See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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 10-01-2013 , 2013, and ending 09-30-2014

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

C Name of organization
Ottawa Regional Hospital & Healthcare Center

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1100 EAST NORRIS DRIVE
Suite

City or town, state or province, country, and ZIP or foreign postal code
OTTAWA, IL 61350

D Employer identification number
36-2604009

E Telephone number
(815)431-5479

G Gross receipts $ 72,184,001

F Name and address of principal officer
KENNETH BEUTKE
1100 East Norris Drive
Ottawa, IL 61350

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: ▶ WWW OTTAWAREGIONAL ORG

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

L Year of formation 1964

M State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

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**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	729
6	Total number of volunteers (estimate if necessary)	**6**	290
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)	786,291	42,878
9	Program service revenue (Part VIII, line 2g)	75,877,061	64,037,594
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,150,538	640,666
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,329,142	3,925,951
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	80,143,032	68,647,089
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	8,533
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)	40,624,901	37,047,135
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	39,524,572	28,211,245
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	80,149,473	65,266,913
19	Revenue less expenses Subtract line 18 from line 12	-6,441	3,380,176

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	65,821,031	61,301,986
21	Total liabilities (Part X, line 26)	19,347,426	13,939,129
22	Net assets or fund balances Subtract line 21 from line 20	46,473,605	47,362,857

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

****** | 2015-08-14
Signature of officer | Date

KENNETH BEUTKE 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
MOLLIE P LONGHOUSE		2015-08-14		P00294881

Firm's name ▶ KPMG LLP | Firm's EIN ▶

Firm's address ▶ 191 West Nationwide Blvd Ste 500
Columbus, OH 432152568 | Phone no (614) 249-1929

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 MISSION OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER IS TO MAINTAIN A LEADERSHIP POSITION IN THE PROVISION OF EFFICIENT AND QUALITY HEALTHCARE SERVICES CONSISTENT WITH THE NEEDS OF THE COMMUNITY AND THE RESOURCES OF THE HOSPITAL OUR HEALTHCARE ORGANIZATION WILL PROVIDE SERVICES FOR ALL MEMBERS OF THE COMMUNITY, REGARDLESS OF ABILITY TO PAY

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 $ 38,716,186 including grants of $) (Revenue $ 66,565,784)

NON-PROFIT 97 BED, ACUTE CARE HOSPITAL, INCLUDING A 26 BED PSYCHIATRIC CARE UNIT $6,133,211 CHARITY CARE PROVIDED

4b (Code) (Expenses $ 8,533 including grants of $ 8,533) (Revenue $)

MONEY DONATED TO OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER AS FOLLOWS $7,000 FOR SCHOLARSHIPS - THE HOSPITAL BOARD AWARDED SCHOLARSHIPS TO 14 AREA HIGH SCHOOL GRADUATING SENIORS INTERESTED IN PURSUING A CAREER IN A HEALTH RELATED FIELD, $1,483 FOR PURCHASE OF A LIFEPACK TO BE DONATED TO A LOCAL BASEBALL TEAM THERE WAS ALSO A $50 DONATION TO OSF HOME CARE

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** ▶ 38,724,719

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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
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		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants 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**		No
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**	Yes	
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**	Yes	
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**	Yes	
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	66		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	729		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			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			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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**	13		
	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**	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
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**		No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**	Yes	

Section C. Disclosure

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

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ MICHELE KONIEWICZ 1100 E NORRIS DR
OTTAWA, IL 61350 (815) 431-5479

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) GEORGE SHANLEY CHAIRPERSON	1 0 0 0	X		X				0	0	0
(2) CHRISTINA CANTLIN VICE CHAIRPERSON	1 0 0 0	X		X				0	0	0
(3) MARK PALMER SECRETARY	1 0 0 0	X		X				0	0	0
(4) SISTER DIANE MARIE TREASURER	1 0 0 0	X		X				0	4,640	0
(5) STEVEN GONZALO TRUSTEE	1 0 0 0	X						0	0	0
(6) CHARLES DENNIS MD TRUSTEE	1 0 40 0	X						0	303,195	19,538
(7) KATHLEEN FORBES MD TRUSTEE	1 0 40 0	X						0	567,920	19,538
(8) GERALD MCSHANE MD TRUSTEE	1 0 40 0	X						0	505,849	48,621
(9) JAMES MOORE TRUSTEE	1 0 0 0	X						0	0	0
(10) SISTER AGNES JOSEPH TRUSTEE	1 0 0 0	X						0	4,640	0
(11) JEFFREY CROWHURST DPM TRUSTEE	1 0 0 0	X						0	0	0
(12) MATT WINCHESTER TRUSTEE	1 0 0 0	X						0	0	0
(13) DAVID L GORENZ MD TRUSTEE	1 0 40 0	X						0	248,201	7,544
(14) MARY MORGAN TRUSTEE	1 0 0 0	X						0	0	0
(15) ERIC ORTINAU TRUSTEE	1 0 0 0	X						0	0	0
(16) KEVIN SCHOEPLIEN TRUSTEE	1 0 0 0	X						0	0	0
(17) ROBERT CHAFFIN PRESIDENT	0 0 40 0			X				0	311,936	6,450

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			
(18) DAWN TROMPETER CHIEF FINANCIAL OFFICER	40 0 0 0			X				161,259	0	30,272
(19) BRIAN ROSBOROUGH MD CHIEF MEDICAL OFFICER	0 0 40 0			X				0	313,389	25,476
(20) MAEANNE STEVENS CHIEF NURSING OFFICER	40 0 0 0			X				115,669	0	29,306
(21) JUDY CHRISTIANSEN CHIEF OPERATING OFFICER	40 0 0 0			X				203,489	0	7,772
(22) CHIN SWONG MD PHYSICIAN	40 0 0 0					X		435,045	0	25,476
(23) ARNOLD GARNER MD PHYSICIAN	40 0 0 0					X		376,788	0	10,043
(24) DAVID BAYLEY MD PHYSICIAN	40 0 0 0					X		359,854	0	25,476
(25) JOSEPH CHUPREVICH MD PHYSICIAN	40 0 0 0					X		307,144	0	25,476
(26) MICHAEL GLAVIN MD PHYSICIAN	40 0 0 0					X		302,655	0	25,476
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,261,903	2,259,770	306,464

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 ▶ 20

			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
HINSHAW CULBERTSON LLP, 8142 SOLUTIONS CENTER DR CHICAGO IL 606778001	LEGAL	311,725
DOWNSTATE SHOCKWAVE THERAPIES, 405 BRONCO DR BLOOMINGTON IL 61704	MEDICAL	222,103
JM MEDICAL, 405 BRONCO DR BLOOMINGTON IL 61704	MEDICAL SUPPLIES	139,905
AD TOMAS MD, PO BOX 386 OTTAWA IL 61350	PATHOLOGY	101,803
ILLINOIS VALLEY SURGICAL ASSOC, 1050 E NORRIS DR OTTAWA IL 61350	SURGICAL	100,142

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 ▶ 5

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	38,533			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,345			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		42,878			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	900099	64,037,594	64,037,594		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		64,037,594			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		122,592			122,592
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	927,801				
	b	Less rental expenses	1,137,827				
	c	Rental income or (loss)	-210,026 / 0				
	d	Net rental income or (loss) . . . . . ▶		-210,026			-210,026
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	2,916,659 / 500				
	b	Less cost or other basis and sales expenses	2,398,388 / 697				
	c	Gain or (loss)	518,271 / -197				
	d	Net gain or (loss) . . . . . ▶		518,074			518,074
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶		0			
		Miscellaneous Revenue	Business Code				
	11a	MEANINGFUL USE REVENUE	900099	1,607,787	1,607,787		
	b	Cafeteria	722320	443,955	443,955		
	c	Insurance proceeds	900099	1,393,031	1,393,031		
	d	All other revenue		691,204	691,204		
	e	**Total.** Add lines 11a–11d . . . . . ▶		4,135,977			
	12	**Total revenue.** See Instructions . . . . . ▶		68,647,089	68,173,571		430,640

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	8,533	8,533		
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	316,075	163,707	152,368	
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	27,936,255	20,321,908	7,614,347	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	856,769	92,000	764,769	
9 Other employee benefits	5,926,293	67,032	5,859,261	
10 Payroll taxes	2,011,743	1,398,496	613,247	
11 Fees for services (non-employees)				
a Management	6,482,832	200,000	6,282,832	
b Legal	261,021		261,021	
c Accounting	160,664		160,664	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
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)	17,267		17,267	
12 Advertising and promotion	244,011		244,011	
13 Office expenses	1,675,312	1,071,746	603,566	
14 Information technology	466,315	38,836	427,479	
15 Royalties	0			
16 Occupancy	907,620	1,327	906,293	
17 Travel	256,047	194,103	61,944	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	96,856	96,856		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	2,127,162	1,913,135	214,027	
23 Insurance	320,663	201,309	119,354	
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 SUPPLIES	6,588,021	5,955,974	632,047	
b PURCHASED SERVICES	4,154,087	3,165,800	988,287	
c MAINTENANCE	1,750,049	1,278,884	471,165	
d IL MEDICAID ASSESSMENT EXP	2,457,642	2,322,963	134,679	
e All other expenses	245,676	232,110	13,566	
25 **Total functional expenses.** Add lines 1 through 24e	65,266,913	38,724,719	26,542,194	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

