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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
Illinois Valley Community Hospital Foundation

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 925 West Street Suite | Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Peru, IL 613542799

D Employer identification number
37-1211780

E Telephone number
(815) 223-3300

G Gross receipts $ 366,508

F Name and address of principal officer
TOMMY HOBBS
925 WEST STREET
PERU,IL 61354

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

H(b) Are all subordinates 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: ▶ IVCH ORG/FOUNDATION

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

L Year of formation 1986

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE IVCH FOUNDATION IS A NOT-FOR-PROFIT CORPORATION ESTABLISHED TO PROVIDE FINANCIAL SUPPORT FOR ILLINOIS VALLEY COMMUNITY HOSPITAL & ITS RELATED HEALTH SERVICES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	0
6	Total number of volunteers (estimate if necessary)	**6**	0
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	71,523	213,272
9	Program service revenue (Part VIII, line 2g)	0	0
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	95,421	105,233
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	27,580	39,434
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	194,524	357,939
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	408,856	413,293
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)	10,370	12,901
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	35,060
b	Total fundraising expenses (Part IX, column (D), line 25) ▶35,060		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	4,014	4,675
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	423,240	465,929
19	Revenue less expenses Subtract line 18 from line 12	-228,716	-107,990

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	3,290,702	3,263,161
21	Total liabilities (Part X, line 26)	55,876	72,093
22	Net assets or fund balances Subtract line 21 from line 20	3,234,826	3,191,068

Revenue | Expenses | Net Assets or Fund Balances

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

****** | 2015-05-11
Signature of officer | Date

TOMMY HOBBS CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Troy A Lindsey				P01041237
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 211 N BROADWAY SUITE 600 ST LOUIS, MO 631022733			Phone no (815) 223-3300	

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 or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission

THE IVCH FOUNDATION IS A NOT-FOR-PROFIT CORPORATION ESTABLISHED TO PROVIDE FINANCIAL SUPPORT FOR ILLINOIS VALLEY COMMUNITY HOSPITAL AND ITS RELATED HEALTH 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 $ 413,293 including grants of $ 413,293) (Revenue $)

FUNDRAISING IN SUPPORT OF ILLINOIS VALLEY COMMUNITY HOSPITAL (IVCH) AND ITS RELATED HEALTH CARE SERVICES AND GRANTS MADE TO IVCH FOR EQUIPMENT AND SUPPLIES

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** ▶ 413,293

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		No
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		No
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		No
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 other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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	Yes	
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		No
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government 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 or 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 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
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**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, 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**		No
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 or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	0		
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			
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	0		
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			
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
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		Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		Yes	
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			No
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 or note to any line 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**	10		
	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**	8		
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**		Yes	
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**		No
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**		No
14	Did the organization have a written document retention and destruction policy?	**14**		No
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**		No
	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**		No
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**		

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

▶ GREG KULPA 925 WEST STREET
PERU, IL 61354 (815) 780-3234

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

Check if Schedule O contains a response or note to any line 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			
(1) JAMES WEBER PRESIDENT	1 0 0 0	X		X				0	0	0
(2) ELAINE BUCKMAN VICE PRESIDENT	1 0 0 0	X		X				0	0	0
(3) PETE LOVELAND SECRETARY/TREASURER	1 0 0 0	X		X				0	0	0
(4) GEORGE BUCKMAN DIRECTOR	1 0 2 0	X						0	0	0
(5) JOSEPH HOGAN DIRECTOR	1 0 2 0	X						0	0	0
(6) RENEE KIM DIRECTOR	1 0 0 0	X						0	0	0
(7) KRIS PAUL DIRECTOR	1 0 2 25	X						0	0	0
(8) BEV SONS DIRECTOR	1 0 0 0	X						0	0	0
(9) WILLIAM VLASTNIK DIRECTOR	1 0 2 75	X						0	0	0
(10) GENE VOGELGESANG PR DIRECTOR	1 0 0 0	X						0	0	0
(11) TOMMY HOBBS CEO/NON VOTING DIRECTOR	1 0 43 25			X				0	220,005	38,338
(12) STEPHEN DAVIS CFO	1 0 43 25			X				0	130,504	32,202

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)** . . . . . ▶								0	350,509	70,540

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 ▶0

			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

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 ▶0

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f 213,272				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		213,272			
Program Service Revenue		Business Code				
	2a					
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		0			
	3 Investment income (including dividends, interest, and other similar amounts)		105,233			105,233
	4 Income from investment of tax-exempt bond proceeds		0			
	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					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss)		0			
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a 29,580				
	b Less direct expenses	b 8,569				
	c Net income or (loss) from fundraising events		21,011			21,011
	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				
	b Less cost of goods sold	b				
	c Net income or (loss) from sales of inventory		0			
Other Revenue	Miscellaneous Revenue	Business Code				
	11a UNCOLLECTIBLE PLEDGE ADJUSTMENT	900099	18,423			18,423
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d		18,423			
	12 **Total revenue.** See Instructions		357,939			144,667

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 or note to any line 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	413,293	413,293		
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	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	9,924		9,924	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	714		714	
9 Other employee benefits	1,489		1,489	
10 Payroll taxes	774		774	
11 Fees for services (non-employees)				
a Management	0			
b Legal	0			
c Accounting	0			
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	35,060			35,060
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	0			
13 Office expenses	26		26	
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	0			
17 Travel	0			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	2,612		2,612	
23 Insurance	0			
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 OTHER ADIMINISTRATIVE EXPENSE	2,037		2,037	
b				
c				
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	465,929	413,293	17,576	35,060
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)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		252,570	1	310,851
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		133,262	3	59,017
	4	Accounts receivable, net		0	4	0
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		0	8	0
	9	Prepaid expenses and deferred charges		0	9	0
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 25,459			
	b	Less accumulated depreciation	10b 24,153	3,918	10c	1,306
	11	Investments—publicly traded securities		2,900,952	11	2,891,987
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		0	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		3,290,702	16	3,263,161
Liabilities	17	Accounts payable and accrued expenses		0	17	0
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		55,876	25	72,093
	26	**Total liabilities.** Add lines 17 through 25		55,876	26	72,093
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		1,739,875	27	1,980,486
	28	Temporarily restricted net assets		1,494,951	28	1,210,582
	29	Permanently restricted net assets		0	29	0
		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		3,234,826	33	3,191,068
	34	Total liabilities and net assets/fund balances		3,290,702	34	3,263,161

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	357,939
2	Total expenses (must equal Part IX, column (A), line 25)	2	465,929
3	Revenue less expenses Subtract line 2 from line 1	3	-107,990
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,234,826
5	Net unrealized gains (losses) on investments	5	79,224
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	-14,992
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,191,068

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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		

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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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

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)**	No
(ii) A family member of a person described in (i) above?	**11g(ii)**	No
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**	No

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**	
(A) IVCH	362852553	03	Yes		Yes		Yes		413,293
Total									413,293

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))	**14**
15	Public support percentage for 2012 Schedule A, Part II, line 14	**15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	Explanation	

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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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

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	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

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 ▶
- c Temporarily restricted endowment ▶

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)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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				
b Buildings				
c Leasehold improvements				
d Equipment		25,459	24,153	1,306
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				1,306

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DUE TO AFFILIATES	72,093
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	72,093

2. Liability for uncertain tax positions 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 Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

Part XIII Supplemental Information

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

Return Reference	Explanation
FIN 48 FOOTNOTE	SCHEDULE D THE CORPORATION ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES UNDER THE AUTHORITATIVE GUIDANCE ISSUED BY THE CODIFICATION THE CORPORATION USES A THRESHOLD OF MORE-LIKELY-THAN-NOT TO BE SUSTAINED UPON EXAMINATION TO ACCOUNT FOR UNCERTAINTY IN INCOME TAXES MEASUREMENT OF THE TAX UNCERTAINTY OCCURS IF THE RECOGNITION THRESHOLD HAS NOT BEEN MET THIS GUIDANCE ALSO ADDRESSES DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE AND TRANSITION THE CORPORATION CONDUCTS BUSINESS SOLELY IN THE U S AND, AS A RESULT, FILES FEDERAL AND ILLINOIS TAX RETURNS IN THE NORMAL COURSE OF BUSINESS THE CORPORATION IS SUBJECT TO EXAMINATION BY TAXING AUTHORITIES

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.

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

Information about Schedule G (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☑ Mail solicitations
- **b** ☐ Internet and email solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☑ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☑ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1	RESCIGNO'S MARKETING CONNECTIONS 7501 W 85TH STREET BRIDGEVIEW, IL 60455	MAIL APPEAL		No	40,580	35,060	5,520
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total					40,580	35,060	5,520

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing

IL

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 FOUNDATION BALL (event type)	(b) Event #2 (event type)	(c) Other events 0 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	29,580			29,580
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)	29,580			29,580
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	4,215			4,215
	7 Food and beverages				
	8 Entertainment	600			600
	9 Other direct expenses	3,754			3,754
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(8,569)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				21,011

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Subtract line 7 from line 1, column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

11

Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	%
b	An outside facility	13b	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ .....

Address ▶ .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶

.....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference	Explanation

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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**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

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) ILLINOIS VALLEY COMMUNITY HOSPITAL 925 WEST ST PERU,IL 61354	36-2852553	501(c)(3)	413,293				EQUIPMENT,SUPPLIES

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 . . . ▶

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.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE U S	SCHEDULE I, PART 1, LINE 2 Grant or assistance requests to the Illinois Valley Community Hospital are reviewed and approved or denied by the Foundation Board of Directors

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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, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
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**		No
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**		No
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				
(1)TOMMY HOBBS CEO/NON VOTING DIRECTOR	(i) (ii)	0 217,948	0 0	0 2,057	0 14,300	0 24,038	0 258,343	0 0
(2)STEPHEN DAVIS CFO	(i) (ii)	0 126,930	0 0	0 3,574	0 8,550	0 23,652	0 162,706	0 0

Part III Supplemental Information

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

Return Reference	Explanation
METHODS USED BY RELATED ORGANIZATION TO ESTABLISH COMPENSATION	SCHEDULE J, PART I, LINE 3 THE ORGANIZATION RELIES ON A RELATED ORGANIZATION, IV HEALTHCORP,INC , TO ESTABLISH THE COMPENSATION OF THE CEO THE RELATED ORGANIZATION USES THE FOLLOWING METHODS TO ESTABLISH THE COMPENSATION COMPENSATION COMMITTEE, WRITTEN EMPLOYMENT CONTRACT, COMPENSATION SURVEY OR STUDY, APPROVAL BY BOARD OR COMPENSATION COMMITTEE

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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.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

