales, issuances, and settlements of recurring Level 3 measurements, which was effective for the Corporation in fiscal year 2012 The Corporation adopted this guidance with the exception of the additional Level 3 disclosures in the first quarter of fiscal year 2011 The additional Level 3 disclosures were adopted beginning July 1, 2011 This guidance had no impact on the consolidated financial statements

Reclassifications

Certain reclassifications were made to the 2012 financial statements to conform with the classifications used in 2013 These reclassifications had no impact on excess of revenues and gains over expenses and losses or on net assets as previously reported

3. General and Professional Liability Claims

The Corporation was a party to an agreement with the Illinois Provider Trust (IPT) for primary and excess coverage of general and professional liability claims through December 31, 2004 Effective January 1, 2005, the Captive began providing claims-made health care professional liability and occurrence-based general liability coverage to the Corporation and its affiliates From January 1, 2005 through December 31, 2007, the Captive's primary limits were $3,000 per occurrence without an aggregate limit and a buffer layer of $2,000 in the aggregate From January 1, 2008 through December 31, 2008, the Captive's primary limits were $2,000 per occurrence with an aggregate of $32,000 and a buffer layer of $2,000 in the aggregate Beginning January 1, 2009, the Captive's primary limits were $2,000 per occurrence with an aggregate of $12,000 and a buffer layer of $2,000 in the aggregate

From January 1, 2003 through December 31, 2004, the Corporation's primary layer of general and professional liability coverage with IPT was on a claims-made basis, and from January 1, 2002 through December 31, 2004, the Corporation's excess general and professional liability coverage with IPT was on a claims-made basis The professional liability coverage under the Captive is also on a claims-made basis, beginning January 1, 2005 However, the Captive includes tail coverage retroactive to the dates of the claims-made primary and excess coverages through IPT (January 2003 and January 2002, respectively) In January 2007, the Captive began providing professional liability coverage to certain employed physicians of the Hospital and EHV The Corporation has recorded a tail coverage liability representing incurred but not reported claims of $10,000 and $9,764 at June 30, 2013 and 2012, respectively The Corporation is also covered by an excess liability policy with limits of $80,000 in the aggregate for the period January 1, 2009 through December 31, 2013

The Captive has also recorded a liability of $32,275 and $37,376 for claims reported to the Captive at June 30, 2013 and 2012, respectively

Annual premiums paid to IPT or deposited in the Captive are based on actuarial valuations The premiums for primary coverage under IPT are subject to retrospective adjustments based on the loss experience of the Corporation and other IPT members, subject to certain maximum limitations No retrospective premium adjustments were assessed to the Corporation during fiscal years 2013 and 2012

3. General and Professional Liability Claims (continued)

Actuarial estimates are subject to uncertainty, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions The actual claim payments could be materially different from the estimates The Corporation and its subsidiaries recorded $1,331 and $3,112 of general and professional liability expense in 2013 and 2012, respectively. The Corporation is a defendant in various lawsuits arising in the ordinary course of business Although the outcome of these lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Corporation's consolidated financial condition or results of operations

4. Contractual Arrangements With Third-Party Payors

The Medicare and Medicaid programs pay the Hospital for inpatient and outpatient services at predetermined rates based on treatment diagnosis Medicare reimbursement for certain outpatient and extended care services rendered by Linden Oaks is primarily based on allowable costs, which are subject to retroactive audit and adjustment Changes in the Medicare and Medicaid programs or reduction of funding levels for the programs could have an adverse effect on future amounts recognized as net patient service revenue

The laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Payment for services provided to health maintenance organization and preferred provider organization (HMO/PPO) patients is made at predetermined fixed rates Payment for services provided to Blue Cross program inpatients is based on allowable reimbursable costs and is subject to retroactive audit and adjustment

Net patient revenues received under the HMO/PPO and Medicare payment arrangements account for 69% and 25% of net patient service revenue, respectively, for the year ended June 30, 2013, and 72% and 22%, respectively, for the year ended June 30, 2012 A provision has been made in the consolidated financial statements for contractual adjustments, representing the difference between standard charges for services and actual or estimated payment

4. Contractual Arrangements With Third-Party Payors (continued)

The Hospital, Linden Oaks, and EHV grant credit without collateral to their patients, most of whom are local residents and are insured under third-party arrangements Major components of net patient accounts receivable include 22% and 19%, respectively, at June 30, 2013, and 18% and 18% at June 30, 2012, respectively, from Medicare and Blue Cross

Adjustments arising from reimbursement arrangements with third-party payors are accrued on an estimated basis in the period in which the services are rendered Estimates for cost report settlements and contractual allowances can differ from actual reimbursement based on the results of subsequent reviews and cost report audits Changes in third-party payor settlements that relate to prior years are reported in net patient service revenue in the consolidated statements of operations and changes in net assets The impact of such items resulted in an increase in net patient service revenue in the amounts of $7,158 and $762 in 2013 and 2012, respectively

The Centers for Medicare and Medicaid Services approved the State of Illinois' Hospital Assessment Program with an effective date beginning July 1, 2008 (the beginning of the state's fiscal year 2008) through June 30, 2013 (the end of the state's fiscal year 2013)