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		2,735	1	2,785
	2	Savings and temporary cash investments		4,148,720	2	3,505,332
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		12,503,518	4	9,707,764
	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		1,470,676	8	1,423,571
	9	Prepaid expenses and deferred charges		423,062	9	421,990
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 107,426,368			
	b	Less accumulated depreciation	10b 74,858,445	31,968,657	10c	32,567,923
	11	Investments—publicly traded securities		9,226,963	11	7,479,292
	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		6,076,700	15	6,193,329
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		65,821,031	16	61,301,986
Liabilities	17	Accounts payable and accrued expenses		16,774,284	17	11,739,645
	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		2,573,142	25	2,199,484
	26	**Total liabilities.** Add lines 17 through 25		19,347,426	26	13,939,129
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		46,460,233	27	47,350,226
	28	Temporarily restricted net assets		13,372	28	12,631
	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		46,473,605	33	47,362,857
	34	Total liabilities and net assets/fund balances		65,821,031	34	61,301,986

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	68,647,089
2	Total expenses (must equal Part IX, column (A), line 25)	2	65,266,913
3	Revenue less expenses Subtract line 2 from line 1	3	3,380,176
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	46,473,605
5	Net unrealized gains (losses) on investments	5	-8,814
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	-2,482,110
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	47,362,857

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	4,725	4,725	4,725	4,725	4,725
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	4,725	4,725	4,725	4,725	4,725

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 ▶ 100 000 %
- 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)		No
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	Yes	

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

Part VI Land, Buildings, and Equipment. 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		5,991,254		5,991,254
b Buildings		60,228,222	45,301,145	14,927,077
c Leasehold improvements				
d Equipment		36,406,163	29,557,300	6,848,863
e Other		4,800,729		4,800,729
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				32,567,923

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
(1) SELF INSURANCE TRUST	3,942,520
(2) TEMPORARILY RESTRICTED ASSETS	12,631
(3) INVESTMENT IN JOINT VENTURE	1,372,849
(4) 457B FUNDS	865,329
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	6,193,329

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
SELF INSURANCE FUND	1,237,654
ACCRUED BENEFIT LIABILITY	779,563
ASSET RETIREMENT OBLIGATION	182,267
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,199,484

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
PART V, LINE 4	THE ENDOWMENT FUND IS HELD BY THE OTTAWA REGIONAL HOSPITAL FOUNDATION, A RELATED ORGANIZATION THE EARNINGS FROM THE FUND ARE USED FOR GENERAL SUPPORT PURPOSES
PART X, LINE 2	OSF HEALTHCARE SYSTEM (OSF) ADOPTED ASC SUBTOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN INTERPRETATION OF FASB STATEMENT NO 109 THE INTERPRETATION ADDRESSES THE DETERMINATION OF HOW TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE RECORDED IN THE CONSOLIDATED FINANCIAL STATEMENTS UNDER ASC SUBTOPIC 740-10, OSF MUST RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION THE TAX BENEFITS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN 50% LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT ASC SUBTOPIC 740-10 ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES ON INCOME TAXES, AND ACCOUNTING IN INTERIM PERIODS AND REQUIRES INCREASED DISCLOSURES AS OF SEPTEMBER 30, 2014 AND 2013, OSF DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,815,762	0	1,815,762	2 780 %
b Medicaid (from Worksheet 3, column a)			10,880,660	5,789,789	5,090,871	7 800 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			12,696,422	5,789,789	6,906,633	10 580 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			92,166	10,860	81,306	0 130 %
f Health professions education (from Worksheet 5)			23,773	7,645	16,128	0 020 %
g Subsidized health services (from Worksheet 6)			224,875	0	224,875	0 350 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			32,492	0	32,492	0 050 %
j **Total.** Other Benefits			373,306	18,505	354,801	0 550 %
k **Total.** Add lines 7d and 7j			13,069,728	5,808,294	7,261,434	11 130 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			4,492		4,492	
8 Workforce development						
9 Other						
10 **Total**			4,492		4,492	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 1,320,220			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit 3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	17,701,679	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	23,184,008	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-5,482,329	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 RADIATION ONCOLOGY				
2 OF NORTHERN ILLINOIS				
3 LLC	RADIATION ONCOLOGY	57 000 %		43 000 %
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 1

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group OTTAWA REGIONAL HOSPITAL & HEALTHCARE

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW OSFSAINTELIZABETH ORG			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? 2

	Name and address	Type of Facility (describe)
1	OTTAWA REGIONAL MEDICAL CENTER INC 1614 EAST NORRIS DRIVE OTTAWA,IL 61350	OUTPATIENT MEDICAL AND DIAGNOSTIC SERVICES
2	RADIATION ONCOLOGY OF NORTHERN ILLINOIS 1200 STARFIRE DRIVE OTTAWA,IL 61350	RADIATION ONCOLOGY CENTER
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

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

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

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

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

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

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

Form and Line Reference	Explanation
PART I, LINE 3C	THE CORPORATION PROVIDES FREE CARE AND DISCOUNTED CARE TO HOSPITAL PATIENTS AND ALL OTHER PATIENTS IN THE FOLLOWING WAYS - FREE CHARITY ASSISTANCE FOR PATIENTS WHOSE FAMILY INCOME IS LESS THAN 200% OF FEDERAL POVERTY GUIDELINES (FPG) FOR THEIR FAMILY SIZE - DISCOUNTED CHARITY ASSISTANCE ON A SLIDING SCALE FOR PATIENTS WHOSE FAMILY INCOME IS BETWEEN 200% AND 600% OF FPG FOR THEIR FAMILY SIZE - CATASTROPHIC CHARITY ASSISTANCE REGARDLESS OF INCOME OR ASSET LEVELS FOR MEDICALLY NECESSARY SERVICES WHICH EXCEED 25% OF ANNUAL FAMILY INCOME NO PATIENT PAYS MORE THAN 25% OF ANNUAL FAMILY INCOME IN A 12-MONTH PERIOD REGARDLESS OF INCOME OR ASSET LEVELS - 20% DISCOUNT FOR ALL UNINSURED PATIENTS WHO ARE NOT OTHERWISE ELIGIBLE FOR FREE, DISCOUNTED, OR CATASTROPHIC CHARITY ASSISTANCE - ALL PATIENTS RECEIVE THE GREATEST REQUESTED DISCOUNT AVAILABLE UNDER ANY OF THESE PROGRAMS NO ASSET TESTS ARE USED - EXCEPT AS OTHERWISE NOTED, THESE POLICIES APPLY BOTH TO UNINSURED PATIENTS AND TO INSURED PATIENTS WITH RESPECT TO THE PATIENT RESPONSIBILITY AMOUNT

Form and Line Reference	Explanation
PART I, LINE 7	AMOUNTS ARE CALCULATED USING THE COST TO CHARGE RATIO PER THE MEDICARE COST REPORT

Form and Line Reference	Explanation
PART I, LINE 7G	A FREESTANDING FACILITY, THE HEALTH CENTER OF EASTERN LASALLE COUNTY (HEALTH CENTER), PROVIDES FREE HEALTH CARE SERVICES TO INDIVIDUALS AND FAMILIES WHO DO NOT HAVE ACCESS TO HEALTH INSURANCE, DO NOT QUALIFY FOR STATE OR FEDERAL PROGRAMS, AND DO NOT HAVE THE FINANCIAL RESOURCES TO SECURE THE HEALTH CARE THEY NEED NINE OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER'S (ORHHC) PHYSICIANS VOLUNTEER THEIR SERVICES TO PROVIDE PRIMARY HEALTH CARE, AND THE HEALTH CENTER DOES NOT RECEIVE ANY FEDERAL OR STATE FUNDS ANCILLARY SERVICES, SUCH AS LAB AND X-RAY, THAT ARE UNAVAILABLE AT THE HEALTH CENTER, ARE PROVIDED BY THE HOSPITAL AT NO CHARGE ORHHC HAS THE ONLY HOSPITAL PROVIDING MENTAL HEALTH SERVICES BETWEEN NAPERVILLE, JOLIET, PEORIA AND THE QUAD CITIES ALTHOUGH SEVERAL LOCAL AND REGIONAL HOSPITALS CEASED TO PROVIDE BEHAVIORAL HEALTH CARE DUE TO A LACK OF PROFITABILITY, ORHHC EXPANDED ITS PROGRAMS AND SERVICES TO MEET COMMUNITY NEEDS WHILE THE PROGRAM CONTINUES TO OPERATE AT A LOSS ($200K FOR THE PERIOD ENDING 9/30/14), ORHHC REMAINS COMMITTED TO PROVIDING THIS VITAL SERVICE