990 Schedule O, Supplemental Information

Return Reference	Explanation
FAMILY/BUSINESS RELATIONSHIP	FORM 990, PART VI, SECTION A, LINE 2 ELAINE BUCKMAN, VICE PRESIDENT IS THE SPOUSE OF GEORGE BUCKMAN, BOARD MEMBER
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 6 MEMBERS OF THE BOARD OF DIRECTORS OF IV HEALTHCORP, INC (PARENT CORPORATION OF IVCH FOUNDATION)
MEMBERS OR STOCKHOLDERS WHO CAN ELECT MEMBERS OF THE GOVERNING BODY	FORM 990, PART VI, SECTION A, LINE 7A MEMBERS HAVE THE EXCLUSIVE POWER TO APPOINT AND REMOVE DIRECTORS OF THE FOUNDATION
DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL BY MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, SECTION A, LINE 7B MEMBERS RATIFY NOMINATION OF OFFICERS AND REMOVE OFF ICERS, ADOPT, AMEND AND REPEAL ARTICLES OF INCORPORATION AND BYLAWS, ADOPT ANY PLAN OF MER GER, CONSOLIDATION OR DISSOLUTION,PURCHASES, SALES, TRANSFERS, LEASES OR ENCUMBRANCES OF P ROPERTY BY THE FOUNDATION, AND BORROWING IN EXCESS OF ONE YEAR OR SECURED BY A MORTGAGE
PROCESS TO REVIEW THE FORM 990	FORM 990, PART VI, SECTION B, LINE 11B THE CEO AND CFO REVIEW THE FORM 990 PRIOR TO SUBMIS SION TO THE IRS THE FINAL VERSION OF THE FORM 990 IS E-MAILED OR HAND DELIVERED TO EACH B OARD MEMBER FOR THEIR REVIEW AND COMMENT PRIOR TO FILING WITH THE IRS
PROCESS FOR MONITORING COMPLIANCE WITH CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C ALL DIRECTORS AND OFFICERS ARE COVERED UNDER THE PO LICY AND HAVE A DUTY TO DISCLOSE ACTUAL OR POSSIBLE CONFLICTS OF INTEREST THE BOARD MEMBE RS WILL REVIEW THE MATTER AND DETERMINE IF A CONFLICT EXISTS IF A CONFLICT EXISTS, THE IN TERESTED PERSON MAY MAKE A PRESENTATION, BUT MUST LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION
REVIEW OF CEO OR TOP MGMT OFFICIAL COMPENSATION	FORM 990, PART VI, SECTION B, LINE 15A AN ADHOC COMMITTEE OF THE BOARD MEMBERS OF THE PARE NT (INCLUDING THE BOARD PRESIDENT, CHAIRPERSON OF THE PERSONNEL COMMITTEE AND AT LEAST ONE OTHER MEMBER) CONDUCT AN ANNUAL PERFORMANCE REVIEW OF THE CEO AND DECIDE THE INCREASE IN COMPENSATION, IF ANY, BASED UPON BENCHMARK COMPENSATION SURVEYS AND AREA NORMS THE CEO HA S A WRITTEN EMPLOYMENT CONTRACT RENEWAL OF THE CONTRACT OR INCREASE IN COMPENSATION MUST BE APPROVED BY A MAJORITY OF THE PARENT BOARD
DOCUMENTS AVAILABLE TO THE PUBLIC	FORM 990, PART VI, SECTION C, LINE 19 THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONF LICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
OTHER CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9 CHANGE IN BOARD RESTRICTED FUNDS -$14,992

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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" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Illinois Valley Community Hospital Foundation

Employer identification number
37-1211780

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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" on 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) No
(1) ILLINOIS VALLEY COMMUNITY HOSPITAL 925 WEST STREET PERU, IL 61354 36-2852553	HEALTH CARE	IL	501(C)(3)	3	IVHC	Yes	
(2) HYGIENIC INSITUTE 925 WEST STREET PERU, IL 61354 36-2167742	HEALTH CARE	IL	501(C)(3)	7	IVHC	Yes	
(3) IV HEALTH CORP INC 925 WEST STREET PERU, IL 61354 37-1211890	PARENT	IL	501(C)(3)	11B	IVHC	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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) Disproprtionate 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) VALLEY RG HLTH SRVC 4391 VENTURE DR PERU, IL 61354 27-3891281	HEALTH CARE	IL										

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on 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) IV HEALTH SERVICES INC 925 WEST ST PERU, IL 61354 36-4050682	DORMANT	IL	N/A	C CORPORATION				Yes	
(2) VALLEY HEALTH ENTERPRISES 925 WEST STREET PERU, IL 61354 36-3476877	PHARMACY & DME	IL	N/A	C CORPORATION				Yes	
(3) ILLINOIS VALLEY PHO 925 WEST STREET PERU, IL 61354 36-3978381	PPO CONTRACTING	IL	N/A	C CORPORATION					No
(4) IVCH GENERAL PROF LIABILITY LOSS FUND 925 WEST STREET PERU, IL 61354 36-6673231	DORMANT	IL	N/A	TRUST				Yes	
(5) HEALTH CARE BUILDING CORP 925 WEST STREET PERU, IL 61354 36-3306917	DORMANT	IL	N/A	C CORPORATION				Yes	

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on 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		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
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		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
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		No
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		No

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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) ILLINOIS VALLEY COMMUNITY HOSPITAL	B	413,293	CASH

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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 sections 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	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Impactful interactions for success

IV HEALTH CORP., INC.
AND SUBSIDIARIES
Peru, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

Wealth Advisory

Outsourcing

Audit, Tax, and Consulting

CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Directors
IV Health Corp., Inc. and Subsidiaries
Peru, Illinois

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of IV Health Corp., Inc. and Subsidiaries which comprise the consolidated balance sheets as of June 30, 2014 and 2013, 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 financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of IV Health Corp., Inc. and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations and changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter
As discussed in Note 19 to the financial statements, certain entities under this consolidated financial statement have been notified of tax exemption revocation by the Internal Revenue Service due to lack of timely filing of Form 990 Return of Organization Exempt from Income Taxes. Our opinion is not modified with respect to that matter.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The June 30, 2014 and 2013 consolidating information on pages 36 to 40 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 used to prepare the consolidated financial statements. The consolidating 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 or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The Schedule of Community Benefits information marked as "unaudited" and presented on pages 41 to 44, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Dixon, Illinois
March 2, 2015

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	$ 3,465,367	$ 3,356,796
Certificates of deposit	288,027	287,487
Receivables:		
Patient accounts, net of allowance for doubtful accounts of $4,359,023 and $4,032,707 for 2014 and 2013, respectively	11,258,891	12,497,076
Other	431,717	343,112
Restricted pledges receivable	58,531	92,724
Assets limited as to use	-	381,214
Supplies inventory	2,965,506	3,162,742
Prepaid expenses	1,146,606	1,149,815
Total current assets	19,614,645	21,270,966
OTHER ASSETS		
Assets limited as to use, less current portion:		
Self-insurance trust	5,409,022	5,192,170
Funded depreciation	3,845,928	3,384,777
Held by bond trustee	-	147,340
	9,254,950	8,724,287
Investment in Valley Equipment Company	639,025	725,725
Investment in Valley Regional Health Services	436,084	444,578
Investments	9,248,223	8,616,096
Restricted pledges receivable, less current portion, net	486	40,538
Other	1,952,006	1,839,078
Total other assets	21,530,774	20,390,302
PROPERTY AND EQUIPMENT, NET	39,597,767	40,637,876
TOTAL ASSETS	$ 80,743,186	$ 82,299,144

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	$ 1,043,608	$ 880,803
Accounts payable	3,393,372	3,416,910
Estimated settlements due to third-party payors	1,005,513	3,349,999
Derivative financial instrument	-	59,228
Accrued liabilities and other	4,855,080	4,286,458
Total current liabilities	10,297,573	11,993,398
NONCURRENT LIABILITIES		
Long-term debt and capital leases, net of current portion	22,727,007	22,688,312
Accrued professional and general liability	4,728,492	4,201,088
Pension obligation	2,266,901	4,437,175
Total noncurrent liabilities	29,722,400	31,326,575
Total liabilities	40,019,973	43,319,973
NET ASSETS		
Unrestricted	39,512,631	37,484,220
Temporarily restricted	1,210,582	1,494,951
Total net assets	40,723,213	38,979,171
TOTAL LIABILITIES AND NET ASSETS	$ 80,743,186	$ 82,299,144

The accompanying notes are an integral part of the consolidated financial statements.

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended June 30, 2014 and 2013

	2014	2013
UNRESTRICTED REVENUE, GAINS, AND OTHER SUPPORT		
Patient service revenue (net of contractual allowances and discounts)	$ 83,711,627	$ 77,049,140
Provision for bad debts	4,944,783	5,018,147
Net patient service revenue	78,766,844	72,030,993
Other revenue	2,150,267	3,024,650
Total unrestricted operating revenues	80,917,111	75,055,643
EXPENSES		
Salaries	29,692,211	28,188 556
Employee benefits	9,796,034	8,800 402
Supplies	12,134,768	11,172,007
Professional services	4,377,555	4,307,244
Purchased services	9,494,311	8,820,592
Utilities	1,407,587	1,383,195
Insurance	1,940,012	1,541,321
Repairs and maintenance	1,679,071	1,445,845
Rental	727,089	771,563
Interest	568,297	572 876
Depreciation and amortization	4,493,914	4,611 341
Other expenses	5,269,489	2,952,732
Total operating expenses	81,580,338	74,567,674
Income (loss) from operations	(663,227)	487,969
OTHER INCOME (EXPENSE)		
Investment income	821,439	763,052
Other, net	177,547	(105,126)
Net loss on investment in Valley Regional Health Services	(53,496)	(94,731)
Net loss (gain) on investment in Valley Equipment Company	(86,700)	7,100
Unrealized change in fair value of derivative financial instrument	59,228	141,383
Total other income	918,018	711,678
Excess of revenues over expenses	254,791	1,199,647
OTHER INCREASE (DECREASE) IN NET ASSETS		
Pension equity adjustment	526,175	3,312,572
Net change in unrealized gains and losses on investments	859,193	233,432
Net assets released from restrictions	388,252	385,671
Increase in unrestricted net assets	2,028,411	5,131,322
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	103,883	49,896
Net assets released from restrictions	(388,252)	(385,671)
Decrease in temporarily restricted net assets	(284,369)	(335,775)
INCREASE IN NET ASSETS	1,744,042	4,795,547
NET ASSETS BEGINNING OF YEAR	38,979,171	34,183,624
NET ASSETS END OF YEAR	$ 40,723,213	$ 38,979,171

The accompanying notes are an integral part of the consolidated financial statements

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 1,744,042	$ 4,795,547
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,493,914	4,611,341
Loss on disposal of property and equipment	704	704
Loss on investment in Valley Regional Health Services	53,496	94,731
Loss (gain) on investment in Valley Equipment Company	86,700	(7,100)
Change in net unrealized gain on investments	(859,193)	(233,432)
Noncash pension equity adjustment	(526,175)	(3,312,572)
Provision for bad debts	4,944,783	5,018,147
Net change in fair value of derivative financial instrument	(59,228)	(141,383)
Effects of changes in operating assets and liabilities:		
Patient accounts receivable	(3,706,598)	(4,286,239)
Other receivables	(88,605)	105,306
Pledges receivable	74,245	122,983
Supplies inventory, prepaid expenses, and other	87,517	213,545
Accounts payable, accrued liabilities, and other	545,084	(1,307,409)
Estimated third-party payor settlements	(2,344,486)	105,791
Accrued professional and general liability	527,404	(211,778)
Pension obligation	(1,644,099)	(1,446,626)
Net cash provided by operating activities	3,329,505	4,121,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, certificates of deposit and assets whose use is limited	(4,987,971)	(6,124,753)
Sales and maturities of investments, certificates of deposit and assets whose use is limited	5,065,049	5,622,709
Purchase of interest in Valley Regional Health Services	(45,002)	(74,999)
Purchase of property and equipment	(3,454,511)	(3,347,714)
Net cash used in investing activities	(3,422,435)	(3,924,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	1,122,216	1,117,466
Principal payments on long-term debt	(920,715)	(645,851)
Net cash provided by financing activities	201,501	471,615
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,571	668,414
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,356,796	2,688,382
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,465,367	$ 3,356,796

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Illinois Valley Community Hospital (the Hospital) is a not-for-profit acute care hospital. The Hospital was incorporated in the State of Illinois. The Hospital provides inpatient, outpatient and emergency care services for residents of central Illinois. Admitting physicians are primarily practitioners in the local area. The Hospital's fiscal year ends on June 30.