The Corporation recognized in its year ended June 30, 2013, Illinois hospital assessment revenue and assessment expense in the amounts of $12,231 and $16,089, respectively, resulting in a decrease in the Corporation's fiscal 2013 excess of revenues and gains over expenses and losses of $3,858 The Corporation recognized in its year ended June 30, 2012, Illinois hospital assessment revenue and assessment expense in the amounts of $12,675 and $16,089, respectively, resulting in a decrease in the Corporation's fiscal 2012 excess of revenues and gains over expenses and losses of $3,414

(Dollars in Thousands)

4. Contractual Arrangements With Third-Party Payors (continued)

The Corporation recognized $1,474 and $1,937 as unrestricted contributions from the Illinois Hospital Research and Educational Foundation (IHREF), representing financial assistance to certain hospitals participating in the 2013 and 2012 Illinois Medicaid Provider Tax program, respectively This amount has been recorded as other operating revenues in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2013 and 2012

5. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30

	2013	2012
Temporarily restricted		
Animal assisted therapy	**$ 153**	$ 153
Oncology programs	**93**	93
Cardiovascular programs	**108**	108
Other special uses	**693**	595
Total temporarily restricted net assets	**$ 1,047**	$ 949

Permanently restricted net assets at June 30 are summarized below, the income from which is expendable to support the following expenses.

	2013	2012
Permanently restricted		
Cardiovascular endowment	**$ 100**	$ 100
Animal assisted therapy endowment	**155**	155
Other special uses	**138**	138
Total permanently restricted net assets	**$ 393**	$ 393

(Dollars in Thousands)

5. Temporarily and Permanently Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenditures for the following purposes during the years ended June 30.

	2013	2012
KidsCare campaign	**$ 126**	$ 432
Cancer campaign	**(27)**	–
Health care services and other	**370**	430
Total net assets released from restrictions	**$ 469**	$ 862

Pledges receivable, which are included in the consolidated balance sheets in prepaid expenses and other current assets for the current portion, and in investments in affiliates and other for the long-term portion, are due over the following time periods

	June 30	
	2013	2012
Less than one year	**$ 324**	$ 295
One through five years	**335**	579
	$ 659	$ 874

6. Investments in Affiliates

Investments in affiliates include a 33% interest in Northern Illinois Surgery Center Limited Partnership, an Illinois limited partnership, a 50% membership interest and 100% ownership interest in Naperville Health Care Associates (NHCA), an Illinois for-profit corporation, a 50% ownership interest in Illinois Health Partners, LLC (IHP), an Illinois limited partnership, a 49% interest in Residential Home Health of Illinois, a 12 5% investment in DMG Surgical Center, LLC, and a 45% interest in the Plainfield Surgery Center LLC These investments are recorded using the equity method of accounting Net income from these investments is included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets

(Dollars in Thousands)

6. Investments in Affiliates (continued)

Summarized unaudited financial results for the investments in affiliates accounted for under the equity method as of and for the years ended June 30 are as follows.

	2013	2012
Assets	**$ 49,498**	$ 41,405
Liabilities	**17,318**	13,689
Net income	**4,373**	9,167

7. Investments

Board-designated investments represent assets invested in a pooled investment fund, which aggregates investments of all the entities of the Corporation Board-designated investments, along with trustee-held investments, consisted of the following at June 30

	2013		2012	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Mutual funds	**$ 472,418**	**$ 425,108**	$ 456,724	$ 422,222
Equity securities	**56,440**	**44,778**	50,929	46,087
Money market funds and short-term investments	**11,215**	**11,215**	9,486	9,487
	$ 540,073	**$ 481,101**	$ 517,139	$ 477,796

(Dollars in Thousands)

7. Investments (continued)

Return on investments for the years ended June 30 are as follows

	2013	2012
Investment return		
Interest and dividend income	**$ 19,062**	$ 9,822
Unrealized gains (losses) on investments, net	**19,629**	(389)
Net realized gains (losses) on investments	**15,296**	(6,546)
Total investment return	**$ 53,987**	$ 2,887
Reported as		
Other operating revenue	**$ –**	$ 217
Unrealized gains (losses) on investments, net	**19,629**	(389)
Net realized gains and investment income	**34,358**	3,059
	$ 53,987	$ 2,887

8. Derivatives and Other Financial Instruments

The Corporation has interest rate-related derivative instruments to manage its exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than risk management purposes By using derivative financial instruments to manage the risk of changes in interest rates, the Corporation exposes itself to credit risk and market risk Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts When the fair value of a derivative contract is positive, the counterparty owes the Corporation, which creates credit risk for the Corporation When the fair value of a derivative contract is negative, the Corporation owes the counterparty and, therefore, it does not possess credit risk The Corporation minimizes the credit risk in derivative instruments by entering into transactions that require the counterparty to post collateral for the benefit of the Corporation, based on the credit rating of the counterparty and the fair value of the derivative contract Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken Management also mitigates risk through periodic reviews of their derivative positions in the context of their total blended cost of capital

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

The Corporation has not experienced any financial losses or changes in counterparty collateral posting requirements due to changes in the credit ratings or risk profiles of its derivative counterparties for fiscal years ended June 30, 2013 and 2012

The Corporation maintains interest rate swap programs on its variable rate demand revenue bonds These bonds expose the Corporation to variability in interest payments due to changes in interest rates Management believes that it is prudent to limit the variability of its interest payments To meet this objective and to take advantage of low interest rates, the Corporation entered into various interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk These swaps limit the variable rate cash flow exposure on the variable rate demand revenue bonds to synthetically fixed cash flows The notional amount under each interest rate swap agreement is reduced over the term of the respective agreement to correspond with reductions in various outstanding bond series

The following is a summary of the outstanding positions under these interest swap agreements at June 30, 2013.