Form and Line Reference	Explanation
PART III, LINE 4	IN GENERAL, AND IN ACCORDANCE WITH MEDICARE REGULATIONS, PATIENT ACCOUNT BALANCES ARE WRITTEN OFF TO BAD DEBT EXPENSE AFTER REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED AND THE ACCOUNT HAS BEEN SENT TO A COLLECTION AGENCY OR LAW FIRM PATIENTS' ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF PATIENTS' ACCOUNTS RECEIVABLE, ORHHC ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND PROVISION FOR BAD DEBTS 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, ORHHC ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY FOR RECEIVABLES ASSOCIATED WITH PATIENT RESPONSIBILITY (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE PATIENTS ARE SCREENED AGAINST THE ORHHC FINANCIAL ASSISTANCE POLICY AND UNINSURED DISCOUNT POLICY FOR ANY REMAINING PATIENT RESPONSIBILITY BALANCE, ORHHC RECORDS A PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT 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 BAD DEBT EXPENSE ON FORM 990, IS BASED UPON ACCRUAL ACCOUNTING REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES THIS AMOUNT CONSEQUENTLY DIFFERS FROM THE BAD DEBT EXPENSE OF $1,320,220 ON SCHEDULE H, PART III, LINE 2 WHICH REQUIRES THE ORGANIZATION TO REPORT AGGREGATE BAD DEBT AT COST BAD DEBT EXPENSE REPORTED ON PART III, LINE 2 IS THEREFORE CALCULATED BY MULTIPLYING GROSS CHARGES WRITTEN OFF TO BAD DEBT EXPENSE TIMES THE RATIO OF PATIENT CARE COST-TO-CHARGES DERIVED FROM THE COST REPORT DISCOUNTS, INCLUDING ANY APPLICABLE THIRD PARTY PAYER CONTRACTUAL ALLOWANCES AND ANY CHARITY CARE DISCOUNTS (VALUED AT GROSS CHARGES), ARE APPLIED TO PATIENT ACCOUNT GROSS CHARGES TO DETERMINE THE ACCOUNT BALANCE BEFORE PATIENT PAYMENTS THE AGGREGATE AMOUNT OF ALL PATIENT PAYMENTS IS THEN APPLIED TO THE ACCOUNT BALANCE WHEN DETERMINATION IS MADE THAT NO FURTHER AMOUNTS CAN BE COLLECTED IN ACCORDANCE WITH ORHHC'S BAD DEBT POLICY, THE REMAINING BALANCE IS WRITTEN OFF TO BAD DEBT EXPENSE PRESUMPTIVE CHARITY CHARGES MAY BE ADJUSTED TO PROVIDE FOR A CHARITY DISCOUNT OF 100% OF BILLED CHARGES FOR MEDICALLY NECESSARY SERVICES PROVIDED TO AN UNINSURED PATIENT WHO ESTABLISHES FINANCIAL NEED AT TIME OF REGISTRATION BY SATISFYING ONE OF THE FOLLOWING CATEGORIES OF PRESUMPTIVE ELIGIBILITY CRITERIA PRESUMPTIVE CHARITY CATEGORIES FOR ALL OSF HOSPITALS - HOMELESSNESS, - DECEASED WITH NO ESTATE, - MENTAL INCAPACITATION WITH NO ONE TO ACT ON PATIENT'S BEHALF, OR - CURRENT MEDICAID ELIGIBILITY, BUT NOT ON DATE OF SERVICE OR FOR NON-COVERED SERVICE FOR OSF HOSPITALS THAT ARE NOT CRITICAL ACCESS HOSPITALS OR RURAL HOSPITALS, ENROLLMENT IN ANY OF THE FOLLOWING PROGRAMS WITH CRITERIA AT OR BELOW 200% OF THE FEDERAL POVERTY INCOME GUIDELINES SHALL ESTABLISH A PRESUMPTIVE CHARITY CATEGORY - WOMEN, INFANTS AND CHILDREN NUTRITION PROGRAM (WIC), - SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP), - ILLINOIS FREE LUNCH AND BREAKFAST PROGRAM, - LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP), - ENROLLMENT IN AN ORGANIZED COMMUNITY-BASED PROGRAM PROVIDING ACCESS TO MEDICAL CARE THAT ASSESSES AND DOCUMENTS LIMITED LOW-INCOME FINANCIAL STATUS AS CRITERION FOR MEMBERSHIP, OR - RECEIPT OF GRANT ASSISTANCE FOR MEDICAL SERVICES THEREFORE, THE CORPORATION DOES NOT BELIEVE THAT BAD DEBT EXPENSE REPORTED ON PART III, LINE 3 INCLUDES ANY AMOUNTS THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY QUALIFY UNDER THE CORPORATION'S FINANCIAL ASSISTANCE POLICY

Form and Line Reference	Explanation
PART III, LINE 8	100% OF THE MEDICARE SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT ORHHC IS COMMITTED TO SERVING PATIENTS, REGARDLESS OF ABILITY TO PAY OR IF THE PAYMENTS TO BE RECEIVED WILL BE LESS THAN THE COST TO PROVIDE THE SERVICE, WHICH IS THE CASE FOR MEDICARE AND MEDICAID PATIENTS THE MEDICARE ALLOWABLE COSTS ON PART III, LINE 6 HAVE BEEN CALCULATED BY MULTIPLYING MEDICARE CHARGES BY THE PATIENT CARE COST TO CHARGE RATIO FROM THE MEDICARE COST REPORT THE AMOUNT IS COMPARED TO TOTAL MEDICARE PAYMENTS RECEIVED INCLUDING DSH AND IME PAYMENTS THIS SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT SINCE IT REFLECTS UNREIMBURSED COSTS TO THE HEALTH SYSTEM FOR PROVIDING MEDICAL SERVICES TO THE MEDICARE RESIDENTS OF THE COMMUNITY

Form and Line Reference	Explanation
PART III, LINE 9B	ORHHC HAS A FAIR BILLING/COLLECTION POLICY WHICH APPLIES FOR ALL PATIENTS THE POLICY INCLUDES - REQUIRED INFORMATION PROVIDED IN BILLS TO PATIENTS (INCLUDING A REQUIREMENT THAT INFORMATION BE PROVIDED ON HOW THE PATIENT MAY APPLY FOR FINANCIAL ASSISTANCE) - PROCESS FOR PATIENTS TO INQUIRE ABOUT OR DISPUTE A BILL, INCLUDING TOLL-FREE TELEPHONE NUMBER, ADDRESS, CONTACT NAME, AND EMAIL ADDRESS - REQUIREMENTS FOR TIMELY RESPONSE TO PATIENT INQUIRIES - CONDITIONS WHICH MUST BE SATISFIED AND VERIFIED BY AN AUTHORIZED HOSPITAL REPRESENTATIVE BEFORE THE ACCOUNT OF AN UNINSURED PATIENT MAY BE SENT TO A COLLECTION AGENCY OR ATTORNEY - LEGAL ACTION FOR NON-PAYMENT OF A PATIENT BILL MAY NOT BE INITIATED UNTIL AN AUTHORIZED HOSPITAL OFFICIAL HAS DETERMINED THAT ALL CONDITIONS IN THE CORPORATION'S POLICY (INCLUDING ALL OF THE FOREGOING POLICY PROVISIONS) HAVE BEEN SATISFIED FOR INITIATING LEGAL ACTION - LEGAL ACTION MAY NOT BE PURSUED AGAINST UNINSURED PATIENTS WHO HAVE DEMONSTRATED THAT THEY HAVE NEITHER SUFFICIENT INCOME NOR ASSETS TO MEET THEIR FINANCIAL OBLIGATIONS - EVEN IF SUCH PATIENTS ARE NOT ELIGIBLE FOR FINANCIAL ASSISTANCE - ORHHC SHALL NOT FILE A JUDGEMENT LIEN AGAINST THE PRIMARY RESIDENCE OF ANY DEBTOR (EXCEPTIONS MAY BE APPROVED IN RARE CASES BY SENIOR OFFICERS OF THE CORPORATION ONLY) - ORHHC SHALL NOT OBTAIN A BODY ATTACHMENT AGAINST ANY PATIENT OR GUARANTOR - ORHHC SHALL NOT ENGAGE IN ANY EXTRAORDINARY COLLECTION ACTIONS, SUCH AS SUBMITTING REPORTS TO CREDIT AGENCIES BEFORE REASONABLE ATTEMPTS TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE HAVE BEEN COMPLETED

Form and Line Reference	Explanation
PART VI, LINE 2	THE PRIMARY SERVICE AREA OF ORHHC IS LASALLE COUNTY THE 2010 CENSUS OF LASALLE COUNTY INDICATED A POPULATION OF 111,509 RESIDENTS COMPARED TO THE 2000 CENSUS OF THE LASALLE COUNTY POPULATION, THE 2010 CENSUS OF THE LASALLE COUNTY POPULATION SHOWS AN INCREASE OF 2,415 RESIDENTS WITH THE INCREASE IN THE POPULATION OF OLDER INDIVIDUALS IN LASALLE COUNTY, THE MEDIAN AGE OF RESIDENTS HAS ALSO INCREASED THE MEDIAN AGE OF RESIDENTS IN LASALLE COUNTY IN 2010 WAS 41 0 COMPARED TO 38 7 IN 2007 THE LASALLE COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT WAS A COLLABORATIVE UNDERTAKING BY ORHHC TO IDENTIFY THE HEALTH NEEDS AND WELL BEING OF RESIDENTS IN LASALLE COUNTY THROUGH THE NEEDS ASSESSMENT, COLLABORATIVE COMMUNITY PARTNERS IDENTIFIED NUMEROUS HEALTH ISSUES IMPACTING INDIVIDUALS AND FAMILIES IN THE LASALLE COUNTY AREA SEVERAL THEMES WERE IDENTIFIED THROUGH THE HEALTH NEEDS ASSESSMENT - THE DEMOGRAPHIC COMPOSITION OF THE LASALLE COUNTY REGION, THE PREDICTORS AND PREVALANCE FOR DISEASES, LEADING CAUSES OF MORTALITY, ACCESSIBILITY TO HEALTH SERVICES AND HEALTHY BEHAVIORS IN LASALLE COUNTY, THE PERCENTAGE OF ALL FAMILIES LIVING IN POVERTY INCREASED FROM 7 9% TO 9 8% BETWEEN 2007 AND 2010