Illinois Valley Community Hospital Foundation (a not-for-profit corporation) was incorporated in the State of Illinois for the purpose of obtaining and administering assets to support the operation of Illinois Valley Community Hospital. The Foundation's fiscal year ends on June 30.

The Hygienic Institute (a not-for-profit corporation) was incorporated in the State of Illinois for the purpose of providing area residents with easily accessible healthcare.

Valley Health Enterprises (corporation) was incorporated in the State of Illinois for the purpose of providing medical supplies and equipment in the local area. During the year ended June 30, 2014, Valley Health Enterprises sold the assets that made up its Family Pharmacy practice. See Note 20 for more information.

Reporting Entity

IV Health Corp., Inc. is the parent company of Illinois Valley Community Hospital (the Hospital), Illinois Valley Community Hospital Foundation (the Foundation), and the Hygienic Institute for LaSalle, Peru and Oglesby. IV Health Corp., Inc. is also the sole stockholder of Valley Health Enterprises, Inc. (Valley Health), an Illinois business corporation. These organizations, collectively referred to as the Corporation, provide health care and health care related services in the LaSalle/Peru area. The Hospital also has a 50% equity interest in the entity Valley Regional Health Services and a 10% equity interest in the entity Valley Equipment Company, LLP. at June 30, 2014 and 2013.

Principles of Consolidation

The consolidated financial statements include IV Health Corp., Inc., the Hospital, the Foundation, Valley Health, and the Hygienic Institute. All significant intercompany transactions have been eliminated in the consolidation.

Basis of Presentation

The Corporation classifies its net assets into three categories, which are unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of the Corporation and are not subject to donor-imposed stipulations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time. The Corporation has temporarily restricted net assets which are primarily available for capital improvements. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations and changes in net assets as net assets released from restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that the Corporation maintains them permanently. The Corporation had no permanently restricted net assets at June 30, 2014 and 2013.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable, settlements with third-party payors, the evaluation of long-lived assets for possible impairment, the accrual for professional liability claims, pension obligation, and health insurance. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation, with no effect on previously reported loss from operations or decrease in net assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts and certificates of deposit, having original maturities of three months or less. Assets limited as to use by Board designation or other restrictions are excluded.

Throughout the year, the Corporation may have amounts on deposit with financial institutions in excess of those insured by the FDIC. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable, Provision for Doubtful Accounts and Estimated Third-Party Payor Settlements

The collection of receivables from third-party payors and patients is the Corporation's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided by third-party payors.

Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management estimates this allowance based on the aging of its accounts receivable and its historical collection experience for each payor type. Patient receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts.

Receivables or payables related to estimated settlements on various payor contracts, primarily Medicare and Blue Cross, are reported as estimated third-party payor settlements. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Corporation's collection of accounts receivable, cash flows and results of operations.

Receivables related to the Medicaid Hospital Assessment Program, if any, are included in other receivables on the balance sheet.

Supplies Inventory

Supplies inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

Investments and Assets Limited as to Use

The Corporation's interests in Valley Equipment Company, LLP and Valley Regional Health Services are accounted for using the equity method. Under the equity method, the investments are carried at cost, adjusted for the Corporation's proportionate share of undistributed earnings or losses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Assets Limited as to Use (Continued)

Investments and assets limited as to use are reported at fair value as discussed in more detail in Note 17. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. The change in unrealized gains and losses on investments is excluded from the excess of revenues over expenses.

Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

Investments are regularly evaluated for impairment. The Corporation considers factors affecting the investee, factors affecting the industry the investee operates within, and general debt and equity market trends. The Corporation considers the length of time an investment's fair value has been below the carrying value, the near-term prospects for recovery to carrying value, and the intent and ability to hold the investment until maturity or market recovery is realized. If and when a determination is made that a decline in fair value below the cost basis is other than temporary, the related investment is written down to its estimated fair value and included in excess revenue over expenses as a component of investment income.

Investment securities in general are exposed to risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the consolidated balance sheets and the consolidated statements of operations and changes in net assets.

Assets limited as to use include designated investments held for estimated professional and general liabilities and investments set aside by the Board of Directors for the purchase of property and equipment used in providing patient care. The Board retains control and may at its discretion subsequently use the assets for other purposes. Assets limited as to use also include amounts held by trustees under debt agreements. Amounts required to meet current liabilities of the Corporation are reclassified as current in the balance sheet.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair value at the date of donation. The Corporation's policy is to capitalize property and equipment which has a useful life of at least three years and a cost of at least $2,000. Costs of maintenance and repairs are charged to expense when incurred, while costs of renewals and betterments are capitalized. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the consolidated statement of operations. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 40 years, and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of property is capitalized as a component of the cost of acquiring those assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Gifts of long-lived assets such as land and buildings are reported as unrestricted support, and are excluded from income from operations and excess of revenues over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for possible impairment whenever events or circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future cash flows. Measurement of the amount of the impairment, if any, may be based on independent appraisals, established market values of comparable assets or estimates of future discounted cash flows expected to result from the use and disposition of the assets. The estimates of these future cash flows are based on assumptions and projections believed by management to be reasonable. These subjective judgments take into account assumptions about revenue and expense growth rates, patient volumes, changes in payor mix, regulations and other factors.

Derivative Financial Instruments

All derivatives are recognized on the balance sheets at their fair value. On the date the derivative contract was entered into, the Corporation designated the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability. Due to the fact that all of the terms of the derivative and debt did not agree, the hedge was considered ineffective and hedge accounting was discontinued. Since hedge accounting was discontinued, subsequent changes in the derivative's fair value were recognized in nonoperating gains and losses.

The Corporation used a derivative solely in connection with the bonds payable, as further discussed in Note 14. The derivative was terminated in November 2013.

Accrued Professional and General Liability

The provision for accrued professional and general liability includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The provision is actuarially determined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Revenue

The Corporation has agreements with 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 from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements. Bequests are recognized when the probate court declares the will valid.

Operating Income

The consolidated statements of operations and changes in net assets includes an intermediate measure of operations, income (loss) from operations that represents the activity of the ongoing operations of the Corporation. Other income and expense excluded from operating income consist primarily of non-recurring transactions and transactions which are outside of the Corporation's primary activities.

Excess of Revenue over Expenses

The consolidated statement of operations and changes in net assets includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include pension equity adjustment, net change in unrealized gains and losses on investments other than trading securities, transfers of net assets from temporarily restricted net assets to be used for long-term purposes, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), and other.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Income Taxes

IV Health Corp., Inc., Hygienic Institute, the Foundation, and Illinois Valley Community Hospital are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been classified as other than a private foundation. See Note 19 for further information related to the tax exempt status of these entities.

Valley Health is subject to federal and state income taxes, which are not significant to the consolidated operations.

The Corporation accounts for uncertainty in income taxes under the authoritative guidance issued by the Codification. The Corporation uses a threshold of more-likely-than-not to be sustained upon examination to account for uncertainty income taxes. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition. The Corporation conducts business solely in the U.S. and, as a result, files federal and Illinois tax returns. In the normal course of business the Corporation is subject to examination by taxing authorities. See Note 19 for further information related to dealings with taxing authorities.

Advertising

The Corporation expenses advertising costs as incurred.

Risk Management

The Corporation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; medical malpractice; employee injuries and illnesses; natural disasters and employee health, dental, and accident benefits. See Note 6 – Self-Insurance for a description of the employee health insurance coverage.

Donated Services

A number of volunteers have donated services to the Corporation's program services and fundraising campaigns during the year; however, the value of these donated services is not reflected in the financial statements since the services do not require specialized skills.

NOTE 2 - RESTRICTED PLEDGES RECEIVABLE

During 2010, the Corporation began a capital fund raising campaign and at June 30, 2014 and 2013, has pledges receivable of $59,017 and $133,262, respectively. Pledges to be received after June 30, 2014 are discounted at 3%. Management estimates that an allowance of $6,323 and $14,807 at June 30, 2014 and 2013, respectively is necessary based on information currently known. However, events impacting donors could occur in the next year which may increase the allowance for uncollectible pledges. The pledges receivable consisted of the following at June 30:

	2014	2013
Less than one year	$ 58,531	$ 92,724
One to five years	8,086	64,462
Total to collect	66,617	157,186
Less discount to net present value	(1,277)	(9,117)
Less allowance for uncollectible pledges receivable	(6,323)	(14,807)
Net pledges receivable	$ 59,017	$ 133,262

NOTE 3 - NET PATIENT SERVICE REVENUE

The Corporation has agreements with third-party payors which provide for reimbursement to the Corporation at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between Corporation's billings at list price and the amounts reimbursed by Medicare, Medicaid, Blue Cross, and certain other third-party payors; any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. A summary of the basis of reimbursement with major third-party payors follows:

Medicare

The Corporation is paid for inpatient acute care and outpatient care services rendered to Medicare program beneficiaries under prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based upon either a cost reimbursement method, established fee screens, or a combination thereof. The Corporation's classification of patients under Prospective Payment Systems and the appropriateness of the patient's admissions are subject to validation reviews. The Corporation is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports by the Corporation and audits by the Medicare fiscal intermediary.

NOTE 3 - NET PATIENT SERVICE REVENUE (CONTINUED)

Medicaid

The Corporation is reimbursed at prospectively determined rates for each Medicaid inpatient discharge. Outpatient services are reimbursed based on established fee screens. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The Corporation also receives incremental Medicaid reimbursement for specific programs and services at the discretion of the State of Illinois Medicaid Program. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment levels and rates based on the amount of funding available to the Medicaid program.

Blue Cross

The Corporation also participates as a provider of health care services under a reimbursement agreement with Blue Cross. The provisions of this agreement stipulate that services will be reimbursed at a tentative reimbursement rate and that final reimbursement for these services is determined after the submission of an annual cost report by the Corporation and a review by Blue Cross.

Managed Care Organizations

The Corporation has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes discounts from established charges and prospectively determined per diem rates.

Revenue from the Medicare and Medicaid programs accounted for approximately 62% and 61% of the Corporation's net patient service revenue for the years ended June 30, 2014 and 2013, respectively. 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. The 2014 and 2013 net patient service revenue amounts increased by approximately $495,000 and $531,000, respectively, due to removal of contractual allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations. At June 30, 2014 and 2013, the Corporation also recorded a receivable of $2,679,134 and $850,000, respectively, based upon cost reports filed and estimates for Medicare Dependent Hospital low volume adjustments for fiscal years 2010, 2011, and 2012. Subsequent to year-end, the Corporation received payment of $2,679,134 related to this low volume adjustment.