Bond Series	Notional Amount	Maturity Date	Rate Paid	Rate Received
2008B-1	$ **51,630**	February 2040	**3.96%**	61 8% of one-month LIBOR plus 0 31%
2008B-2	$ **30,978**	February 2040	**4.05%**	61 8% of one-month LIBOR plus 0 31%
2008B-2	$ **20,652**	February 2040	**3.93%**	61 8% of one-month LIBOR plus 0 31%
2009A	$ **30,000**	February 2031	**3.59%**	67 0% of one-month LIBOR

The following is a summary of the outstanding positions at June 30, 2012.

Bond Series	Notional Amount	Maturity Date	Rate Paid	Rate Received
2008B-1	$ 52.650	February 2040	3 96%	61 8% of one-month LIBOR plus 0 31%
2008B-2	$ 31.590	February 2040	4 05%	61 8% of one-month LIBOR plus 0 31%
2008B-2	$ 21.060	February 2040	3 93%	61 8% of one-month LIBOR plus 0 31%
2009A	$ 30.000	February 2031	3 59%	67 0% of one-month LIBOR

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

As required in ASC 815-10-25-1, the Corporation is required to recognize all of its derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value The accounting for changes in the fair value (i e , gains or losses) of a derivative instrument depends on whether it has been designated as part of a hedging relationship and, further, on the type of hedging relationship For derivative instruments that are designated as hedging instruments, the Corporation must designate the hedging instrument based upon the exposure being hedged as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation

The fair value of derivative instruments at June 30, 2013 and 2012, is as follows.

Derivatives Not Designated as Hedging Instruments Under ASC 815-10	Location on Consolidated Balance Sheets	June 30, 2013	June 30, 2012
Interest rate swap agreements	Other liabilities	**$ (26,431)**	$ (38,221)

The effects of derivative instruments on the consolidated statements of operations and changes in net assets for the years ended June 30, 2013 and 2012, are as follows

Derivatives Not Designated as Hedging Instruments Under ASC 815-10	Location of Gain (Loss) Recognized in Non-operating Gains (Losses) in the Consolidated Statements of Operations and Changes in Net Assets	June 30, 2013	June 30, 2012
Interest rate swap agreements	Gain (loss) on interest rate swaps	**$ 11,790**	$ (17,955)

For derivative instruments that are designated and qualify as a cash flow hedge (i e , hedging the exposure of variability in expected future cash flows that is attributable to a particular risk), the gain or loss is recorded as a change in unrestricted net assets, whereas for derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change. At June 30, 2013 and 2012, the Corporation had no derivative instruments that are designated and qualify as a fair value hedge or hedge of a net investment in a foreign currency

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

In November 2001, the Corporation entered into a 30-year interest rate swap agreement with a counterparty The agreement effectively converted $30,000 of the Corporation's Series 2001C Bond issue (refunded in October 2009 by Series 2009A) from a variable rate that approximates the Securities Industry and Financial Markets Association (SIFMA) 30-day rate (0 06% and 0 18% at June 30, 2013 and 2012, respectively), reset on a weekly basis, to a fixed rate of 3 59% Financial settlement of the terms of the agreement occurs on a monthly basis The agreement expires in 2031

In April 2006, the Corporation entered into two 33-year interest rate swap agreements with two counterparties with notional amounts of $57,140 for each swap The swaps effectively locked in future refunding savings by exchanging a variable rate of 61 8% of the one-month London Interbank Offered Rate (LIBOR) plus 0 31% with a fixed rate of 3 93% The agreements became effective on February 1, 2007, at the option of the Corporation

In April 2011, the Corporation entered into a swap novation agreement for its 2008B-2 swap with an additional counterparty for a notional amount of $21,060 This swap novation effectively locked in future cash flows by exchanging a variable rate of 61 8% of one-month LIBOR plus 0 31% with a fixed rate of 4 0485% and raised the collateral posting threshold on the novated portion of the swap to $10,000 The agreement became effective on May 4, 2011

In December 2011, the Corporation entered into a swap novation agreement for its 2008B-1 swap with an additional counterparty for a notional amount of $52,650 This swap novation effectively locked in future cash flows by exchanging a variable rate of 61 8% of one-month LIBOR plus 0 31% with a fixed rate of 3 96% and raised the collateral posting threshold on the novated portion of the swap to $20,000 The agreement became effective on December 21, 2011

A summary of the market values of the outstanding swap agreements at June 30, 2013 and 2012, is as follows:

	Notional Amount	2013 Fair Value	2012 Fair Value
Fixed pay LIBOR swap (2008B-1)	$ 51,630	**$ (10,410)**	$ (15,047)
Fixed pay LIBOR swap (2008B-2)	30,978	**(6,568)**	(9,383)
Fixed pay LIBOR swap (2008B-2)	20,652	**(4,099)**	(5,947)
Fixed pay LIBOR swap (2009A)	30,000	**(5,354)**	(7,844)