Form and Line Reference	Explanation
SCHEDULE H - PART VI SUPPLEMENTAL INFORMATION - CHNA	ORHHC COMMENCED WORK DURING ITS FISCAL YEAR 2012 ON CONDUCTING A COMMUNITY HEALTH NEEDS AS SESSMENT (CHNA) FOR ITS HOSPITAL, AS REQUIRED BY INTERNAL REVENUE CODE SECTION 501(R)(3) THE CHNA PROCESS CONTINUED INTO FISCAL YEAR 2013 AND CULMINATED IN A FINAL CHNA BEING APPR OVED AND ADOPTED BY ORHHC'S BOARD OF DIRECTORS ON JULY 31, 2013 SUBSEQUENT TO FISCAL YEAR 2013 AND IN RESPONSE TO THE SIGNIFCANT COMMUNITY HEALTH NEEDS IDENTIFIED IN THE CHNA, THE HOSPITAL COMPLETED AN IMPLEMENTATION STRATEGY TO ADDRESS THESE CRITICAL HEALTH NEEDS THE NARRATIVE BELOW INCLUDES AN OUTLINE OF THE HOSPITAL'S GOALS FOR FISCAL YEAR 2014 AS PART OF THE IMPLEMENTATION STRATEGY APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS THE CHNA TH AT WAS APPROVED AND ADOPTED FOR ORHHC IDENTIFIED THE FOLLOWING AS THE COMMUNITY'S MOST SIG NIFICANT HEALTH NEEDS IDENTIFIED NEED ACCESS TO HEALTHCARE SERVICES THIS HEALTH NEED IS BASED ON RESULTS FROM SURVEY RESPONDENTS DEFINED AS LIVING IN DEEP POVERTY INDICATED THAT ACCESS TO HEALTHCARE SERVICES IS LIMITED THIS INCLUDES MEDICAL, PRESCRIPTION MEDICATIONS, DENTAL AND MENTAL HEALTHCARE RESULTS FROM SURVEY RESPONDENTS LIVING IN POVERTY INDICATED THAT ACCESS TO HEALTHCARE IS LIMITED THIS INCLUDES MEDICAL, DENTAL AND MENTAL HEALTHCARE POVERTY IS A KEY FACTOR, AS 9% OF PEOPLE LIVING IN POVERTY IN LASALLE COUNTY CONSIDER TH E EMERGENCY DEPARTMENT THEIR PRIMARY SOURCE OF HEALTHCARE FURTHERMORE, 24% OF PEOPLE IN P OVERTY WERE UNABLE TO OBTAIN MEDICAL CARE WHEN THEY NEEDED IT IN THE PAST YEAR RESULTS AL SO SUGGEST A STRONG CORRELATION BETWEEN ETHNICITY AND ONE'S ABILITY TO OBTAIN MEDICAL CARE , AS SURVEY DATA SUGGESTS INDIVIDUALS WHO IDENTIFY THEMSELVES AS BLACK AND/OR LATINO/A ARE MORE LIKELY TO USE THE EMERGENCY DEPARTMENT WITH REGARD TO PRESCRIPTION DRUGS, 34% OF IN DIVIDUALS LIVING IN POVERTY IN LASALLE COUNTY WERE UNABLE TO FILL A PRESCRIPTION IN THE PA ST YEAR BECAUSE THEY LACKED HEALTHCARE COVERAGE WITH REGARD TO DENTAL CARE, 46% OF INDIVI DUALS LIVING IN POVERTY IN LASALLE COUNTY NEEDED DENTAL CARE AND WERE UNABLE TO OBTAIN IT LAST YEAR WITH REGARD TO MENTAL HEALTHCARE, 30% OF INDIVIDUALS LIVING IN POVERTY IN LASAL LE COUNTY NEEDED COUNSELING AND WERE UNABLE TO OBTAIN IT IN THE LAST YEAR AFFORDABILITY W AS CITED AS THE LEADING IMPEDIMENT TO VARIOUS TYPES OF HEALTHCARE FY2014 GOALS ACCESS TO HEALTHCARE *REACH OUT TO AT-RISK GROUPS IN THE COMMUNITY WITH EDUCATION AND STRATEGIES FO R IMPLEMENTING LIFELONG CHANGES IN HEALTHY BEHAVIORS FY2014 ACCOMPLISHMENTS ACCESS TO HE ALTHCARE *MET WITH WARREN COUNTY COALITION FOR AGENCY SERVICES IDENTIFIED NEED COMMUNITY MISPERCEPTIONS THIS HEALTH NEED OBSERVES THE GAP BETWEEN PATIENT PERCEPTIONS OF COMMUNITY HEALTH NEEDS AND THE ACTUAL TOP CAUSES OF MORTALITY IN THEIR COMMUNITY WHILE THE RESPONS E OF THOSE LIVING IN DEEP POVERTY MISINTERPRETS SOME OF THE MOST CRITICAL NEEDS OF THE COM MUNITY BASED ON ACTUAL MORTALITY DATA, THERE IS MUCH TO BE LEARNED FROM THEIR RESPONSES T HESE PEOPLE'S PERCEPTIONS ARE THEIR REALITY AND FORCES TO ACKNOWLEDGE THAT WE MUST NEVER L OSE FOCUS ON THE INDIVIDUAL AS WE IMPROVE THE HEALTH OF THE COMMUNITY OSF HEALTHCARE SYST EM HAS DEVELOPED A CARE MANAGEMENT PROGRAM TO PROVIDE THOSE IN NEED WITH THE HELP THEY NEE D TO IMPROVE THEIR INDIVIDUAL HEALTH AND OVERCOME BARRIERS TO HEALTH BASED ON RESULTS FRO M THE SURVEY, RESPONDENTS INCORRECTLY PERCEIVED DIABETES, HEART DISEASE, AND DENTAL AS BEI NG RELATIVELY LESS IMPORTANT HEALTH CONCERNS TO THE COMMUNITY THESE RESULTS CONFLICT WITH MORBIDITY DATA THAT SUGGESTS DIABETES RATES IN LASALLE COUNTY ARE HIGHER THAN RATES ACROS S THE STATE OF ILLINOIS, MORTALITY DATA THAT INDICATES HEART DISEASE IS THE LEADING CAUSE OF DEATH IN LASALLE COUNTY, AND DENTAL DATA THAT ILLUSTRATES LASALLE COUNTY RESIDENTS HAVE UNDERGONE ANNUAL DENTAL CHECKUPS AT A LOWER RATE THAN RATES FOR THE STATE OF ILLINOIS MO REOVER, FOR THOSE RESPONDENTS LIVING IN POVERTY, MISPERCEPTIONS OF PROGRAMS SUCH AS MEDICA ID AND FINANCIAL ASSITANCE PROGRAMS IS EVIDENT GIVEN THAT RESPONDENTS DO NOT SEEK NECESSAR Y MEDICAL CARE BECAUSE THEY BELIEVE THEY CANNOT AFFORD TO PAY FINALLY, THERE ARE MISPERCE PTIONS WITH RESPONDENTS' SELF PERCEPTIONS OF THEIR OWN HEALTH, AS 91% FELT THAT THEY ARE E ITHER AVERAGE OR ABOVE AVERAGE IN TERMS OF THEIR OVERALL HEALTH FY2014 GOALS COMMUNITY M ISPERCEPTIONS *IMPROVE DIABETIC EDUCATION OUTREACH FY2014 ACCOMPLISHMENTS COMMUNITY MISPE RCEPTIONS *CREATED FLYERS MARKETING THE DIABETES EDUCATION SERIES AND DISTRIBUTED TO PHYSI CIAN OFFICE *THE DIABETES EDUCATIONS SERIES HELD IDENTIFIED NEED RISKY BEHAVIORS/SUBSTA NCE ABUSE THIS HEALTH NEED IS BASED ON THE PREVALANCE OF ALCOHOL, TOBACCO AND MARIJUANA IN OUR COMMUNITY IN LASALLE COUNTY, 19 2% OF RESPONDENTS ENGAGE IN BINGE DRINKING VERSUS 17 5% IN THE STATE OF ILLINOIS BOTH FIGURES EXCEED THE US NATIONAL 90TH PERCENTILE BENCHMAR K OF 8% YOUTH SUBSTANCE USAGE IN LASALLE COUNTY EXCEEDS THE STATE OF ILLINOIS AVERAGES FO R BOTH 8TH GRADERS (ALCOHOL, TOBACCO, AND MARIJUAN