NOTE 3 - NET PATIENT SERVICE REVENUE (CONTINUED)

The Federal Centers for Medicare and Medicaid services (CMS) have approved State of Illinois (State) legislation for a Medicaid Hospital Assessment Program (Program). Under the Program, the Corporation receives additional Medicaid reimbursement from the State and pays a related assessment tax. The Hospital paid assessments to the State totaling $3,612,336 and $1,763,672 for the years ending June 30, 2014 and 2013, respectively. The assessments paid are reported in other operating expenses. The net effect on income (loss) from operations in the fiscal years ending June 30, 2014 and 2013 is an increase of approximately $613,000 and $702,000, respectively.

	2014	2013
Total patient service revenue	$ 234,067,646	$ 218,130,359
Contractual adjustments:		
Medicare	73,792,309	71,819,036
Medicaid	21,345,838	18,418,941
Other	55,217,872	50,843,242
Provision for bad debts	4,944,783	5,018,147
Total adjustments	155,300,802	146,099,366
Net patient service revenue	$ 78,766,844	$ 72,030,993

Electronic Health Record Incentive Program

The Electronic Health Record (EHR) incentive program was enacted as part of the American Recovery and Reinvestment Act of 2009 (ARRA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act. These Acts provided for incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified EHR technology. The incentive payments are made based on a statutory formula and are contingent on the Corporation continuing to meet the escalating meaningful use criteria. For the first payment year, the Corporation must attest, subject to an audit, that it met the meaningful use criteria for a continuous 90-day period.

During fiscal years 2014 and 2013, the Corporation demonstrated meaningful use and therefore was awarded approximately $1,200,000 and $2,300,000, respectively, which is recognized as other revenue in the statements of operations and changes in net assets for the years ending June 30, 2014 and 2013.

NOTE 4 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Corporation's accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts, provision for bad debts and provision for charity. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts, provision for bad debts and charity for expected uncollectible deductibles and co-insurances. For receivables associated with self-pay patients, the Corporation records a provision for bad debts and charity in the period of service on the basis of its past experience, which indicates many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Corporation's allowance for doubtful accounts increased by 8% in fiscal year 2014 from fiscal year 2013. This increase is the result of a historical collection percentage monitoring as well as the aging of these accounts. Additionally, the Corporation made provisions for uncollectible accounts of approximately $5,750,000 and had recoveries on accounts written off of $750,000. The Corporation has not changed its charity care or uninsured discount policies during fiscal years 2014 or 2013.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of June 30 follows:

	2014	2013
Medicare	39%	33%
Medicaid	13	14
Other third party payors	32	37
Patients	16	16
Total	100%	100%

NOTE 6 - SELF-INSURANCE

The Corporation is self-insured for professional and general liability exposure to cover medical malpractice claims. In addition, the Corporation presently carries excess liability coverage for professional and general liability on a claims-made basis. A claims-made excess liability coverage is currently arranged through October 31, 2015. Coverage for claims made subsequent to October 31, 2015, is dependent upon the Corporation's ability to obtain claims-made insurance in the future. The insurance expense for the years ended June 30, 2014 and 2013 for the self-insured professional and general liability was approximately $416,000 and $368,000, respectively.

NOTE 6 - SELF-INSURANCE (CONTINUED)

The Corporation uses an actuary to calculate an estimated liability for unpaid losses and incurred, but not reported ("IBNR"), claims at year-end. This accrual is included in accrued professional and general liability on the consolidated balance sheet.

The independent actuary analyzed the Corporation's past claim experience in conjunction with its historical primary and excess hospital professional liability insurance policies in order to calculate the liability along with its associated receivable. The gross unpaid liability amount covering its hospital professional liability claims was $4,728,492 and $4,201,088 for the years ended June 30, 2014 and 2013, respectively. A receivable amount of $1,431,806 and $1,174,642 for the years ended June 30, 2014 and 2013, respectively, was also recorded to reflect these insurance transactions.

The Corporation is also self-insured for medical, dental, vision, and substantially all disability benefits. The Corporation is self-insured up to $200,000 annually, per claim, for employee medical benefits. Subsequent to year-end, the Corporation increased the self-insured amount to $250,000. These plans are administered by an outside consultant who processes claims. The Corporation makes contributions for employee and dependent coverage costs. Employee benefits expense for self-insurance for the years ended June 30, 2014 and 2013 was approximately $5,890,000 and $4,905,000, respectively.

NOTE 7 - INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use are summarized below:

	2014	2013
Investments:		
Cash and cash equivalents	$ 120,292	$ 425,040
Mutual funds	3,815,470	3,139,740
Corporate bonds	3,414,432	3,236,061
Municipal bonds	295,163	296,878
Equities	992,306	857,657
U.S. government obligations	5,363	7,562
Certificates of deposit	605,197	653,158
Total	$ 9,248,223	$ 8,616,096

	2014	2013
Assets limited as to use:		
U.S. government obligations	$ 1,224,905	$ 907,768
Corporate bonds	2,913,858	2,948,945
Cash and cash equivalents	664,197	917,287
Equities	584,435	500,372
Mutual funds	3,828,177	3,790,556
Accrued interest	39,378	40,573
Total	$ 9,254,950	$ 9,105,501

NOTE 7 - INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Assets limited as to use by purpose are as follows:

	2014	2013
Self-insurance trust	$ 5,409,022	$ 5,192,170
Funded depreciation	3,845,928	3,384,777
Held by bond trustee	-	528,554
Total	9,254,950	9,105,501
Less current portion	-	381,214
Non-current portion	$ 9,254,950	$ 8,724,287

Return on investments was as follows for the years ended June 30, 2014 and 2013:

	2014	2013
Investment income:		
Interest income and dividends	$ 770,305	$ 709,544
Net realized gain (loss) on sale of investments	51,134	53,508
Total	$ 821,439	$ 763,052
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on investments	$ 859,193	$ 233,432

Investment securities in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the balance sheet.

NOTE 8 - UNCONSOLIDATED INVESTEES

Illinois Valley Community Hospital has an interest in two joint ventures. The investment accounts are adjusted for the Corporation's proportionate share of the undistributed earnings or losses.

The percent of net equity owned is as follows:

Valley Regional Health Services	50%
Valley Equipment Company LLP	10%

Valley Regional Health Services (VRHS) (a not-for-profit corporation), is a joint venture between Illinois Valley Community Hospital and St. Margaret's Hospital, Spring Valley, Illinois. VRHS was formed to operate exclusively for the benefit of Illinois Valley Community Hospital and St. Margaret's Hospital. The affairs of VRHS are managed by its Board of Directors. Neither Illinois Valley Community Hospital nor St. Margaret's Hospital has control in these matters. Its fiscal year end is June 30.

Following is a summary of VRHS's unaudited financial position and results, as of and for the years ended, June 30, 2014 and 2013:

	2014	2013
Current assets	$ 287,249	$ 217,251
Property, plant, and equipment (net)	806,060	864,592
Total assets	$ 1,093,309	$ 1,081,843
Current liabilities	$ 221,142	$ 192,686
Total liabilities	221,142	192,686
Retained earnings and net assets	872,167	889,157
Total liabilities and retained earnings	$ 1,093,309	$ 1,081,843
Service fee revenue	$ 480,060	$ 312,000
Donations	420	699
Total income	480,480	312,699
Expenses	587,472	502,161
Net loss	$ (106,992)	$ (189,462)

NOTE 8 - UNCONSOLIDATED INVESTEES (CONTINUED)

Valley Equipment company LLP, is a joint venture with various other entities. Valley Equipment LLP was formed to acquire, establish, develop, and provide support services to an Oncology Center and engage in such other related enterprises as may be agreed upon from time to time by the unanimous consent of the partners.

Following is a summary of Valley Equipment LLP's unaudited financial position and results, as of and for the years ended, June 30, 2014 and 2013:

	2014	2013
Current assets	$ 424,000	$ 371,000
Property, plant, and equipment (net)	6,736,000	6,927,000
Total assets	$ 7,160,000	$ 7,298,000
Current liabilities	$ 258,000	$ 284,000
Long-term liabilities	506,000	571,000
Total liabilities	764,000	855,000
Retained earnings and net assets	6,396,000	6,443,000
Total liabilities and retained earnings	$ 7,160,000	$ 7,298,000
Net facility revenue	$ 1,603,000	$ 1,191,000
Management fee and other revenue	9,000	2,000
Total income	1,612,000	1,193,000
Expenses	1,272,000	1,268,000
Net income (loss)	$ 340,000	$ (75,000)

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 and 2013 consisted of the following:

	2014	2013
Land and land improvements	$ 2,705,506	$ 2,639,882
Buildings	52,328,687	50,786,826
Major movable and fixed equipment	55,419,075	53,418,396
Leasehold improvements	439,582	429,610
Construction and equipment acquisition in progress	737,831	1,172,110
	111,630,681	108,446,824
Less accumulated depreciation and amortization	72,032,914	67,808,948
Total	$39,597,767	$40,637,876

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to approximately $4,360,000 and $4,530,000, respectively.

Construction and Equipment Acquisition in Progress

Construction of improvements to various departments and various equipment acquisitions were in progress at June 30, 2014 and 2013. The following schedule presents a summary of the budget and actual expenditures at June 30, 2014 and 2013, and the anticipated construction and acquisition expenditures to complete the projects:

	2014		
	Budget	Expenditures as of June 30	Estimated Expenditures to Complete
Assets under construction			
Building renovations	$ 771,000	$ 568,872	$ 202,128
Ground floor	85,000	59,668	25,332
Other renovations/upgrades	194,500	109,291	85,209
Total	$ 1,050,500	$ 737,831	$ 312,669

	2013		
	Budget	Expenditures as of June 30	Estimated Expenditures to Complete
Assets under construction			
Wound Care Clinic	$ 650,000	$ 606,694	$ 43,306
ENT Office	450,000	272,114	177,886
Physician Documentation	394,424	115,618	278,806
Other renovations/upgrades	396,090	177,684	218,406
Total	$ 1,890,514	$ 1,172,110	$ 718,404

NOTE 10 - LONG-TERM DEBT, CAPITAL LEASES, AND PLEDGED ASSETS

A summary of long-term debt and capital leases at June 30, 2014 and 2013 follows:

Long-term Debt

	2014	2013
Bonds payable (series 2009), variable annual installments through December 2039, interest due monthly at a variable rate (0.08% at June 30, 2014 and 2013). In December 2014, these bonds were paid off through a refinancing.	$ 21,559,750	$ 21,939,750
Note payable, monthly installments of $19,365, including interest at the weekly average of the three-year U.S. Treasury Securities yield (2.39% and 2.49% at June 30, 2014 and 2013, respectively).	62,411	123,440
Note payable, monthly installments of $6,497 including interest at 5.45%. This note was paid off in September 2014.	19,136	93,508
Note payable, monthly installments of $11,661, including interest at 2.89%, due May 2019.	639,905	-
Capitalized lease obligation, monthly installments of $13,407, due April 2015.	136,025	294,950
Capitalized lease obligation, monthly installments of $20,529, due June 2018. Subsequent to year-end, this lease was refinanced with a different bank.	911,024	1,117,467
Capital lease obligation, monthly installments of $8,722, due January 2019. Subsequent to year-end, this lease was refinanced with a different bank.	442,364	-
Total	23,770,615	23,569,115
Less current portion	1,043,608	880,803
Long-term portion	$ 22,727,007	$ 22,688,312

Bonds Payable

In December 2009, the Corporation entered into a loan agreement with the Illinois Finance Authority to borrow $22,955,000 in adjustable rate demand revenue bonds, Series 2009. The Corporation has a remarketing agreement with underwriters that provided for a "best efforts" remarketing of the bonds on a weekly basis. The bonds are secured by a letter of credit, totaling approximately $21,800,000, which the Corporation can draw upon in the event that remarketing fails. The letter of credit was set to expire in March 2014. On January 28, 2014, the letter of credit was extended and was set to expire July 1, 2015. If the Corporation draws on the letter of credit, it will be obligated to make payments in accordance with the terms of the revenue bonds, series 2009 reimbursement agreement. The reimbursement agreement calls for periodic principal and interest payments with the unpaid principal amount and all accrued interest payable in full on the expiration date of the letter of credit.