8. Derivatives and Other Financial Instruments (continued)

Net interest paid or received under the interest rate swap agreements is included in cash settlements on interest rate swaps in the non-operating section of the consolidated statements of operations and changes in net assets The net differential paid by the Corporation as a result of the interest rate swap agreements amounted to approximately $4,721 and $4,783 for the years ended June 30, 2013 and 2012, respectively These amounts are reflected as an increase to interest expense The net fair value of the swaps was a liability of $26,431 and $38,221 included in other liabilities at June 30, 2013 and 2012, respectively At June 30, 2013 and 2012, the interest rate swap agreements do not qualify for hedge accounting, therefore, the change in the fair value has been reflected as a gain (loss) on interest rate swaps in the non-operating section of the consolidated statements of operations and changes in net assets

For the year ended June 30, 2013, the Corporation recorded approximately $11,790 in non-operating gains, which relates to a gain of $10,314 due to the change in the swaps' value and a gain of $1,476 to reflect the fair value of the credit adjustment related to the uncollateralized portion of the swap balance.

For the year ended June 30, 2012, the Corporation recorded approximately $17,955 in non-operating losses, which relates to a loss of $21,476 due to the change in the swaps' value and a gain of $3,521 to reflect the fair value of the credit adjustment related to the uncollateralized portion of the swap balance.

Certain of the Corporation's derivative instruments contain provisions that require the Corporation's debt to maintain a certain long-term credit rating from each of the major credit rating agencies If the Corporation's debt were to fall below these thresholds, the counterparties to the derivative instruments could request either immediate additional collateralization or ongoing full overnight collateralization on derivative instruments in net liability positions The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a liability position on June 30, 2013 and 2012, is $26,431 and $38,221, respectively The Corporation has posted collateral of $750 at June 30, 2012, in the normal course of business This amount is recorded as a current asset in the consolidated balance sheets No collateral was

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

posted at June 30, 2013 If ratings fell below the current levels and the credit-risk-related contingent features underlying these agreements were triggered on June 30, 2013, the Corporation would be required to post total collateral as outlined in the table below to its counterparties

Bond Rating	Collateral Requirement
S&P/Moody's.	
A+/A2 (Current)	$ –
A-/A3	1,032
BBB+/Baa1	12,343
BBB/Baa2	26,408
BBB-/Baa3	27,158
Below BBB-/Baa3	27,908

ASC 820-10-50-2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date and establishes a framework for measuring fair value

ASC 820-10-50-2 establishes a three-level valuation hierarchy for disclosure of fair value measurements The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows.

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement The following table presents the financial instruments carried at fair value as of June 30, 2013, by caption, on the consolidated balance sheet by the ASC 820-10-50-2 valuation hierarchy defined above.

	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents	$ 547	$ –	$ –	$ 547
Assets whose use is limited				
Cash and cash equivalents	5,575	–	–	5,575
Externally designated for self-insurance mutual funds[a]	100,575	–	–	100,575
Board-designated investments				
Cash and equivalents	5,640	–	–	5,640
Domestic common stocks[b]	51,241	–	–	51,241
Foreign stocks[b]	5,199	–	–	5,199
Mutual funds – equity[a]	161,442	–	–	161,442
Mutual funds – fixed income[a]	171,050	–	–	171,050
Mutual funds – balanced[a]	39,351	–	–	39,351
Total board-designated investments	433,923	–	–	433,923
Total	$ 540,620	$ –	$ –	$ 540,620
Liabilities				
Swaps[c]	$ –	$ 26,431	$ –	$ 26,431

(Dollars in Thousands)

8. Derivatives and Other Financial Instruments (continued)

The following table presents the financial instruments carried at fair value as of June 30, 2012, by caption, on the consolidated balance sheet by the ASC 820-10-50-2 valuation hierarchy defined above

	Level 1	Level 2	Level 3	Total Fair Value
Assets				
Cash and cash equivalents	$ 2,503	$ –	$ –	$ 2,503
Assets whose use is limited	5,325			5,325
Externally designated under debt agreements				
Money market[a]	3,843	–	–	3,843
Externally designated for self-insurance mutual funds[a]	93,344	–	–	93,344
Board-designated investments				
Cash and equivalents	317	–	–	317
Domestic common stocks[b]	47,154	–	–	47,154
Foreign stocks[b]	3,775	–	–	3,775
Mutual funds – equity[a]	158,391	–	–	158,391
Mutual funds – fixed income[a]	166,478	–	–	166,478
Mutual funds – balanced[a]	38,512	–	–	38,512
Total board-designated investments	414,627	–	–	414,627
Collateral (included in prepaid expenses and other current assets)				
Money market[a]	750	–	–	750
Total	$ 520,392	$ –	$ –	$ 520,392
Liabilities				
Swaps[c]	$ –	$ 38,221	$ –	$ 38,221

8. Derivatives and Other Financial Instruments (continued)

[a] Pricing for mutual funds and money market funds is based on the open market and is valued on a daily basis

[b] Equities are priced based on the open market and are valued on a daily basis

[c] Pricing is based on discounted cash flows to reflect a credit spread to the LIBOR discount curve in order to reflect "nonperformance" risk The credit spread adjustment is derived from how other comparable entities' bonds price and trade in the market