Form and Line Reference	Explanation
SCHEDULE H - PART VI SUPPLEMENTAL INFORMATION - CHNA	A USAGE) AND 12TH GRADERS (ALCOHOL AND TOBACCO USAGE) WITH REGARD TO SMOKING, 45% OF LASA LLE COUNTY RESIDENTS LIVING IN POVERTY SMOKE FIVE OR MORE CIGARETTES PER DAY ADDITIONALLY , ACCORDING TO SURVEY RESPONDENTS, FOR BOTH LASALLE COUNTY'S AGGREGATE POPULATION AND THOS E LIVING IN POVERTY, DRUG AND ALCHOHOL ABUSE WERE PERCEIVED AS THE TWO MOST IMPORTANT UNHE ALTHY BEHAVIORS IN THE COMMUNITY FY2014 GOALS RISKY BEHAVIORS/SUBSTANCE ABUSE *EDUCATE M EDICAL STAFF ABOUT RESOURCES AVAILABLE FOR PATIENTS, SUCH AS OUTPATIENT SUBSTANCE ABUSE (O THER AGENCY) AND GROUPS FY2014 ACCOMPLISHMENTS RISKY BEHAVIORS/SUBSTANCE ABUSE *COMPLETI ON OF COMMUNITY RESOURCE GUIDE IDENTIFIED NEED HEALTHY BEHAVIORS THIS HEALTH NEED IS BAS ED ON RESULTS FROM SURVEY RESPONDENTS DEFINED AS LIVING IN DEEP POVERTY INDICATED THAT THE RE ARE LIMITED EFFORTS AT PROACTIVELY MANAGING ONE'S OWN HEALTH THIS INCLUDES LIMITED EXE RCISE, POOR EATING HABITS AND INCREASED INCIDENCE OF SMOKING ACCORDING TO THE ILLINOIS BE HAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, 36 6% OF LASALLE COUNTY RESIDENTS REPORT THAT TH EIR LAST ROUTINE CHECKUP WAS MORE THAN 1 YEAR AGO THIS FIGURE IS 17 4% HIGHER THAN STATE OF ILLINOIS AVERAGE (19 2%) THERE WAS A SLIGHT DECREASE IN THE PERCENTAGE OF LASALLE COUN TY RESIDENTS REPORTING THEY HAD RECEIVED A FLU SHOT IN THE LAST 12 MONTHS BETWEEN 2006 (32 3%) AND 2009 (31 4%) FOR COMPARISON, THERE WAS A 24% INCREASE IN THE PERCENTAGE OF ILLIN OIS RESIDENTS REPORTING THEY HAD RECEIVED A FLU SHOT IN THE LAST 12 MONTHS BETWEEN 2006 (2 8 0%) AND 2009 (34 6%) RESULTS FROM SURVEY RESPONDENTS INDICATED THAT THERE ARE LIMITED E FFORTS AT PROACTIVELY MANAGING ONE'S OWN HEALTH THIS INCLUDES LIMITED EXERCISE, AS 69% OF LASALLE COUNTY RESIDENTS INDICATED THEY EXERCISED 2 TIMES OR LESS PER WEEK WITH REGARD T O EATING HABITS, 67% OF LASALLE COUNTY RESIDENTS CONSUME LESS THAN 2 SERVINGS OF FRUITS/VE GETABLES PER DAY HOWEVER, NOTE THAT 91% OF RESPONDENTS BELIEVE THEY ARE IN AVERAGE OR ABO VE AVERAGE PHYSICAL HEALTH AND 92% OF RESPONDENTS BELIEVE THEY ARE IN AVERAGE OR ABOVE AVE RAGE MENTAL HEALTH FY2014 GOALS HEALTHY BEHAVIORS *REACH OUT TO AT-RISK GROUPS IN THE CO MMUNITY WITH EDUCATION AND STRATEGIES FOR IMPLEMENTING LIFELONG CHANGES IN HEALTHY BEHAVIO RS FY2014 ACCOMPLISHMENTS HEALTHY BEHAVIORS *PROVIDING EDUCATION WITH A MIN OF 4 TALKS P ER YEAR *STARTED NEWSPAPER ARTICLES WITH ROTATING TOPICS FOR HEALTHY BEHAVIORS IDENTIFIE D NEED MENTAL HEALTH THIS HEALTH NEED LOOKS AT THE PERCENTAGE OF PATIENTS THAT REPORTED T HEY HAD EXPERIENCED 1-7 DAYS WITH POOR MENTAL HEALTH PER MONTH BETWEEN 2007 AND 2009 THIS INCLUDES MENTAL DISABILITIES, DEPRESSION AND SELF-PERCEPTIONS OF MENTAL HEALTH MENTAL HE ALTH ISSUES GREW BY 38% FOR RESIDENTS OF LASALLE COUNTY BETWEEN 2006 AND 2009 IN TERMS OF ABSOLUTE PERCENTAGE INCREASE, LASALLE COUNTY RESIDENTS EXPERIENCED AN INCREASE OF 7%, WHE RE IN 2006 18 3% OF RESIDENTS THEY FELT MENTALLY UNHEALTHY ON 1-7 DAYS PER MONTH, COMPARED TO 2009 WHERE 25 3% OF RESIDENTS FELT MENTALLY UNHEALTHY ON 1-7 DAYS PER MONTH FOR COMPA RISON, THERE WAS ACTUALLY A SLIGHT DECREASE IN THE PERCENTAGE OF ILLINOIS RESIDENTS REPORT ING THEY FELT MENTALLY UNHEALTHY ON 1-7 DAYS PER MONTH BETWEEN 2006 (24 9%) AND 2009 (24 8 %) MENTAL HEALTH WAS ALSO RATED THE THIRD MOST IMPORTANT HEALTH CONCERNING THE COMMUNITY FOR BOTH THE AGGREGATE POPULATION AS WELL AS THOSE LIVING IN POVERTY FY2014 GOALS MENTAL HEALTH *INCREASE ACCESS TO MENTAL HEALTH SERVICES WORK WITH OSF TO DEVELOP E-HEALTH STRA TEGIES FOR MENTAL HEALTH FY2014 ACCOMPLISHMENTS MENTAL HEALTH *HIRED A NEW PSYCHIATRIST IDENTIFIED NEED OBESITY THIS HEALTH NEED IS BASED ON AN INCREASE IN THE PREVALENCE OF OB ESITY IN OUR COMMUNITY POPULATION RESEARCH STRONGLY SUGGESTS THAT OBESITY IS A SIGNIFICAN T PROBLEM FACING YOUTH AND ADULTS NATIONALLY, AS IT HAS BEEN LINKED TO NUMEROUS MORBIDITIE S (E G , TYPE II DIABETES, HYPERTENSION, CARDIOVASCULAR DISEASE, CANCER, ETC) THERE WAS A 45% INCREASE IN THE PERCENTAGE OF LASA

Form and Line Reference	Explanation
SCHEDULE H - PART VI SUPPLEMENTAL INFORMATION - CHNA CONTINUED	*NEEDS NOT ADDRESSED THE CHNA CONDUCTED BY THE HOSPITAL IN 2013 ALSO INDENTIFIED "WOMAN'S HEALTH", "RESPIRATORY ISSUES", "HEART DISEASE", AND "CANCER" AMONGST THE MANY IMPORTANT COMMUNITY HEALTH NEEDS A COLLABORATIVE TEAM RECOGNIZED THE IMPACT OF WOMAN'S HEALTH, RESPIRATORY ISSUES, HEART DISEASE AND CANCER ON THE POPULATION OF PATIENTS WE SERVE AS A HEALTH CARE ORGANIZATION WE CONTINUE TO FOCUS RESOURCES ON PATIENT EDUCATION, EARLY DETECTION AND CARE, BUT WE UNDERSTAND THAT WE ALSO NEED TO HAVE A GREATER FOCUS IN OUR COMMUNITIES ON THOSE RISK FACTORS THAT CONTRIBUTE TO WOMAN'S HEALTH, "RESPIRATORY ISSUES", "HEART DISEASE", AND "CANCER" WE ANTICIPATE THAT THE GREATEST OVERALL LONG TERM HEALTH IMPACT WILL COME FROM A BROADER PREVENTION STRATEGY FOCUSING ON OBESITY, HEALTHY BEHAVIORS, EXERCISE AND SMOKING, RATHER THAN ON JUST WOMAN'S HEALTH, RESPIRATORY ISSUES, HEART DISEASE, AND CANCER

Form and Line Reference	Explanation
SCHEDULE H - PART VI - 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	THE CORPORATION INFORMS AND EDUCATES PATIENTS AND PERSONS WHO ARE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER GOVERNMENT PROGRAMS AND THE CORPORATION'S CHARITY ASSISTANCE POLICY IN THE FOLLOWING WAYS - SIGNS ARE POSTED IN PATIENT REGISTRATION AREAS (INCLUDING EMERGENCY DEPARTMENT REGISTRATION) INFORMING PATIENTS OF THE AVAILABILITY OF CHARITY ASSISTANCE AND THE AVAILABILITY OF FINANCIAL ASSISTANCE REPRESENTATIVES - PRINTED BROCHURES ARE DISTRIBUTED TO PATIENTS AT REGISTRATION INFORMING THEM OF THE AVAILABILITY OF CHARITY ASSISTANCE (FOR BOTH INSURED AND UNINSURED PATIENTS), FINANCIAL ASSISTANCE REPRESENTATIVES (INCLUDING CONTACT INFORMATION), AND UNINSURED PATIENT DISCOUNTS - A NOTICE OF AVAILABILITY OF THE CORPORATION'S CHARITY CARE AND UNINSURED PATIENT DISCOUNT POLICIES IS PROMINENTLY AVAILABLE ON THE CORPORATION'S WEB SITE (AND SEPARATE WEB SITES OF ITS HOSPITAL FACILITIES) THE APPLICATION FORM WITH INSTRUCTIONS IS AVAILABLE FOR DOWNLOAD - A NOTE REGARDING THE AVAILABILITY OF CHARITY AND FINANCIAL ASSISTANCE (TOGETHER WITH CONTACT PHONE NUMBERS) APPEARS ON EVERY PATIENT BILL AND STATEMENT - FINANCIAL ASSISTANCE COUNSELORS ARE AVAILABLE IN PERSON AND BY PHONE TO ASSIST PATIENTS IN COMPLETING CHARITY AND FINANCIAL ASSISTANCE APPLICATIONS AND IN DETERMINING ELIGIBILITY AND APPLYING FOR GOVERNMENT PROGRAM BENEFITS, INCLUDING MEDICAID - THE CORPORATION'S CHARITY CARE POLICY IS FILED WITH THE ILLINOIS ATTORNEY GENERAL AND IS AVAILABLE TO THE PUBLIC

Form and Line Reference	Explanation
SCHEDULE H - PART VI - 4 COMMUNITY INFORMATION - AS NOTED IN CHNA	THE ORGANIZATION PRIMARILY SERVES LASALLE COUNTY (APPROXIMATELY 113,924 RESIDENTS) ACCORDING THE US CENSUS BUREAU IN 2010, LASALLE COUNTY INCLUDED AN AVERAGE OF 10 8% OF PERSONS BELOW POVERTY LEVEL THE MEDIAN AGE WAS 41 AND THE MEDIAN HOUSEHOLD INCOME WAS $51,705