NOTE 10 - LONG-TERM DEBT, CAPITAL LEASES, AND PLEDGED ASSETS (CONTINUED)

Bonds Payable (Continued)

The proceeds of the bonds were used to provide for payment of previous debt and capital expansion. The bonds required maintenance of certain financial covenants.

Expenses associated with the issuance of the series 2009 bonds are being amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. The amount of unamortized debt issue costs is reported as a noncurrent asset.

Following is a schedule of sinking fund requirements on the Series 2009 bonds for each fiscal year through maturity assuming that remarketing does not fail and without regard to the payoff that occurred in December 2014:

2015	$ 400,000	2024	$ 640,000	2033	$ 1,025,000
2016	$ 420,000	2025	$ 675,000	2034	$ 1,080,000
2017	$ 440,000	2026	$ 710,000	2035	$ 1,140,000
2018	$ 465,000	2027	$ 750,000	2036	$ 1,200,000
2019	$ 490,000	2028	$ 790,000	2037	$ 1,265,000
2020	$ 515,000	2029	$ 830,000	2038	$ 1,335,000
2021	$ 545,000	2030	$ 875,000	2039	$ 1,405,000
2022	$ 575,000	2031	$ 925,000	2040	$ 1,484,750
2023	$ 605,000	2032	$ 975,000		

Bond Refinancing

In December 2014, the Corporation entered into loan agreements with the Illinois Finance Authority, as issuer of bonds, and four local banks. The bonds are Illinois Finance Authority Revenue Refunding Bonds, Series 2014A, 2014B, 2014C and Illinois Finance Authority Taxable Revenue Bonds, Series 2014D. The purpose of the bonds is to refinance the remaining amount outstanding of the Illinois Finance Authority Adjustable Rate Demand Bonds, Series 2009. The loan agreements range from $670,000 up to $10,000,000, and total $21,830,000. The interest rate on the new bonds is variable initially and is reset monthly, as calculated by the lender, with an initial rate of 2.91%. The interest rate is convertible to a fixed rate. The bonds are secured by a mortgage on various property of the Corporation. The reimbursement agreement calls for periodic principal and interest payments through December 1, 2034. The future maturity schedule that follows has been adjusted to reflect the issuance of these new bonds.

Capital Lease Obligations

The Corporation entered into a three-year non-cancelable lease with Siemens Financial Services for a CT Nuclear System, requiring monthly payments of $13,407, through April 2015. The CT Nuclear System had a net book value of approximately $312,000 and $380,000 at June 30, 2014 and 2013, respectively.

In fiscal 2013, the Corporation entered into a five-year non-cancelable lease with BMO Harris for various capital asset items such as computers, hospital beds and major hospital equipment, requiring monthly payments of $20,529, through June 2018. The equipment had a net book value of approximately $1,200,000 and $1,600,000 at June 30, 2014 and 2013, respectively.

NOTE 10 - LONG-TERM DEBT, CAPITAL LEASES, AND PLEDGED ASSETS (CONTINUED)

Capital Lease Obligations (Continued)

In fiscal 2014, the Corporation entered into a five-year non-cancelable lease with BMO Harris for various hospital equipment, requiring monthly payments of $8,722 through January 2019. The equipment had a net book value of approximately $418,000 at June 30, 2014.

Capital Lease Refinancing

On December 23, 2014, the Corporation entered into a new lease agreement with Midland States Bank for $1,310,111. The borrowings under this lease agreement were used to pay off the two BMO Harris lease agreements that were outstanding at June 30, 2014. The new lease agreement bears interest at 4.67% and requires monthly principal and interest payments of $29,976 over a 48-month term. The final payment is due December 2018.

In accordance with U.S. generally accepted accounting principles, maturities of the bonds payable are reported in the consolidated balance sheet at June 30, 2014 under the terms of the letter of credit. Future maturities of bonds payable, notes payable and capital lease obligations are as follows:

	Bonds Payable	Notes Payable	Capital Leases
2015	$ 400,000	$ 204,606	$ 439,002
2016	820,000	126,663	315,204
2017	853,000	130,372	327,925
2018	877,000	134,190	341,160
2019	899,000	125,621	66,123
Thereafter	17,710,750	-	-
Total	$ 21,559,750	$ 721,452	$ 1,489,414

Future minimum payments under the capital leases are as follows without regard for the refinancing that occurred in December 2014:

2015	$ 485,082
2016	351,012
2017	351,012
2018	351,012
2019	61,055
Total minimum lease payments	1,599,173
Less amount representing interest	109,759
Present value of minimum lease payments	$ 1,489,414

NOTE 11 - OPERATING LEASES AND COMMITMENT

During 1994, the Corporation entered into a 99-year operating lease for the rental of property to be used as a parking facility. Annual lease payments are approximately $25,000, with future adjustments based on changes in the consumer price index and market value of the property. This lease is cancelable by the Corporation upon the payment of certain rent premiums. The table of future maturities assumes this lease will not be canceled.

During 2005, the Corporation entered into a 20-year operating lease for the rental of space at the Illinois Valley YMCA (YMCA) to be used for the Corporation's rehabilitation services program. Construction of the rental space was completed by the YMCA during fiscal 2007. The monthly payment of $22,000 consists of a usage component, plus a debt service component based on the YMCA's debt service requirements (up to $1,300,000) on the related space. The Corporation does not guarantee the YMCA's debt. The table of future maturities includes the monthly usage component and debt service component as described above.

The Corporation also leases computer hardware and software as well as other equipment under noncancelable operating leases requiring monthly payments of varying amounts. The lease terms expire at various dates through 2019. The Corporation also leases various equipment under short-term lease agreements on a month-to-month basis.

Total rental expense for the years ended June 30, 2014 and 2013 was approximately $727,000 and $772,000, respectively.

Future minimum lease payments for the noncancelable portion of operating leases are as follows:

2015	$ 590,646
2016	469,643
2017	373,636
2018	338,343
2019	318,037
Thereafter	3,752,358
Total minimum lease payments	$ 5,842,663

NOTE 12 - RETIREMENT PLANS

Effective January 1, 2002, the Corporation established a noncontributory, 401(a) defined contribution retirement plan which is available to all employees who complete at least 1,000 hours of service per year, have at least one year of service, are at least 21 years old and are not active participants in the defined benefit pension plan. The Corporation contributes 6.50% of a participant's compensation subject to an annual limit as required by the Internal Revenue Code. The Corporation's policy is to fund pension costs as these costs are accrued. Pension expense related to this plan was approximately $1,333,000 and $1,302,000 for 2014 and 2013, respectively.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

The Corporation has a 403(b) Plan. Employees are eligible to participate upon employment. Employees are not eligible to receive any matching contributions from the employer. Employees may contribute up to 100% of their compensation subject to certain limits based on federal tax laws. Employees are fully vested at all times as it is only a participatory plan.

The Corporation has a noncontributory defined benefit pension plan covering hourly and salaried employees who meet prescribed service requirements. Plan benefits are based principally upon years of service and compensation. The Corporation's funding policy is to contribute annually an amount equal to or greater than the minimum amount required to be funded under provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Plan contributions and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the consolidated financial statements.

Effective January 1, 2002, the defined benefit pension plan was amended to close the plan to new participants and to give active participants a one-time option of remaining active participants in the plan or becoming inactive participants in this plan and entering a new qualified defined contribution plan. Such inactive participants were to continue to earn vesting under the plan on and after January 1, 2002 in accordance with the terms of the plan document. Effective December 31, 2010, the plan was amended to stop the accrual of future benefits and participants were given the option of entering the qualified defined contribution plan.

Measurement Period

A measurement period from June 30, 2013 to June 30, 2014 and June 30, 2012 to June 30, 2013 has been used for the fiscal years ending June 30, 2014 and 2013, respectively. The value of assets and liabilities are calculated at June 30, 2014 and 2013 for the fiscal years ending June 30, 2014 and June 30, 2013, respectively. Assets are adjusted for known employer contributions received between April 1 and each fiscal year end.

Cost Method

The projected unit credit cost method is used for this disclosure.

	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$37,486,387	$39,438,246
Interest cost	1,830,243	1,738,583
Actuarial (gain) loss	2,332,150	(1,962,039)
Benefits paid	(1,847,425)	(1,728,403)
Benefit obligation at end of year	$39,801,355	$37,486,387

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Cost Method (Continued)

	2014	2013
Change in plan assets:		
Fair value of plan assets at beginning of year	$33,049,212	$30,241,873
Actual return on plan assets	5,131,667	3,315,242
Employer contributions	1,200,000	1,220,500
Benefits paid	(1,846,425)	(1,728,403)
Fair value of plan assets at end of year	$37,534,454	$33,049,212
Funded status at end of year underfunded	$ (2,266,901)	$ (4,437,175)
Amounts recognized in statement of financial position:		
Noncurrent liabilities	$ 2,266,901	$ 4,437,175
Amounts recognized in net assets:		
Total net loss	$ 5,940,061	$ 6,466,236
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.50%	5.00%
Average rate of compensation increase	N/A	N/A

The net periodic benefit cost for the fiscal years ending June 30, 2014 and 2013 includes the following components:

	2014	2013
Components of net periodic benefit cost:		
Interest cost	$ 1,830,243	$ 1,738,583
Expected return on plan assets	(2,383,046)	(2,189,131)
Amortization of net loss	108,704	224,422
Net periodic benefit cost	$ (444,099)	$ (226,126)
Other changes recognized in other changes in net assets:		
Net loss (gain)	$ (417,471)	$ (3,088,150)
Amortization of net loss	(108,704)	(224,442)
Total recognized in other changes in net assets	$ (526,175)	$ (3,312,592)
Total recognized in net periodic benefit cost and other changes in net assets	$ (970,274)	$ (3,538,718)

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Cost Method (Continued)

The estimated net loss (gain) and prior service cost (credit) for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are $81,664 and $-0-, respectively.

Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.00%	4.50%
Expected long-term return on plan assets	7.25%	7.25%

Basis Used to Determine Expected Long-term Return on Plan Assets

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

	2014	2013
Comparison of obligations to plan assets:		
Projected benefit obligation	$39,801,355	$37,486,387
Accumulated benefit obligation	39,801,355	37,486,387
Fair value of plan assets at measurement date	37,534,454	33,049,212
Plan assets by category:		
Equity securities	47%	44%
Debt securities	39	42
Other	14	14
Total	100%	100%

The fair values of the Corporation's pension plan assets at June 30, 2014 and 2013, by asset category are as follows:

	Fair Value Measurements at June 30, 2014			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Growth funds	$ 7,031,558	$ 7,031,558	$ -	$ -
Fixed Income funds	14,624,026	14,624,026	-	-
Index funds	15,485,288	15,485,288	-	-
Balanced funds	393,582	393,582	-	-
Total	$ 37,534,454	$ 37,534,454	$ -	$ -

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Basis Used to Determine Expected Long-term Return on Plan Assets (Continued)

	Fair Value Measurements at June 30, 2013			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds:				
Growth funds	$ 5,868,697	$ 5,868,697	$ -	$ -
Fixed Income funds	13,999,528	13,999,528	-	-
Index funds	12,845,070	12,845,070	-	-
Balanced funds	335,917	335,917	-	-
Total	$ 33,049,212	$ 33,049,212	$ -	$ -

The investment policy of the plan is to invest approximately 51% of the plan assets in equity securities, 47% in fixed income securities, 1% in real estate securities, and 1% in other securities. Periodically, the entire account is rebalanced to maintain these percentages and the investment policy is reviewed.

The Corporation currently utilizes Mass Mutual Financial Group to manage the assets in a balanced portfolio consisting primarily of debt and equity fund investments. The investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment markets outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the specific need of the plan. The core asset allocation utilizes multiple investment managers in order to maximize the plan's return while minimizing risk.

The Corporation expects to contribute $1,200,000 to its pension plan in fiscal year 2015.

The Corporation is not currently aware of any expected refunds.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2015	$ 1,878,548
2016	1,954,873
2017	2,062,762
2018	2,235,971
2019	2,421,147
Years 2020-2023	13,258,600

NOTE 12 - RETIREMENT PLANS (CONTINUED)

Basis Used to Determine Expected Long-term Return on Plan Assets (Continued)

The discount rate and expected rate of return on plan assets are critical assumptions which significantly affect pension accounting. Even relatively small changes in these rates would significantly change the recorded pension expense and accrued liability. Management believes the discount rate and expected rate of return on plan assets used in determining its year-end pension accounting are reasonable based on currently available information. However, it is at least reasonably possible that these assumed rates will be revised in the near term, based on future events and changes in circumstances.

NOTE 13 - FUNCTIONAL EXPENSES

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing the services are as follows:

	Year ended June 30,	
	2014	2013
Health care services	$66,109,670	$60,734,914
General and administrative	15,470,668	13,832,760
Total	$81,580,338	$74,567,674

NOTE 14 - INTEREST RATE SWAP AGREEMENT

At June 30, 2013, the Corporation had an outstanding interest rate swap agreement with a bank which matured and was terminated in November 2013. The swap agreement had an original notional principal amount of $7,000,000 ($3,977,500 at June 30, 2013), which amortized based on a schedule in the agreement and was for a term of ten years. Under the swap agreement, the Corporation paid interest at a fixed rate of 3.75% and received interest at a variable rate equal to the BMA index (0.06% at June 30, 2013). The swap agreement required monthly net settlement payments. The BMA Index on each reset date determined the variable portion of the interest-rate swap for the following month. The fair value of the swap agreement was a liability of approximately $59,000 as of June 30, 2013. In November 2013, the SWAP was settled for a net amount of approximately $12,000.

NOTE 15 - CHARITY CARE

The Corporation maintains records to identify and monitor the level of charity care it provides. The Corporation provides charity care to patients whose income level is below 200% of the Federal Poverty Level. The Corporation uses cost as the measurement basis for charity care disclosure purposes with the cost being identified as the direct and indirect costs of providing the charity care. Charity care includes the amount of costs forgone for services and supplies furnished under its charity care policy and was approximately $980,029 and $2,810,431 for the years ended June 30, 2014 and 2013, respectively. Charity care cost was determined on the application of the associated cost-to-charge ratio from the Medicare cost reports.

NOTE 16 - CASH FLOW DISCLOSURES

	June 30 2014	June 30 2013
Supplemental disclosures of cash flow information:		
Interest paid	$ 568,297	$ 572,876

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS

	2014 Carrying Amount	2014 Fair Value	2013 Carrying Amount	2013 Fair Value
Cash and cash equivalents	$ 3,465,367	$ 3,465,367	$ 3,356,796	$ 3,356,796
Investments and assets limited as to use	18,503,173	18,503,173	17,340,383	17,340,383
Long-term debt and capital leases	23,770,615	23,770,615	23,569,115	23,569,115

In determining fair value, the Corporation uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of net assets for cash and cash equivalents approximates its fair value since the instruments may be redeemed at this amount without restriction.

Investments and assets limited as to use - Equity securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy. The carrying amount approximates fair value.

Debt securities consisting of municipal securities and government agency debt obligations are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type. Such debt securities are generally classified within Level 2 of the valuation hierarchy. The carrying amount approximates fair value.

Patient accounts receivable, pledges receivable, accounts payable and accrued expenses, and estimated third-party payor settlements - Due to the short-term nature of the accounts, fair value approximates carrying value.

Long-term debt and capital leases - The fair value of the long-term debt is estimated based on interest rates for similar debt offered to the Corporation having the same or similar remaining maturities and collateral retirements, with consideration given to the fact that the bonds are variable rate bonds. The fair value of the long-term debt materially approximates the carrying values.

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Generally Accepted Accounting Principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2014:

	2014			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
CD's and cash equivalents	$ 1,379,223	$ 49,841	$ -	$ 1,429,064
Mutual funds	7,643,647	-	-	7,643,647
Corporate bonds	4,040,514	2,287,776	-	6,328,290
U.S. government and municipal obligations	1,356,752	168,679	-	1,525,431
Equities	1,576,741	-	-	1,576,741
Total	$15,996,877	$ 2,506,296	$ -	$18,503,173

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2013:

	2013			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
CD's and cash equivalents	$ 1,760,719	$ 275,340	$ -	$ 2,036,059
Mutual funds	6,930,296	-	-	6,930,296
Corporate bonds	4,384,432	1,800,573	-	6,185,005
U.S. government and municipal obligations	1,040,509	171,699	-	1,212,208
Equities	1,358,029	-	-	1,358,029
Total	$15,473,985	$ 2,247,612	$ -	$17,721,597

NOTE 17 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Gains of approximately $859,000 and $233,000 included in increase in other income (expense) for 2014 and 2013, respectively, are attributable to the change in unrealized gains or losses relating to investments held at June 30, 2014 and 2013.

NOTE 18 - OTHER CONTINGENCIES

Medicare Reimbursement

Revenue from the Medicare program accounted for approximately 51% of the Corporation's gross patient service revenue for both of the years ending June 30, 2014 and 2013. Changes in Medicare reimbursement as a result of the Centers for Medicare and Medicaid Services' implementation of the provisions of future Medicare legislation may have an adverse effect on the Corporation's net patient service revenue.

Medicaid Reimbursement

Revenue from the Medicaid program accounted for approximately 11% and 10% of the Corporation's gross patient service revenue for the years ended June 30, 2014 and 2013, respectively. The amount of additional reimbursement from the Illinois Medicaid program which will be made to hospitals in the future is uncertain, and future legislative changes to reimbursements provided to hospitals could have a material adverse effect on the Corporation's operating results.

Medicaid Hospital Assessment Program

For fiscal years ended June 30, 2014 and 2013, the Corporation has benefited from the Medicaid Assessment Program by receiving net payments of approximately $613,000 and $702,000, respectively. The Program has been extended to July 1, 2018.

Other Third-Party Payors

The Corporation is subject to the rapid changes in health care delivery and financing. Many of the Corporation's third-party payors have adopted prospective payment systems similar to those used by the federal Medicare program. These systems generally shift the risk for efficiency in the delivery of care to the provider. In addition, the Corporation's third-party payors continue to seek ways to reduce health care utilization and shift utilization to the lowest possible cost-setting. This will result in continuing changes in the Corporation's mix of services provided and the setting where they are provided.

Litigation

The Corporation is subject to various lawsuits that have arisen in the ordinary course of business. Although the ultimate outcome of these suits cannot be determined at this time, it is the opinion of management that the disposition of such lawsuits will not have a material adverse effect on the Corporation's financial condition.

NOTE 18 - CONTINGENCIES (CONTINUED)

Regulatory Investigation

The U.S. Department of Justice, other federal agencies and the Illinois Department of Public Aid routinely conduct regulatory investigations and compliance audits of health care providers. The Corporation is subject to these regulatory efforts. Except as disclosed in Note 19, management is currently unaware of any regulatory matters which may have a material effect on the Corporation's financial position or results from operation. However, compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time.

Subsequent Events

Management evaluated subsequent events through March 2, 2015, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to March 2, 2015, that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2014.

NOTE 19 - TAX EXEMPT CONTINGENCY

In September 2014 the Hospital was notified that its tax exempt status had been revoked by the Internal Revenue Service (IRS) for lack of filing of Form 990 Return of Organization Exempt from Income Taxes. Upon further investigation it was determined that I.V. Health Corp and the Foundation also had their exempt status revoked for lack of filing the same 990 Return of Organization Exempt from Income Taxes (990). The Corporation immediately began to work to submit the required documentation to retroactively reinstate the exempt status of the Hospital, Health Corp and the Foundation, including the filing of all missing 990's. The Corporation submitted the missing 990's along with other required information to apply for reinstatement of their tax exempt status for the Hospital, Health Corp. and Foundation in December 2014. The Corporation has also identified a filing delinquency related to Hygienic Institute. Management is working with their legal counsel to determine the appropriate course of action related to the Hygienic's filings and expects to address this issue by March 31, 2015. Loss of tax exemption without retroactive reinstatement could lead the Corporation to be subjected to various Federal and State penalties for late filing, Federal and State Income Taxes, Sales Tax, and Property Taxes that are material to the Corporation's financial statements. Additionally, without retroactive reinstatement, the Corporation may have compliance violations for certain types of employee retirement plans. The Corporation also had bonds outstanding at June 30, 2014 (See Note 10) that required the members of the obligated group to be tax exempt. As described in Note 10 the bonds outstanding at June 30, 2014 were refinanced in December 2014. In February 2015, the Hospital was notified that its tax exempt status had been retroactively reinstated. In March 2015, the Foundation was notified that its tax exempt status had been retroactively reinstated. Management continues to work with the IRS on the reinstatement of the Health Corp.'s exempt status and is confident that reinstatement is likely and that the contingency related to this issue is immaterial to the financial statements. Due to the lack of information from the IRS related to reinstatement of exempt status for the Health Corp., it is not possible to reasonably estimate any loss that would be material to the Corporation's financial statements at June 30, 2014.