The carrying values of cash and cash equivalents, assets limited as to use, patient accounts receivable, accounts payable, other accrued expenses, and estimated amounts due to/from third-party payors approximate their fair values at June 30, 2013 and 2012, due to the short-term nature of these financial instruments The valuation for the estimated fair value of the Corporation's long-term debt is completed by a third-party service and is primarily driven by the Municipal Market Data (MMD) index and current market credit spreads against the MMD index MMD is an index which is updated daily and reflects current borrowing rates in the tax-exempt bond market A number of factors including, but not limited, to any one or more of the following variables affect MMD and credit spreads against MMD. (i) general interest rate and market conditions, (ii) macroeconomic environment, (iii) underlying credit ratings on the Corporation's outstanding debt, (iv) investor opinions about the Corporation and its outstanding debt, (v) if applicable, third-party credit enhancement provided on the Corporation's debt, and (vi) trades for comparable or similarly rated securities in the secondary market Based on the inputs in determining the estimated fair value of the debt of the Corporation, this liability would be considered Level 2 The estimated fair value of long-term debt (including current portion) was $271,196 and $281,789 at June 30, 2013 and 2012, respectively

(Dollars in Thousands)

9. Long-Term Debt

Long-term debt consists of the following at June 30

	2013	2012
Illinois Finance Authority		
Revenue Bonds, Series 2012A		
Serial Bonds, interest at 4 1% to 5 5%, due in varying annual installments from 2013 to 2018	$ **12,290**	$ 14,975
Term Bonds, interest at 5 0%, due in 2020	**11,050**	11,050
Revenue Bonds, Series 2009A		
Variable Rate Securities, interest payable monthly at a floating rate (0 08% and 0 29% at June 30, 2013 and 2012, respectively), and principal due in varying annual installments from 2011 to 2034	**43,195**	43,295
Revenue Bonds, Series 2008A		
Serial Bonds, interest at 6 0%, due in varying annual installments from 2021 to 2026	**15,375**	15,375
Term Bonds, interest at 6 0%, due in 2028	**6,150**	6,150
Term Bonds, interest at 6 25%, due in 2033	**8,450**	8,450
Term Bonds, interest at 5 50%, due in 2040	**56,125**	56,125
Revenue Bonds, Series 2008B-1		
Variable Rate Securities, interest payable monthly at a floating rate (0 08% and 0 18% at June 30, 2013 and 2012, respectively), and principal due in varying annual installments from 2010 to 2040	**51,900**	52,925
Revenue Bonds, Series 2008B-2		
Variable Rate Securities, interest payable monthly at a floating rate (0 09% and 0 20% at June 30, 2013 and 2012, respectively), and principal due in varying annual installments from 2010 to 2040	**51,900**	52,925
Revenue Bonds, Series 2008C		
Variable Rate Securities, interest payable monthly at a floating rate (0 09% and 0 20% at June 30, 2013 and 2012, respectively), and principal due in varying annual installments from 2010 to 2040	**10,745**	11,235
JP Morgan Chase, Line of Credit, Due August 31, 2013		
Interest at LIBOR + 1 75% (1 95% at June 30, 2013)	**1,000**	1,000
	268,180	273,505
Less current maturities	**6,575**	5,325
Unamortized discount net of bonds payable	**(307)**	(318)
Long-term debt	$ **261,298**	$ 267,862

(Dollars in Thousands)

9. Long-Term Debt (continued)

Edward Health Services Corporation and Subsidiaries' long-term debt is issued pursuant to the Amended and Restated Master Trust Indenture dated as of September 1, 1997, and subsequently amended and supplemented The master trust indenture establishes an "Obligated Group," consisting of Edward Hospital, Edward Health Services Corporation, Edward Health Ventures, Edward Health & Fitness Center, and Naperville Psychiatric Ventures d/b/a Linden Oaks Hospital All members of the Obligated Group are jointly and severally obligated to pay all debt under the master trust indenture and are required to maintain their status as tax-exempt, not-for-profit health care providers

Annual maturities, assuming remarketing of the 2009A, 2008B, and 2008C obligations, on the debt (including mandatory sinking fund deposits) for each of the next five years are as follows.

2014	$ 7,687
2015	7,740
2016	6,125
2017	6,335
2018	6,700

In April 2001, the Corporation issued Series 2001A, B, and C Revenue Bonds through the Illinois Health Facilities Authority The bond proceeds were used to finance the costs of acquiring, constructing, renovating, and equipping certain health care facilities as part of a modernization and expansion program and to reimburse the Hospital for certain prior capital expenditures

In April 2008, the Corporation issued Series 2008A, B, and C Revenue Bonds through the Illinois Finance Authority The proceeds were used to refund the Series 2007 obligations

In October 2009, the Corporation issued Series 2009A Revenue Bonds through the Illinois Finance Authority The proceeds were used to refund the Series 2001C obligations

In March 2012, the Corporation issued Series 2012A Revenue Bonds through the Illinois Finance Authority, which were sold through a private placement The proceeds were used to refund the Series 2001A obligations

9. Long-Term Debt (continued)

The Corporation has entered into several credit agreements, which expire on November 28, 2014, and August 31, 2016, with banks under the terms of which the banks agree to make liquidity loans to the Corporation in the amount necessary to purchase the variable rate demand direct obligations if not remarketed The maximum amount of the liquidity loans would be principal of $157,740 at June 30, 2013, plus accrued interest The liquidity loans would be payable quarterly in equal installments over five years, with the initial payment being due 90 days following the expiration of the credit agreement