Form and Line Reference	Explanation
SCHEDULE H - PART VI - 5 - PROMOTION OF COMMUNITY HEALTH	THE ORHHC'S SPONSORING ORGANIZATION IS A RELIGIOUS CONGREGATION OF THE ROMAN CATHOLIC CHURCH KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS IN ACCORDANCE WITH CANON LAW OF THE ROMAN CATHOLIC CHURCH AND FEDERAL TAX LAW APPLICABLE TO SUPPORTING ORGANIZATIONS, A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE CORPORATION ARE PROFESSED MEMBERS OF THE SPONSORING RELIGIOUS CONGREGATION ORHHC HAS A COMMUNITY ADVISORY BOARD CONSISTING OF MEMBERS OF THE COMMUNITY WHO ARE NOT DIRECTORS, OFFICERS, OR CONTRACTORS OF ORHHC EXCEPT FOR HOSPITAL DEPARTMENTS WHICH HAVE BEEN CLOSED, OR IN WHICH CLINICAL PRIVILEGES HAVE BEEN RESTRICTED, FOR CLINICAL OR QUALITY OF CARE REASONS BY ACTIONS OF THE HOSPITAL'S MEDICAL STAFF AND THE BOARD OF DIRECTORS, ORHHC EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITIES THE ORHHC'S SURPLUS FUNDS WERE USED DURING ITS FISCAL YEAR ENDED SEPTEMBER 30, 2014 FOR IMPROVEMENTS IN PATIENT CARE, MEDICAL EDUCATION, AND RESEARCH ALL OF THE OSF'S HOSPITALS INCLUDING ORHHC MEET THE REQUIREMENTS OF REVENUE RULING 69-545 BY - OPERATING EMERGENCY DEPARTMENTS WHICH ARE STAFFED 24 HOURS PER DAY BY QUALIFIED PHYSICIANS AND OTHER MEDICAL PERSONNEL AND WHICH ARE OPEN TO ALL PERSONS WITHOUT REGARD TO ABILITY TO PAY - HAVING MEDICAL STAFFS WHICH ARE OPEN TO ALL QUALIFIED PHYSICIANS, MID-LEVEL PROVIDERS, PODIATRISTS, AND DENTISTS IN THE COMMUNITY (EXCEPT WHERE RESTRICTED IN RARE CASES FOR CLINICAL QUALITY REASONS BY ACTION OF THE MEDICAL STAFF AND THE BOARD OF DIRECTORS) - ACCEPTING MEDICARE, MEDICAID AND OTHER GOVERNMENT PROGRAM PATIENTS - ACCEPTING ALL PATIENTS, INCLUDING UNINSURED PATIENTS, WITHOUT REGARD TO THEIR ABILITY TO PAY - USING SURPLUS FUNDS TO IMPROVE THEIR FACILITIES, EQUIPMENT, PATIENT CARE, MEDICAL TRAINING, EDUCATION, AND RESEARCH AS DESCRIBED ABOVE

Form and Line Reference	Explanation
PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM ROLES OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER (HOSPITAL) IS LICENSED AS A 97-BED, NOT-FOR-PROFIT, ACUTE CARE HOSPITAL, INCLUDING A 26-BED PHSYCHIATRIC CARE UNIT THE HOSPITAL ALSO PROVIDES RELATED ANCILLARY AND OUTPATIENT SERVICES THE HOSPITAL'S AFFILIATES INCLUDE OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC (INCLUDING ITS WHOLLY OWNED SUBSIDIARY, OTTAWA REGIONAL MEDICAL CENTER, INC), RADIATION ONCOLOGY OF NORTHERN ILLINOIS, LLC, THE OTTAWA REGIONAL HOSPITAL AUXILIARY, AND THE OTTAWA REGIONAL HOSPITAL FOUNDATION OSF HEALTHCARE SYSTEM (OSF) IS AN ILLINOIS NOT-FOR-PROFIT CORPORATION INCORPORATED IN 1880 AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS OSF CURRENTLY OWNS AND OPERATES SEVEN HOSPITALS, ONE NURSING HOME AND OTHER HEALTHCARE-RELATED ENTITIES OSF OPERATES ITS HEALTHCARE FACILITIES AS A SINGLE CORPORATION WITH EACH HEALTHCARE FACILITY FUNCTIONING AS AN OPERATING DIVISION OF OSF OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC (ORHA) IS AN ILLINOIS BUSINESS CORPORATION AND IS THE SOLE STOCKHOLDER OF OTTAWA REGIONAL MEDICAL CENTER, INC (ORMC) AND 50% OWNER OF OTTAWA REGIONAL DME, LLC (DME) THE HOSPITAL IS THE SOLE STOCKHOLDER OF ORHA OTTAWA REGIONAL MEDICAL CENTER, INC WAS INCORPORATED AS AN ILLINOIS BUSINESS CORPORATION IN SEPTEMBER 2009 AND PURCHASED CERTAIN ASSETS OF A THIRD-PARTY IN DECEMBER 2009 ORMC PROVIDES OUTPATIENT MEDICAL AND DIAGNOSTIC SERVICES AND IS CONSOLIDATED WITH ORHA RADIATION ONCOLOGY OF NORTHERN ILLINOIS, LLC (RONI) IS A LIMITED LIABILITY COMPANY ESTABLISHED TO OWN AND OPERATE A RADIATION ONCOLOGY CENTER THE HOSPITAL HAS A 57% OWNERSHIP INTEREST IN RONI RONI IS CONSOLIDATED WITH THE HOSPITAL OTTAWA REGIONAL HOSPITAL AUXILIARY (AUXILIARY) IS A NOT-FOR-PROFIT FUND RAISING ORGANIZATION WHOSE PURPOSE IS TO PROMOTE AND ADVANCE THE WELFARE OF THE HOSPITAL OTTAWA REGIONAL HOSPITAL FOUNDATION (FOUNDATION) IS A NOT-FOR-PROFIT FUND RAISING ORGANIZATION WHOSE PURPOSE IS TO SUPPORT AND ENCOURAGE HEALTH CARE SERVICES IN FURTHERANCE OF THE PURPOSE OF AND IN ASSITANCE TO THE HOSPITAL, THROUGH PROVIDING FINANCIAL AND FUND RAISING ASSISTANCE AND IN ALL OTHER RELEVANT WAYS AIDING IN SUPPORTING HEALTH CARE ORGANIZATIONS AND INDIVIDUALS INTERESTED IN CAREERS IN HEALTH CARE

Form and Line Reference	Explanation
PART VI, LINE 7	ALL STATES WHICH ORGANIZATION FILES A COMMUNITY BENEFIT REPORT IL

Additional Data

Software ID:
Software Version:
EIN: 36-2604009
Name: Ottawa Regional Hospital & Healthcare Center

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
PART V, SECTION B, LINE 3	
PART V, SECTION B, LINE 7	SEE "NEEDS NOT ADDRESSED" ON PART VI, LINE 2 NEEDS ASSESSMENT

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

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

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

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
(1) SCHOLARSHIPS	14	8,483			

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
Form Sch I Part I	SCHOLARSHIPS WERE AWARDED TO 14 AREA HIGH SCHOOL GRADUATING SENIORS INTERESTED IN PURSUING A CAREER IN A HEALTH RELATED FIELD FUNDS WERE PROVIDED TO PURCHASE A LIFEPACK TO BE DONATED TO A LOCAL BASEBALL TEAM

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate 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 indemnification 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				
See Additional Data Table							

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
PART I, LINE 3	THE BOARD OF DIRECTORS HAS ESTABLISHED A BOARD COMMITTEE KNOWN AS THE HUMAN RESOURCES COMMITTEE WHOSE MEMBERS ARE ALL PROFESSED MEMBERS OF THE RELIGIOUS CONGREGATION KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS WHO HAVE TAKEN A VOW OF POVERTY HENCE, THEY DO NOT PERSONALLY BENEFIT FROM DECISIONS OF THE COMMITTEE THE CHIEF EXECUTIVE OFFICER (CEO) IS NOT A MEMBER OF THE COMMITTEE THE PERFORMANCE OF THE CEO AND HIS ACHIEVEMENT OF ANNUAL GOALS IS EVALUATED EACH YEAR BY THE FULL BOARD OF DIRECTORS, AND THIS PERFORMANCE REVIEW IS PROVIDED TO THE COMMITTEE THE COMMITTEE ALSO OBTAINS COMPENSATION SURVEY DATA AND RECOMMENDATIONS FROM A NATIONALLY RECOGNIZED INDEPENDENT COMPENSATION CONSULTANT BASED ON ALL OF THESE FACTORS, THE COMMITTEE SETS THE BASE SALARY AND BENEFITS OF THE CEO AND APPROVES THE EXECUTIVE COMPENSATION PLAN APPLICABLE TO THE CEO PRIOR TO PAYMENT OF ANY BONUS OR INCENTIVE COMPENSATION, THE TOTAL COMPENSATION FOR THE CEO, INCLUDING BASE SALARY, BENEFITS, AND PROPOSED BONUS OR INCENTIVE COMPENSATION, IS AGAIN REVIEWED BY A NATIONALLY RECOGNIZED COMPENSATION CONSULTANT TO ENSURE THAT NO "EXCESS BENEFIT" AMOUNT IS PAID OR FURNISHED

Additional Data

Software ID:
Software Version:
EIN: 36-2604009
Name: Ottawa Regional Hospital & Healthcare Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
CHARLES DENNIS MD TRUSTEE	(I)	0	0	0	0	0	0	0
	(II)	285,695	0	17,500	0	19,538	322,733	0
KATHLEEN FORBES MD TRUSTEE	(I)	0	0	0	0	0	0	0
	(II)	567,920	0	0	0	19,538	587,458	0
GERALD MCSHANE MD TRUSTEE	(I)	0	0	0	0	0	0	0
	(II)	450,502	0	55,347	36,400	12,221	554,470	0
DAVID L GORENZ MD TRUSTEE	(I)	0	0	0	0	0	0	0
	(II)	245,204	0	2,997	0	7,544	255,745	0
ROBERT CHAFFIN PRESIDENT	(I)	0	0	0	0	0	0	0
	(II)	294,863	0	17,073	0	6,450	318,386	0
DAWN TROMPETER CHIEF FINANCIAL OFFICER	(I)	161,259	0	0	4,796	25,476	191,531	0
	(II)	0	0	0	0	0	0	0
BRIAN ROSBOROUGH MD CHIEF MEDICAL OFFICER	(I)	0	0	0	0	0	0	0
	(II)	275,513	0	37,876	0	25,476	338,865	0
CHIN SWONG MD PHYSICIAN	(I)	418,120	0	16,925	0	25,476	460,521	0
	(II)	0	0	0	0	0	0	0
ARNOLD GARNER MD PHYSICIAN	(I)	359,794	0	16,994	0	10,043	386,831	0
	(II)	0	0	0	0	0	0	0
DAVID BAYLEY MD PHYSICIAN	(I)	339,425	10,429	10,000	0	25,476	385,330	0
	(II)	0	0	0	0	0	0	0
JOSEPH CHUPREVICH MD PHYSICIAN	(I)	297,144	0	10,000	0	25,476	332,620	0
	(II)	0	0	0	0	0	0	0
MICHAEL GLAVIN MD PHYSICIAN	(I)	292,655	0	10,000	0	25,476	328,131	0
	(II)	0	0	0	0	0	0	0
JUDY CHRISTIANSEN CHIEF OPERATING OFFICER	(I)	187,993	0	15,496	0	7,772	211,261	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) OTTAWA REGIONAL MEDICAL CENTER INC	SEE PART V	2,623,869	CONTRIBUTIONS		No