NOTE 20 - SALE OF FAMILY PHARMACY

During the year ended June 30, 2014, Valley Health Enterprises sold the assets that made up its Family Pharmacy practice. The total sales price was $430,539, which consisted of $210,494 for inventory and $220,045 for other assets. The assets of Family Pharmacy were fully depreciated as of the date of the sale. The gain on sale of assets is included in Other Income (Expense) in the Statement of Operations and Changes in Net Assets. A summary of the change in net assets for Family Pharmacy for the years ended June 30, 2014 and 2013, respectively, is as follows:

	2014	2013
Patient service revenue	$ 245,722	$ 370,016
Expenses	(552,721)	(580,055)
Other income (expense)	207,080	-
Change in net assets	$ (99,919)	$ (210,039)

This information is an integral part of the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF BALANCE SHEETS
June 30, 2014

ASSETS	IV Health Corp., Inc.	Illinois Valley Community Hospital	Valley Health Enterprises, Inc.	Hygienic Institute for LaSalle, Peru and Oglesby	Illinois Valley Community Hospital Foundation	Eliminations	Consolidated
CURRENT ASSETS							
Cash and cash equivalents	$ 44,130	$ 1,782,880	$ 1,092,681	$ 234 825	$ 310 851	$ -	$ 3,465,367
Certificates of deposit	-	-	-	288,027	-	-	288,027
Receivables							
Patient accounts net	-	10,919,347	253 176	86,368	-	-	11,258 891
Other	12,073	335 244	84 400	-	-	-	431,717
Restricted pledges receivable	-	-	-	-	58 531	-	58 531
Due from affiliates	-	1,962,618	-	-	-	(1,962 618)	-
Assets limited as to use	-	-	-	-	-	-	-
Supplies inventory	-	2,927,763	37,743	-	-	-	2,965 506
Prepaid expenses	-	1 130 365	8 716	7 505	-	-	1 146 606
Total current assets	56 203	19 058 237	1 476 716	616 725	369 382	(1 962 618)	19 614 645
OTHER ASSETS							
Assets limited as to use							
Self-insurance trust		5,409 022	-				5 409 022
Funded depreciation		3 845,928					3,845,928
Interest in net assets of Illinois Valley Community Hospital Foundation		1,210,562	-	-	-	(1,210,562)	-
Investment in Valley Equipment Company	-	-	639,025	-	-	-	639,025
Investment in Valley Regional Health Services	-	436,084		-	-	-	436 084
Investments	1 000	5,122,396	-	1,233,840	2,891,987	(1,000)	9 248 223
Restricted pledges receivable less current portion net	-	-	-	-	486	-	486
Other	-	1 950,721	1 285	-	-	-	1 952,006
Total other assets	1 000	17,974 713	640 310	1 233 840	2 892 473	(1 211 562)	21 530 774
PROPERTY AND EQUIPMENT, NET	-	38 981 086	-	615 375	1 306	-	39 597,767
TOTAL ASSETS	$ 57 203	$ 76 014 036	$ 2 117 026	$ 2,465 940	$ 3 263 161	$ (3 174 180)	$ 80 743 186
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of long-term debt	$ -	$ 1 043 608	$ -	$ -	$ -	$ -	$ 1,043,608
Accounts payable	632	3 340,788	36,853	15 099	-	-	3,393,372
Estimated third party payor settlements	-	1,005,513	-	-	-	-	1,005,513
Due to affiliates	7,638	9,033	745,316	1,128 538	72,093	(1,962,618)	-
Accrued liabilities and other	-	4 849 700	-	5,390	-	-	4 855 080
Total current liabilities	8 270	10,248 642	782,169	1,149,017	72,093	(1,962,618)	10,297,573
NONCURRENT LIABILITIES							
Long-term debt, net of current portion	-	22,727,007	-	-	-	-	22,727,007
Accrued professional and general liability	-	4 728,492	-	-	-	-	4 728,492
Pension obligation	-	2 266 901	-	-	-	-	2 266,901
Total liabilities	8 270	39 971,042	782 169	1 149 017	72 093	(1,962 618)	40 019 973
NET ASSETS							
Capital stock	-	-	1,000	-	-	(1 000)	-
Unrestricted	48 933	34 832 432	1,333,857	1,316,923	1 980 486	-	39,512 631
Temporarily restricted		1 210 562	-	-	1,210 582	(1 210 562)	1 210 582
Total net assets	48 933	36 042 994	1 334 857	1 316 923	3 191 068	(1,211 562)	40,723 213
TOTAL LIABILITIES AND NET ASSETS	$ 57 203	$ 76 014 036	$ 2 117 026	$ 2,465 940	$ 3 263,161	$ (3 174,180)	$ 80 743 186

IV HEALTH CORP INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
June 30, 2013

	IV Health Corp., Inc	Illinois Valley Community Hospital	Valley Health Enterprises, Inc.	Hygienic Institute for LaSalle, Peru and Oglesby	Illinois Valley Community Hospital Foundation	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 40 313	$ 2,189,450	$ 591,752	$ 282,711	$ 252 570	$ -	$ 3 356,796
Certificates of deposit	-	-	-	287,487	-	-	287,487
Receivables							
Patient accounts net	-	12 103 374	305,193	88 509	-	-	12,497,076
Other	12,073	331,039	-	-	-	-	343,112
Restricted pledges receivable	-	-	-	-	92 724	-	92,724
Due from affiliates		1,799,675	-	-		(1,799 675)	-
Assets limited as to use	-	381,214	-			-	381 214
Supplies inventory		2 757,971	404 771	-	-	-	3 162 742
Prepaid expenses		1 126 314	14 238	9,263			1 149 815
Total current assets	52 386	20 689 037	1 315 954	667 970	345 294	(1 799 675)	21 270 966
OTHER ASSETS							
Assets limited as to use							
Self-insurance trust	-	5,192,170	-	-	-	-	5,192,170
Funded depreciation	-	3,384,777	-	-	-	-	3 384,777
Held by bond trustee	-	147,340	-	-	-	-	147,340
Interest in net assets of Illinois Valley Community Hospital Foundation	-	1,494,931	-	-	-	(1,494,931)	-
Investment in Valley Equipment Company	-	-	725,725	-	-	-	725,725
Investment in Valley Regional Health Services	-	444,578	-	-	-	-	444 578
Investments	1,000	4 561,062	-	1,154 082	2,900,952	(1,000)	8 616,096
Derivative financial instrument	-	-	-	-	-	-	-
Restricted pledges receivable, less current portion net	-	-	-	-	40,538	-	40,538
Other	-	1,824 934	14 144	-	-	-	1 839 078
Total other assets	1 000	17,049 792	739 869	1 154 082	2 941 490	(1 495,931)	20,390 302
PROPERTY AND EQUIPMENT, NET	-	39 989 265	12 965	631,728	3 918	-	40 637 876
TOTAL ASSETS	$ 53 386	77 728 094	$ 2 068 788	$ 2 453 780	$ 3 290 702	$ (3 295 606)	$ 82 299 144
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of long-term debt	$ -	880,803	$ -	$ -	$ -	$ -	$ 880 803
Accounts payable	632	3 351,241	57,845	7,192	-	-	3,416 910
Estimated third-party payor settlements	-	3 349 999	-	-	-	-	3,349,999
Due to affiliates	7 638	-	739,770	996,391	55,876	(1,799,675)	-
Derivative financial instrument	-	59,228	-	-	-	-	59,228
Accrued liabilities	-	4 280 629	-	5 829	-	-	4 286 458
Total current liabilities	8,270	11,921,900	797,615	1,009 412	55,876	(1,799,675)	11,993,398
NONCURRENT LIABILITIES							
Long-term debt, net of current portion	-	22,688,312	-	-	-	-	22,688,312
Accrued professional and general liability	-	4,201 088	-	-	-	-	4,201,088
Pension obligation	-	4 437 175	-	-	-	-	4 437 175
Total liabilities	8 270	43 248 475	797 615	1 009 412	55 876	(1,799 675)	43 319,973
NET ASSETS							
Capital stock	-	-	1 000	-	-	(1,000)	-
Unrestricted	45 116	32,984,688	1,270,173	1,444,368	1,739,875	-	37,484,220
Temporarily restricted	-	1,494 931	-	-	1,494 951	(1 494 931)	1 494 951
Total net assets	45 116	34,479 619	1,271,173	1 444 368	3 234 826	(1,495 931)	38 979 171
TOTAL LIABILITES AND NET ASSETS	$ 53 386	$ 77 728 094	$ 2,068 788	$ 2 453 780	$ 3 290 702	$ (3 295 606)	$ 82,299 144

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE STATEMENTS OF OPERATIONS
Year Ended June 30, 2014

	IV Health Corp., Inc.	Illinois Valley Community Hospital	Valley Health Enterprises, Inc.	Hygienic Institute for LaSalle, Peru and Oglesby	Illinois Valley Community Hospital Foundation	Eliminations	Consolidated
UNRESTRICTED REVENUE, GAINS, AND OTHER SUPPORT							
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 81,878,382	$ 879,190	$ 854,055	$ -	$ -	$ 83,711,627
Provision for bad debts	-	4,920,589	16,619	7,575	-	-	4,944,783
Net patient service revenue	-	76,957,793	862,571	846,480	-	-	78,766,844
Other revenue	-	1,960,874	-	50,424	138,969	-	2,150,267
Total unrestricted revenue, gains, and other support	-	78,918,667	862,571	896,904	138,969	-	80,917,111
EXPENSES							
Salaries	-	28,472,205	514,165	696,661	9,180	-	29,692,211
Employee benefits	-	9,472,726	155,566	164,765	2,977	-	9,796,034
Supplies	-	11,959,576	13,258	161,908	26	-	12,134,768
Professional services	-	4,367,820	6,777	2,958	-	-	4,377,555
Purchased services	-	9,429,428	33,218	30,921	744	-	9,494,311
Utilities	-	1,385,402	8,765	13,420	-	-	1,407,587
Insurance	-	1,877,911	30,314	31,787	-	-	1,940,012
Repairs and maintenance	-	1,662,899	14,776	1,396	-	-	1,679,071
Rental	-	1,036,812	105,422	-	-	(415,145)	727,089
Interest	-	568,297	-	-	-	-	568,297
Depreciation and amortization	-	4,458,893	289	32,120	2,612	-	4,493,914
Other expenses	-	5,038,506	121,114	57,585	52,284	-	5,269,489
Total operating expenses	-	79,730,475	1,003,664	1,193,521	67,823	(415,145)	81,580,338
Income (loss) from operations	-	(811,808)	(141,093)	(196,617)	71,146	415,145	(663,227)
OTHER INCOME (EXPENSE)							
Investment income	78	646,714	-	69,414	105,233	-	821,439
Other, net	3,739	700,720	291,477	-	(403,244)	(415,145)	177,547
Net loss on investment in Valley Regional Health Services	-	(53,496)	-	-	-	-	(53,496)
Net loss on investment in Valley Equipment Company	-	-	(86,700)	-	-	-	(86,700)
Unrealized change in fair value of derivative financial instrument	-	59,228	-	-	-	-	59,228
Total other income	3,817	1,353,166	204,777	69,414	(298,011)	(415,145)	918,018
Excess (deficiency) of revenues over expenses	3,817	541,358	63,684	(127,203)	(226,865)	-	254,791
OTHER INCREASE (DECREASE) IN NET ASSETS							
Pension equity adjustment	-	526,175	-	-	-	-	526,175
Net change in unrealized gains and losses on investments	-	780,211	-	(242)	79,224	-	859,193
Net assets released from restrictions	-	-	-	-	388,252	-	388,252
Increase (decrease) in unrestricted net assets	3,817	1,847,744	63,684	(127,445)	240,611	-	2,028,411
TEMPORARILY RESTRICTED NET ASSETS							
Contributions	-	-	-	-	103,883	-	103,883
Change in interest in net assets of IVCH foundation	-	(284,369)	-	-	-	284,369	-
Net assets released from restrictions	-	-	-	-	(388,252)	-	(388,252)
Increase (decrease) in temporarily restricted net assets	-	(284,369)	-	-	(284,369)	284,369	(284,369)
INCREASE (DECREASE) IN NET ASSETS	3,817	1,563,375	63,684	(127,445)	(43,758)	284,369	1,744,042
NET ASSETS, BEGINNING OF YEAR	45,116	34,479,619	1,271,173	1,444,368	3,234,826	(1,495,931)	38,979,171
NET ASSETS, END OF YEAR	$ 48,933	$ 36,042,994	$ 1,334,857	$ 1,316,923	$ 3,191,068	$ (1,211,562)	$ 40,723,213