Under the terms of the master trust indenture, various amounts are held on deposit with a trustee for bond redemption, interest payments, and certain construction expenditures In addition, the master trust indenture requires the Corporation to maintain certain financial ratios and places restrictions on various activities, such as the transfer of assets and incurrence of additional indebtedness

Externally designated investments under debt agreements consisted of the $3,843 project funds at June 30, 2012 There were no externally designated investments under debt agreements at June 30, 2013

Interest expense, including interest capitalized during 2013 and 2012, was $6,935 and $7,634, respectively Interest capitalized during 2013 and 2012 was $1,183 and $1,294, respectively

10. Employee Defined-Contribution Retirement Plan

The Corporation maintains two defined-contribution retirement plans for employees Employees of the Corporation and its subsidiaries participate in the Corporation's 401(k) During 2008, the 403(b) plan was frozen, and employees of the Corporation and its tax-exempt subsidiaries began contributing to the 401(k) plan

The employer contributions include a discretionary basic contribution based upon a percentage of the employee's compensation and a matching contribution based upon the amount of the employee's contribution Pension expense was approximately $11,108 and $10,219 in 2013 and 2012, respectively

(Dollars in Thousands)

11. Related-Party Transactions

During the years ended June 30, 2013 and 2012, NHCA paid the Corporation $15 and $9,186, respectively, for medical services

12. Commitments

At June 30, 2013, the Corporation had commitments totaling approximately $22,485 related to construction and modernization projects

The Corporation leases office space and equipment under leases that are classified as operating leases The future minimum lease payments for office space and equipment leases with initial or noncancelable lease terms in excess of one year are as follows

Year ending June 30	
2014	$ 5,576
2015	5,437
2016	5,278
2017	4,774
2018	3,626
Thereafter	12,308
	$ 36,999

Rental expense amounted to approximately $5,610 and $4,566 for the years ended June 30, 2013 and 2012, respectively.

13. Functional Expenses

The Corporation provides general health care services to residents within its geographic location Expenses related to this and general and administrative functions for the years ended June 30 are as follows

	2013	2012
Health care services	**$ 449,408**	$ 443,246
General and administrative	**115,673**	101,332
	$ 565,081	$ 544,578

14. Goodwill and Other Intangible Assets

Goodwill and other intangible assets for the Corporation at June 30, 2013 and 2012, was $31,356 and $31,651, net of accumulated amortization of $6,886 and $6,613, respectively Intangible assets primarily consist of goodwill and non-compete agreements related to physician practice acquisitions Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily non-compete agreements, are amortized over their expected useful lives Amortization relating to non-compete agreements was $273 for 2013 and 2012

15. Subsequent Events

The Corporation evaluated events and transactions occurring subsequent to June 30, 2013 through September 26, 2013, the date of issuance of the financial statements

Effective July 1, 2013, the Corporation merged with Elmhurst Memorial Healthcare At June 30, 2013, Elmhurst Memorial Healthcare had assets of $937,683 and net assets of $264,260 and for the year ended June 30, 2013, generated total operating revenues of $394,514

During this period, there were no other subsequent events requiring recognition or disclosure in the consolidated financial statements

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Trustees
Edward Health Services Corporation

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records use to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and then additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst + Young LLP

September 26, 2013

Edward Health Services Corporation and Subsidiaries

Schedule of Charity Care and Other Unreimbursed Care
(Dollars in Thousands)

Charity and Other Unreimbursed Care

The Corporation maintains a policy whereby patients in need of medical services are treated without regard to their ability to pay for such services The Corporation maintains records to identify and monitor the level of charity care it provides These records include the amount of charges forgone for services and supplies furnished under its charity care policy, as well as the estimated difference between the cost of services provided to Medicaid and Medicare patients and the expected reimbursement from Medicaid and Medicare In addition, the Corporation reports the cost associated with services provided to the community as charity care The following information measures the level of charity care provided during the years ended June 30.

	2013	2012
Charity care provided, at cost	**$ 17,805**	$ 13,433
Excess of allocated cost over reimbursement for services provided to Medicaid patients	**16,736**	17,719
Excess of allocated cost over reimbursement for services provided to Medicare patients	**40,340**	45,396
Community services provided, at cost	**11,508**	10,382
	$ 86,389	$ 86,930

Edward Health Services Corporation and Subsidiaries

Details of Consolidated Balance Sheet

June 30, 2013
(Dollars in Thousands)