Part V Supplemental Information

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

Return Reference	Explanation
SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	(A) NAME OF PERSON OTTAWA REGIONAL MEDICAL CENTER, INC (ORMC) (B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION CHAFFIN, CHRISTIANSEN, TROMPETER ARE OFFICERS OF THE ORGANIZATION AND ORMC (C) AMOUNT OF TRANSACTION $ 2,623,869 (D) DESCRIPTION OF TRANSACTION OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER PROVIDED CAPITAL CONTRIBUTIONS TO OTTAWA REGIONAL MEDICAL CENTER, INC (E) SHARING OF ORGANIZATION REVENUES? = NO

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

Return Reference	Explanation
FORM 990, PART I & PART III, LINE 1	DESCRIPTION OF ORGANIZATION MISSION THE MISSION OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER IS TO MAINTAIN A LEADERSHIP POSITION IN THE PROVISION OF EFFICIENT AND QUALITY HEALTHCARE SERVICES CONSISTENT WITH THE NEEDS OF THE COMMUNITY AND THE RESOURCES OF THE HOSPITAL OUR HEALTHCARE ORGANIZATION WILL PROVIDE SERVICES FOR ALL MEMBERS OF THE COMMUNITY, REGARDLESS OF ABILITY TO PAY

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	OSF IS THE SOLE CORPORATE MEMBER OF ORHHC

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	OSF AS THE SOLE CORPORATE MEMBER OF ORHHC HAS THE POWER TO ELECT MEMBERS OF THE BOARD OF SEMC

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11B	THE ORGANIZATION'S GOVERNING BODY WILL MEET WITH THE ORGANIZATION'S SENIOR FINANCIAL ANALYST AT A BOARD MEETING TO REVIEW THE FINAL FORM 990 AFTER ITS FILING

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	IT SHALL BE THE POLICY OF THE GOVERNING BODY OF OTTAWA REGIONAL HOSPITAL AND HEALTHCARE CENTER TO REQUIRE THAT EACH BOARD MEMBER, PRIOR TO MAKING HIS/HER POSITION ON THE BOARD, AND ALL PRESENT BOARD MEMBERS AS SOON AS PRACTICABLE AFTER THE ADOPTION OF THIS POLICY, BUT NO LATER THAN FORTY-FIVE DAYS, SUBMIT IN WRITING TO THE CHIEF EXECUTIVE OFFICER OF THE HOSPITAL A LIST OF ALL BUSINESS OR OTHER ORGANIZATIONS OF WHICH HE/SHE IS AN OFFICER, MEMBER, OWNER OR EMPLOYEE OR WHICH HE/SHE ACTS AS AN AGENT, WITH WHICH THE HOSPITAL HAS, OR MIGHT REASONABLY IN THE FUTURE ENTER INTO, A RELATIONSHIP OR A TRANSACTION IN WHICH THE BOARD MEMBER WOULD HAVE CONFLICTING INTERESTS EACH WRITTEN STATEMENT WILL BE RESUBMITTED WITH ANY NECESSARY CHANGES, EACH YEAR AT SUCH TIME AS ANY MATTER COMES BEFORE THE BOARD IN SUCH A WAY TO GIVE RISE TO A CONFLICT OF INTEREST, THE AFFECTED BOARD MEMBER SHALL MAKE KNOWN THE POTENTIAL CONFLICT, WHETHER DISCLOSED BY HIS/HER WRITTEN STATEMENT OR NOT, AND AFTER ANSWERING ANY QUESTIONS THAT MIGHT BE ASKED HIM/HER, EITHER AS TO THE CONFLICT OR AS TO ANY SPECIAL EXPERTISE POSSESSED BY THAT BOARD MEMBER, SHALL WITHDRAW FROM THE MEETING FOR SO LONG AS THE MATTER SHALL CONTINUE UNDER DISCUSSION SHOULD THE MATTER BE BROUGHT TO A VOTE, THE AFFECTED BOARD MEMBER SHALL NOT VOTE ON IT IN THE EVENT THAT HE/SHE FAILS TO WITHDRAW VOLUNTARILY, THE CHAIRMAN OF THE BOARD IS EMPOWERED AND SHALL REQUIRE THAT HE/SHE REMOVE HIMSELF/HERSELF FROM THE ROOM DURING BOTH THE DISCUSSION AND VOTE ON THE MATTER

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15A	THE BOARD OF DIRECTORS HAS ESTABLISHED A BOARD COMMITTE KNOWN AS THE HUMAN RESOURCES COMMITTEE WHOSE MEMBERS ARE ALL PROFESSED MEMBERS OF THE RELIGIOUS CONGREGATION KNOWN AS THE SISTERS OF THE THIRD ODRER OF ST FRANCIS WHO HAVE TAKEN A VOW OF POVERTY HENCE, THEY DO NOT PERSONALLY BENEFIT FROM DECISIONS OF THE COMMITTEE. THE CHIEF EXECUTIVE OFFICER (CEO) IS NOT A MEMBER OF THE COMMITTEE. THE PERFORMANCE OF THE CEO AND HIS ACHIEVEMENT OF ANNUAL GOALS IS EVALUATED EACH YEAR BY THE FULL BOARD OF DIRECTORS, AND THIS PERFORMANCE REVIEW IS PROVIDED TO THE COMMITTEE. THE COMMITTEE ALSO OBTAINS COMPENSATION SURVEY DATA AND RECOMMENDATIONS FROM A NATIONALLY RECOGNIZED INDEPENDENT COMPENSATION CONSULTANT BASED ON ALL OF THESE FACTORS, THE COMMITTEE SETS THE BASE SALARY AND BENEFITS OF THE CEO AND APPROVES THE EXECUTIVE COMPENSATION PLAN APPLICABLE TO THE CEO PRIOR TO PAYMENT OF ANY BONUS OR INCENTIVE COMPENSATION, THE TOTAL COMPENSATION FOR THE CEO, INCLUDING BASE SALARY, BENEFITS, AND PROPOSED BONUS OR INCENTIVE COMPENSATION, IS AGAIN REVIEWED BY A NATIONALLY RECOGNIZED COMPENSATION CONSULTANT TO ENSURE THAT NO "EXCESS BENEFIT" AMOUNT IS PAID OR FURNISHED

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15B	THE BOARD OF DIRECTORS HAS ESTABLISHED A BOARD COMMITTEE KNOWN AS THE HUMAN RESOURCES COMMITTEE WHOSE MEMBERS ARE ALL PROFESSED MEMBERS OF THE RELIGIOUS CONGREGATION KNOWN AS THE SISTERS OF THE THIRD ORDER OF ST FRANCIS WHO HAVE TAKEN A VOW OF POVERTY HENCE, THEY DO NOT PERSONALLY BENEFIT FROM DECISIONS OF THE COMMITTEE. THE COMMITTEE DETERMINES WHICH OFFICERS, KEY EMPLOYEES AND OTHER EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN THE EXECUTIVE COMPENSATION PLAN BASED ON THE PERFORMANCE REVIEWS BY THE SUPERVISORS OF SUCH PERSONS AND COMPENSATION SURVEY DATA AND RECOMMENDATIONS FROM A NATIONALLY KNOWN INDEPENDENT COMPENSATION CONSULTANT, THE COMMITTEE APPROVES ANY EXECUTIVE COMPENSATION PLAN APPLICABLE TO KEY EMPLOYEES AND ESTABLISHES THE BASE SALARY AND BENEFITS FOR PLAN PARTICIPANTS PRIOR TO PAYMENT OF ANY BONUS OR INCENTIVE COMPENSATION, THE TOTAL COMPENSATION FOR EACH KEY EMPLOYEE, INCLUDING BASE SALARY, BENEFITS, AND PROPOSED BONUS OR INCENTIVE COMPENSATION, IS AGAIN REVIEWED BY A NATIONALLY RECOGNIZED COMPENSATION CONSULTANT TO ENSURE THAT NO "EXCESS BENEFIT" AMOUNT IS PAID OR FURNISHED SOME KEY EMPLOYEES LISTED IN PART VII ARE PRACTICING PHYSICIANS WHO ARE LISTED AS KEY EMPLOYEES AS A RESULT OF THE COMPENSATION THEY RECEIVE AND NOT DUE TO ANY EXECUTIVE OR MANAGEMENT POSITION WHICH THEY HOLD SUCH PHYSICIANS GENERALLY ARE NOT PARTICIPANTS IN THE EXECUTIVE COMPENSATION PLAN, AND THEIR COMPENSATION, INCLUDING BASE SALARY, BENEFITS, AND ANY APPLICABLE BONUS OR INCENTIVE COMPENSATION, IS ESTABLISHED IN ACCORDANCE WITH NATIONALLY RECOGNIZED PHYSICIAN COMPENSATION SURVEYS AND IS SET FORTH IN WRITTEN EMPLOYMENT AGREEMENTS WHICH ARE APPROVED BY THE BOARD OF DIRECTORS AND ITS EXECUTIVE COMMITTEE.