IV HEALTH CORP., INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended June 30, 2013

	IV Health Corp., Inc.	Illinois Valley Community Hospital	Valley Health Enterprises, Inc.	Hygienic Institute for LaSalle, Peru and Oglesby	Illinois Valley Community Hospital Foundation	Eliminations	Consolidated
UNRESTRICTED REVENUE, GAINS, AND OTHER SUPPORT							
Patient service revenue (net of contractual allowances and discounts)	$ -	$ 75,305,703	$ 885,166	$ 858 271	$ -	$ -	$ 77,049,140
Provision for bad debts	-	4,993 712	23 310	1,125	-	-	5 018 147
Net patient service revenue	-	70,311,991	861,856	857,146	-	-	72,030,993
Other revenue	-	3 158 844	-	11 749	51,822	(197 565)	3 024 650
Total unrestricted revenue gains and other support	-	73 470 835	861 856	868 895	51 622	(197 565)	75 055 643
EXPENSES							
Salaries	-	27,027 187	484 412	669 428	7,529	-	28,188,556
Employee benefits	-	8 507,159	150,619	140 203	2,221	-	8,800,402
Supplies	-	11,022,154	12,761	136,704	388	-	11,172,007
Professional services	-	4 301,044	3,250	2,950	-	-	4,307,244
Purchased services	-	8,763,437	33 375	23,160	620	-	8,820 592
Utilities	-	1,361,375	8,050	13,770	-	-	1,383,195
Insurance	-	1 459 935	45,251	36,135	-	-	1,541 321
Repairs and maintenance	-	1 431,839	12,589	1 417		-	1 445 845
Rental	-	960 920	105,046	-		(294,403)	771 563
Interest		572,876	-		-	-	572,876
Depreciation and amortization	-	4 574,460	1 919	32 350	2,612	-	4 611 341
Other expenses		2 923 979	134 037	65 667	26 614	(197 565)	2 952 732
Total operating expenses	-	72,906 365	991 509	1 121,784	39 984	(491 968)	74,567 674
Income (loss) from operations	-	564 470	(129 653)	(252 889)	11,638	294 403	487 969
OTHER INCOME (EXPENSE)							
Investment income	116	605 458	-	62,057	95 421	-	763,052
Other net	5,696	586,796	-	-	(403,215)	(294,403)	(105,126)
Net loss on investment in Valley Regional Health Services	-	(94 731)		-	-	-	(94,731)
Net gain on investment in Valley Equipment Company	-	-	7 100		-	-	7 100
Unrealized change in fair value of derivative financial instrument	-	141 383	-	-		-	141,383
Total other income	5 812	1 238 906	7,100	62 057	(307 794)	(294 403)	711 678
Excess (deficiency) of revenues over expenses	5 812	1,803,376	(122,553)	(190,832)	(296,156)	-	1 199 647
OTHER INCREASE (DECREASE) IN NET ASSETS							
Pension equity adjustment	-	3 312,572	-	-	-	-	3,312,572
Net change in unrealized gains and losses on investments	-	188,229	-	8,311	36 892	-	233,432
Net assets released from restrictions	-	-	-	-	385 671	-	385 671
Increase (decrease) in unrestricted net assets	5 812	5 304 177	(122 553)	(182 521)	126 407	-	5 131,322
TEMPORARILY RESTRICTED NET ASSETS							
Contributions	-	-	-	-	49 896	-	49,896
Change in interest in net assets of IVCH foundation	-	(335,775)	-	-	-	335,775	-
Net assets released from restrictions	-	-	-	-	(385 671)	-	(385 671)
Increase (decrease) in temporarily restricted net assets	-	(335 775)	-	-	(335 775)	335 775	(335,775)
INCREASE (DECREASE) IN NET ASSETS	5 812	4,968,402	(122,553)	(182,521)	(209,368)	335,775	4,795,547
NET ASSETS, BEGINNING OF YEAR	39 304	29 511 217	1 393 726	1,626 889	3 444 194	(1,831 706)	34,183 624
NET ASSETS, END OF YEAR	$ 45,116	$ 34 479 619	$ 1,271,173	$ 1 444 368	$ 3 234 826	$ (1 495 931)	$ 38 979 171

SCHEDULE OF COMMUNITY BENEFITS
(Unaudited)

IV HEALTH CORP., INC.
SCHEDULE OF COMMUNITY BENEFITS
For the Year Ended June 30, 2014
(Unaudited)

COMMUNITY COMMITMENT

IV Health Corp., Inc. has a longstanding tradition of providing a compassionate benefit to the communities it serves. Charity Care, Uncompensated Care, Community Education and Support are a few of the common examples used to describe and measure community benefit. This schedule summarizes some of the community benefit provided by IV Health Corp., Inc. in the fiscal year ending June 30, 2014.

The Corporation is a not-for-profit community owned Corporation. In line with its mission and commitment to the community, the Corporation provides services to patients without regard to their ability to pay for those services. The Corporation has a Charity Care/Financial Assistance Program (the Program) for both the uninsured and the underinsured. Under the Program, patients are offered discounts of up to 100% of charges on a sliding scale, which is based both on the patient's income as a percentage of the Federal Poverty Level guidelines, and the charges for services rendered. The Corporation receives no payment or a payment that is less than the full cost of providing the services for the patients under the Program. The amount of charges determined to be charity are not recorded as net patient service revenues.

In some instances, the Corporation will not receive payment for the services provided and has not received the necessary information from the patient in order to determine the patient's charitable assistance status. These charges are the basis for estimating the amount of patient revenue the Corporation will not collect and therefore report as bad debt expense.

The Corporation maintains records to identify and monitor the level of charity care it provides.

The Corporation's estimated total cost of uncompensated care relating to these services and other services are as follows for the years ended June 30:

	2014	2013
Medicaid shortfalls at cost	$ 4,700,709	$ 3,685,381
Less: Hospital Medicaid Assessment Program payments, net of taxes assessed	(612,525)	(701,846)
Uncompensated costs of public aid programs, net	4,088,184	2,983,535
Charity care at cost	980,029	744,655
Uncollectible accounts at cost	1,730,677	1,317,985
Total cost of uncompensated care	$ 6,798,890	$ 5,046,175

The cost of uncompensated care is estimated using the Corporation's overall cost to charge ratios. The uncompensated care cost of state Medicaid and other public aid programs is determined by computing the cost of providing that care less amounts paid by the programs.

(continued)

IV HEALTH CORP., INC.
SCHEDULE OF COMMUNITY BENEFITS
For the Year Ended June 30, 2014
(Unaudited)

Financial Assistance/Charity Care - $980,029
As a not-for-profit corporation whose mission is to offer all Illinois Valley residents access to health care services, IVCH turns no one away. Within the limits of the hospital's resources, efforts are made to aid all persons in medical need. During its 2013-2014 fiscal year, IVCH gave financial assistance and charity care valued at $2,800,000 with an estimated cost to the hospital of $980,029.

Bad Debt Expense - $1,730,677
Hospitals are not like other businesses. Hospital patients (customers) who don't pay their bills will be treated again if they have medical needs, no questions asked. IVCH provides care without making credit checks or requiring advance payments. Because of this policy, IVCH considers the cost of services provided to patients who are ultimately unwilling to pay their bills a community benefit. This category includes patients unable to pay but not willing to apply for charity care. During the 2013-2014 fiscal year, IVCH wrote off $4,944,783 as bad debt expense with an estimated cost to the hospital of $1,730,677.

Other Uncompensated Care - $4,088,184
Approximately 12% of the revenue of IVCH comes from the government-funded Medicaid program. This program pays for medical services for low-income Illinois residents, but does not cover the entire cost of providing care. During the 2013-2014 fiscal year, the cost of uncompensated care given to Medicaid patients for which IVCH received no reimbursement totaled $4,088,184.

Community Benefit Report

Building a Healthier Illinois Valley

IVCH financially supports a number of services aimed at expanding access to health care for everyone in the Illinois Valley, including:

Emergency medical services
As the coordinator of the local EMS system, IVCH is responsible for monitoring patient care, inspecting ambulances, and coordinating the training of all paramedics and emergency medical technicians working for the ambulance services that serve the communities of Peru, LaSalle, Spring Valley, Oglesby, Utica and Tonica. IVCH also supervises the area's first responder groups. Total cost: $ 126,519

Hygienic Institute
Providing primary medical care to Illinois Valley residents for 100 years, the Hygienic Institute, an affiliate of IVCH, last year received a subsidy from the hospital of: $ 81,064

Community outreach & education
Screenings, flu clinics, blood pressure checks, public programs and more. Expenses not covered by fees in 2013-14: $ 317,791

(continued)

IV HEALTH CORP., INC.
SCHEDULE OF COMMUNITY BENEFITS
For the Year Ended June 30, 2014
(Unaudited)

Community Benefit Report (Continued)

Mobile meals
IVCH provides the food and cooks the meals that are delivered by volunteer IVCIL (formerly Red Cross) drivers through the local "Meals on Wheels" program for homebound and elderly individuals who can't cook for themselves. The IVCH subsidy after partial reimbursement equals: $ 113,692

Patient transportation service
IVCH has four vans that bring patients to and from the hospital and doctors' appointments. The cost to IVCH after fees paid by patients are subtracted: $ 17,462

Contributions
Charitable cash contributions to other not-for-profit community agencies such as the American Red Cross, March of Dimes, American Cancer Society and others: $ 41,001

Illinois Valley Hospice
Care for terminally ill patients that is not covered by Medicare, Medicaid or other insurance: $ 104,355

Illinois Valley Center for Diabetes Excellence
IVCH efforts to help Illinois Valley residents deal with pre-diabetes, gestational diabetes, and Type 1 and Type 2 diabetes: $ 114,426

Support for IVCC nursing program
In conjunction with other area hospitals, IVCH provides financial support for the nursing program at Illinois Valley Community College. $ 8,000

Language Interpretation Services
IVCH offers language interpretation services to our patients and to the patients of physicians who belong to the IVCH Medical Group. $ 16,898

Subtotal Community Building $ 941,208

Community Benefits Total: **$ 7,740,098**