	Consolidated Edward Health Services Corporation	Eliminations	Edward Health Services Corporation	Edward Hospital	Edward Foundation	EHSC Cayman Segregated Portfolio Co	Edward Ambulance Services	Edward Health Ventures	Linden Oaks Hospital	Edward Health & Fitness Center	Edward Physician Office Center Limited Partnership	Edward Management Corporation
Assets												
Current assets												
Cash and cash equivalents	$ 547	$ –	$ (33)	$ (200)	$ (3)	$ 410	$ 407	$ 1	$ (10)	$ (10)	$ (0)	$ –
Assets limited as to use externally designated investments under debt agreements	5 575	–	–	5 575	–	–	–	–	–	–	–	–
Patient accounts receivable less allowances for doubtful accounts	93 407	–	–	83 115	–	–	676	2 655	7 021	–	–	–
Estimated amounts due from third-party payors	1 305	–	–	1 305	–	–	–	–	–	–	–	–
Inventories	9 530	–	–	9 180	–	–	–	–	127	214	–	–
Premium receivable	–	(4 075)	–	–	–	4 075	–	–	–	–	–	–
Prepaid expenses and other current assets	8 032	(1 106)	2 003	2 370	484	1 147	103	2 726	295	30	(98)	19
Total current assets	119 146	(5 181)	2 000	101 384	481	5 638	1 206	5 382	7 427	234	(104)	19
Assets limited as to use less current portion												
Externally designated investments under debt agreements	–	–	–	–	–	–	–	–	–	–	–	–
Externally designated for self-insurance	100 575	–	–	–	–	100 575	–	–	–	–	–	–
Board-designated investments	433 923	–	43 751	344 540	4 346	–	–	(1 256)	21 581	12 926	7 055	71
	534 498	–	43 751	344 540	4 346	100 575	–	(1 256)	21 581	12 926	7 055	71
Other assets												
Interest in restricted net assets of the Foundation	–	(1 355)	–	1 234	–	–	–	–	121	–	–	–
Investments in EPOC LP and Linden Oaks	–	(32 491)	241	3 123	–	–	–	29 127	–	–	–	–
Deferred financing costs net	3 428	–	–	3 403	–	–	–	–	–	–	25	–
Goodwill and other intangible assets net	31 356	–	–	28 240	–	–	–	2 914	202	–	–	–
Due from affiliates	–	(27 070)	24 303	–	–	–	–	2 770	–	–	–	–
Investments in affiliates and other	15 886	(69 081)	70 228	7 711	334	–	32	6 662	–	–	–	–
Reinsurance recoverable for reinsured losses	7 420	–	–	–	–	7 420	–	–	–	–	–	–
	58 090	(130 006)	94 772	43 711	334	7 420	32	41 470	323	–	25	–
Land buildings and equipment												
Land and improvements	41 530	–	–	10 000	–	–	–	30 356	1 174	–	–	–
Buildings and improvements	525 240	–	–	375 338	–	–	22	95 864	20 678	22 891	10 443	4
Furniture and equipment	250 060	–	–	243 087	–	–	921	5 080	3 042	3 020	125	785
Construction-in-progress	64 263	–	–	63 512	–	–	89	570	92	–	–	–
Less allowances for depreciation	435 955	–	–	361 821	–	–	300	42 590	10 472	14 272	5 711	780
	454 138	–	–	330 716	–	–	732	90 180	15 414	12 239	4 857	–
	$ 1 165 881	$ (135 187)	$ 141 183	$ 820 300	$ 5 161	$ 113 042	$ 1 970	$ 135 785	$ 44 745	$ 25 300	$ 12 733	$ 90

Edward Health Services Corporation and Subsidiaries

Details of Consolidated Balance Sheet (continued)

June 30, 2013
(Dollars in Thousands)

	Consolidated Edward Health Services Corporation	Eliminations	Edward Health Services Corporation	Edward Hospital	Edward Foundation	EHSC Cayman Segregated Portfolio Co	Edward Ambulance Services	Edward Health Ventures	Linden Oaks Hospital	Edward Health & Fitness Center	Edward Physician Office Center Limited Partnership	Edward Management Corporation
Liabilities and net assets												
Current liabilities												
Accounts payable	$ 35 202	$ –	$ 3 140	$ 30 522	$ 07	$ 100	$ 130	$ 320	$ 475	$ 328	$ 93	$ –
Accrued expenses	50 701	(73)	8 102	34 085	240	72	00	8 561	2 010	1 045	1 000	–
Estimated amounts due to third-party payors	00 004	–	–	00 017	–	–	–	–	3 047	–	–	–
Current maturities of long-term debt	0 575	–	–	5 575	–	–	1 000	–	–	–	–	–
Total current liabilities	198 442	(73)	11 251	107 000	307	172	1 100	8 890	7 032	1 373	1 192	–
Long-term debt less current maturities	201 298	–	–	201 298	–	–	–	–	–	–	–	–
Professional and general liability	42 275	–	198	8 711	–	32 275	–	481	471	130	3	–
Due to affiliates	–	(95 533)	–	–	–	98 454	–	24 303	–	–	2 776	–
Reserve for reinsured losses	7 420	–	–	–	–	7 420		–				–
Unearned premium reserve	–	(5 181)				5 181						–
Other liabilities	35 010	004	1 340	33 876	–	–	–	–	–	–	–	–
Total liabilities	545 363	(100 093)	12 798	470 984	307	113 511	1 100	33 074	7 503	1 500	3 971	–
Net assets												
Unrestricted net assets	010 078	(33 740)	128 385	348 143	3 414	131	771	102 111	37 121	23 800	8 702	00
Temporarily restricted net assets	1 047	(1 042)	–	021	1 047	–	–	–	121	–	–	–
Permanently restricted net assets	393	(312)	–	312	393	–	–	–	–	–	–	–
Total net assets	020 518	(35 094)	128 385	349 376	4 854	131	771	102 111	37 242	23 800	8 702	00
	$ 1 105 881	$ (135 187)	$ 141 183	$ 820 360	$ 5 101	$ 113 042	$ 1 870	$ 135 785	$ 44 745	$ 25 300	$ 12 733	$ 00

Edward Health Services Corporation and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets

Year Ended June 30, 2013
(Dollars in Thousands)

	Consolidated Edward Health Services Corporation	Eliminations	Edward Health Services Corporation	Edward Hospital	Edward Foundation	EHSC Cayman Segregated Portfolio Co	Edward Ambulance Services	Edward Health Ventures	Linden Oaks Hospital	Edward Health & Fitness Center	Edward Physician Office Center Limited Partnership	Edward Management Corporation
Revenues												
Net patient service revenue before provision for bad debts	$ 580 052	$ (1 075)	$ –	$ 501 140	$ –	$ –	$ 4 070	$ 30 091	$ 43 420	$ –	$ –	$ –
Provision for bad debts	(28 522)	–	–	(21 818)	–	–	(042)	(3 129)	(2 933)	–	–	–
Net patient service revenue after provision for bad debts	557 530	(1 075)	–	479 322	–	–	3 428	35 962	40 493	–	–	–
Other operating revenue	35 506	(107 554)	68 965	12 432	2 002	8 025	–	37 404	2 453	9 197	1 043	39
	593 036	(108 629)	68 965	491 754	2 002	8 025	3 428	73 366	42 946	9 197	1 043	39
Expenses												
Salaries and wages	252 118	(304)	29 831	160 243	304	–	1 312	36 001	21 145	3 600	–	(14)
Employee benefits	62 223	(045)	8 041	42 453	24	–	334	6 349	4 782	881	–	4
Medical fees	7 671	–	–	6 522	–	–	–	967	182	–	–	–
Purchased services	40 603	(80 209)	11 624	92 871	73	–	804	10 181	3 904	1 180	114	61
Supplies and other	144 884	(19 956)	16 166	116 316	878	15 468	456	8 846	3 804	2 382	454	70
Depreciation and amortization	35 741	–	–	28 703	–	–	208	4 746	1 136	738	210	–
Interest	5 752	(1 931)	–	5 730	–	–	22	1 727	–	–	204	–
Medicaid tax	16 089	–	–	12 596	–	–	–	–	3 493	–	–	–
	565 081	(103 105)	65 662	465 434	1 330	15 468	3 136	68 817	38 446	8 781	982	121
Operating income (loss) before impairment of software	27 955	(6 124)	3 303	26 320	663	(6 843)	292	4 549	4 500	416	961	(82)
Impairment of software	–	–	–	–	–	–	–	–	–	–	–	–
Operating income (loss)	27 955	(6 124)	3 303	26 320	663	(6 843)	292	4 549	4 500	416	961	(82)
Non-operating												
Realized gains and investment income	34 358	(1 931)	3 648	22 264	234	8 576	–	60	738	485	284	–
Unrealized (losses) gains on investments, net	19 620	–	2 411	16 938	306	(1 733)	–	(181)	922	600	357	–
Loss on interest rate swaps	11 790	–	–	11 790	–	–	–	–	–	–	–	–
Cash settlements on interest rate swaps	(4 721)	–	–	(4 721)	–	–	–	–	–	–	–	–
Other non-operating (losses) gains	906	–	–	1 230	–	–	–	(324)	–	–	–	–
	61 962	(1 931)	6 059	47 501	540	6 843	–	(445)	1 660	1 094	641	–
Excess of revenues and gains over expenses and losses	89 917	(8 055)	9 362	73 821	1 203	–	292	4 104	6 160	1 510	1 602	(82)

Edward Health Services Corporation and Subsidiaries

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Consolidated Edward Health Services Corporation	Eliminations	Edward Health Services Corporation	Edward Hospital	Edward Foundation	EHSC Cayman Segregated Portfolio Co	Edward Ambulance Services	Edward Health Ventures	Linden Oaks Hospital	Edward Health & Fitness Center	Edward Physician Office Center Limited Partnership	Edward Management Corporation
Unrestricted net assets												
Excess of revenues and gains over expenses and losses	$ 80 017	$ (8 055)	$ 9 302	$ 73 821	$ 1 203	$ –	$ 292	$ 4 104	$ 9 169	$ 1 510	$ 1 902	$ (82)
Transfers from (to) affiliates and other net	–	–	–	2 540	(2 940)	–	–	2 400	100	–	–	(2 400)
Net assets released from restrictions and used for purchase of fixed assets	96	–	–	–	96	–	–	–	–	–	–	–
Increase (decrease) in unrestricted net assets	90 013	(8 055)	9 302	76 361	(1 341)	–	292	6 504	9 269	1 510	1 902	(2 482)
Temporarily restricted net assets												
Contributions	564	(568)	–	407	567	–	–	–	158	–	–	–
Net assets released from restrictions and used for operations	(370)	460	–	(344)	(370)	–	–	–	(116)	–	–	–
Net assets released from restrictions and used for purchase of fixed assets	(96)	–	–		(96)	–	–	–	–	–	–	–
(Decrease) increase in temporarily restricted net assets	98	(108)	–	63	101	–	–	–	42	–	–	–
Increase (decrease) in net assets	90 111	(8 163)	9 302	76 424	(1 240)	–	292	6 504	9 302	1 510	1 902	(2 482)
Net assets at beginning of year	530 407	(26 931)	119 023	272 052	6 094	131	479	95 607	30 940	22 380	7 160	2 572
Net assets at end of year	$ 620 518	$ (35 094)	$ 128 385	$ 349 376	$ 4 854	$ 131	$ 771	$ 102 111	$ 37 242	$ 23 890	$ 8 762	$ 90

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