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST

Return Reference	Explanation
PART XI, LINE 9, CHANGES IN NET ASSETS	EQUITY INCOME - RONI $ 142,500 EQUITY INCOME - ORMC $ (2,623,869) CHANGE IN RESTRICTED DONATIONS $ (741) ---------- TOTAL $ (2,482,110)

Return Reference	Explanation
PART XII, LINE 2C	THE ORGANIZATION'S GOVERNING BOARD MEETS WITH THE AUDITORS TO REVIEW THE AUDIT REPORT AND MANAGEMENT LETTER

Return Reference	Explanation
SCHEDULE R - PART I - (B) PRIMARY ACTIVITY	OSF LIFELINE AMBULANCE, LLC OWNS TEN AMBULANCES AND FOUR WHEEL CHAIR VANS CONFIGURED AND EQUIPPED FOR PATIENT TRANSPORT AND PROVIDES GROUND AMBULANCE SERVICES IN NORTHERN ILLINOIS POINTCORE, LLC POOLS RESOURCES, SUCH AS DATA STORAGE AND TELECOMMUNICATION, TO IMPROVE THE QUALITY OF HEALTHCARE SERVICES TO ITS MEMBERS AND TO THIRD PARTIES

Return Reference	Explanation
SCHEDULE R - PART II - (B) PRIMARY ACTIVITY	THE SISTERS OF THE THIRD ORDER OF ST FRANCIS IS THE SOLE MEMBER OF THE CORPORATION AND IS ENGAGED IN ACTIVITIES RELATED TO GOVERNANCE OF THE CORPORATION OSF HEALTHCARE FOUNDATION RAISES FUNDS TO SUPPORT THE ACTIVITIES OF THE CORPORATION ST FRANCIS COMMUNITY CLINIC PROVIDES FREE COMPREHENSIVE HEALTH CARE SERVICES TO THE INDIGENT POPULATION OF THE AREA OTTAWA REGIONAL HOSPITAL AUXILIARY OPERATES TO PROMOTE AND ADVANCE THE WELFARE OF OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER OTTAWA REGIONAL HOSPITAL FOUNDATION SUPPORTS AND ENCOURAGES HEALTHCARE SERVICES IN FURTHERANCE OF THE SUPPORT OF AND IN ASSISTANCE TO OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER THROUGH PROVIDING FINANCIAL AND FUNDRAISING ASSISTANCE OTTAWA REGIONAL HOSPITAL & HEALTHCARE LIABILITY LOSS FUND PROVIDES A VEHICLE FOR SELF-INSURING RISKS ARISING FROM THE OPERATION AND MAINTENANCE OF THE OTTAWA REGIONAL HOSPITAL & HEALTHCARE CENTER OSF MULTI-SPECIALITY GROUP HAS BEEN ORGANIZED TO SUPPORT THE MISSION OF OSF HEALTHCARE SYSTEM IN FUTURE YEARS THROUGH THE PROVISION OF QUALITY HEALTHCARE SERVICES RELATED TO COMPREHENSIVE INPATIENT AND OUTPATIENT CARE IT HAS NOT YET COMMENCED OPERATIONS OSF HEART & VASCULAR INSTITUTE HAS BEEN ORGANIZED TO SUPPORT THE MISSION OF OSF HEALTHCARE SYSTEM IN FUTURE YEARS THROUGH THE PROVISION OF QUALITY HEALTHCARE SERVICES RELATED TO CARDIOVASCULAR CARE AND TREATMENT IT HAS NOT YET COMMENCED OPERATIONS CHILDREN'S HOSPITAL OF ILLINOIS MEDICAL GROUP HAS BEEN ORGANIZED TO SUPPORT THE MISSION OF OSF HEALTHCARE SYSTEM IN FUTURE YEARS THROUGH THE PROVISION OF QUALITY HEALTHCARE SERVICES RELATED TO COMPREHENSIVE INPATIENT AND OUTPATIENT CARE FOR CHILDREN IT HAS NOT YET COMMENCED OPERATIONS ILLINOIS NEUROSCIENCE INSTITUTE HAS BEEN ORGANIZED TO SUPPORT THE MISSION OF OSF HEALTHCARE SYSTEM IN FUTURE YEARS THROUGH THE PROVISION OF QUALITY HEALTHCARE SERVICES RELATED TO RESEARCH CENTER FOR DIAGNOSIS AND TREATMENT OF BRAIN DISORDERS IT HAS NOT YET COMMENCED OPERATIONS OSF HEALTHCARE SYSTEM IS AN INTEGRATED HEALTH CARE DELIVERY SYSTEM IN WHICH ALL PATIENTS ARE ACCEPTED REGARDLESS OF THEIR ABILITY TO PAY ALL FACILITIES, SERVICES, PHYSICIANS AND OTHER PROFESSIONAL STAFF OF OSF HEATLHCARE SYSTEM SERVE ALL PATIENTS WITHOUT REGARD TO RACE, RELIGION, AGE, SEX, NATIONAL ORIGIN, PAYER SOURCE OR ABILITY TO PAY

Return Reference	Explanation
SCHEDULE R - PART III - (B) PRIMARY ACTIVITY	CENTER FOR HEALTH AMBULATORY SURGERY CENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGICAL CENTER IN PEORIA, ILLINOIS STATE AND ROXBURY, LLC OPERATES A REAL ESTATE MANAGEMENT ORGANIZATION IN ROCKFORD, ILLINOIS EASTLAND MEDICAL PLAZA SURGICENTER, LLC OPERATES A MULTISPECIALTY AMBULATORY SURGERY TREATMENT CENTER IN BLOOMINGTON, ILLINOIS FORT JESSE IMAGING CENTER, LLC OPERATES A STAND-ALONE MEDICAL IMAGING CENTER IN BLOOMINGTON, ILLINOIS SLEEP CENTER OF CENTRAL ILLINOIS, LLC OPERATES A STAND-ALONE SLEEP DISORDER DIAGNOSTIC CENTER IN BLOOMINGTON, ILLINOIS RADIATION ONCOLOGY OF NORTHERN ILLINOIS, LLC OPERATES A RADIATION ONCOLOGY CENTER POINT CORE NETWORK SERVICES, LLC IS AN INFORMATION TECHNOLOGY COMPANY THAT PROVIDES STRATEGY, PLANNING, CONSTRUCTION, AND OPERATIONAL SUPPORT FOR THE VOICE, VIDEO AND DATA NETWORKS OF LEADING HEALTHCARE ORGANIZATIONS

Return Reference	Explanation
SCHEDULE R - PART IV - (B) PRIMARY ACTIVITY	OSF SAINT FRANCIS, INC PROVIDES HEALTHCARE RELATED SERVICES SUCH AS MEDICAL PRACTICE MANAGEMENT, RETAIL PHARMACIES, MOBILE MEDICAL SYSTEMS, DURABLE MEDICAL EQUIPMENT, HOME THERAPEUTICS, REAL ESTATE RENTAL AND EQUIPMENT TECHNOLOGY SERVICES HEARTCARE MIDWEST, LTD IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING CENTRAL ILLINOIS CARDIOVASCULAR INSTITUTE AT OSF, LLC IS A PHYSICIAN GROUP OF CARDIOVASCULAR SPECIALISTS SERVING NORTHERN ILLINOIS ILLINOIS PATHOLOGIST SERVICES, LLC PROVIDES PATHOLOGY SERVICES IN NORTHERN ILLINOIS OSF MULTISPECIALTY GROUP - EASTERN REGION, LLC IS A MULTISPECIALTY CLINIC SERVING EASTERN ILLINOIS, OFFERING SERVICES IN ADULT MEDICINE, BEHAVIORAL FAMILY MEDICINE, GENERAL SURGERY, NEUROLOGY, OBSTETRICS, GYNECOLOGY, PEDIATRICS, PHYSIATRY, PULMONOLOGY, RADIOLOGY AND UROLOGY OSF MULTISPECIALTY GROUP - PEORIA, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESSES ILLINOIS NEUROLOGICAL INSTITUTE - PHYSICIANS, LLC PROVIDES A FULL SPECTRUM OF ADULT AND PEDIATRIC CARE FOR ILLNESSES AFFECTING THE BRAIN, SPINAL CORD, AND PERIPHERAL NERVES ILLINOIS SPECIALTY PHYSICIAN SERVICES AT OSF, LLC PROVIDES PULMONOLOGY AND CRITICAL CARE SERVICES IN CENTRAL ILLINOIS OSF PERINATAL ASSOCIATES, LLC PROVIDES MATERNAL FETAL MEDICINE PHYSICIAN SERVICES IN CENTRAL ILLINOIS OSF MULTISPECIALTY GROUP - WESTERN REGION, LLC IS A MULTISPECIALTY CLINIC SERVING WESTERN ILLINOIS, OFFERING SERVICES IN A WIDE VARIETY OF GENERAL AND SPECIALTY MEDICAL CATEGORIES OSF CHILDREN'S MEDICAL GROUP - CONGENITAL HEART CENTER, LLC PROVIDES PEDIATRIC CARE FOR CARDIOVASCULAR ILLNESS IN NORTHERN ILLINOIS PREFERRED EMERGENCY PHYSICIANS OF ILLINOIS, LLC PROVIDES PHYSICIAN COVERAGE FOR EMERGENCY DEPARTMENTS OTTAWA REGIONAL HEALTHCARE AFFILIATES, INC IS A HOLDING COMPANY FOR OTTAWA REGIONAL MEDICAL CENTER, INC OTTAWA REGIONAL MEDICAL CENTER, INC PROVIDES OUTPATIENT MEDICAL AND DIAGNOSTIC SERVICES

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493229030165

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
Ottawa Regional Hospital & Healthcare Center

Employer identification number
36-2604009

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
(1) OSF Lifeline Ambulance LLC 318 Roxbury Road Rockford, IL 61107 20-0080542	SCHEDULE O	IL	0	0	OSF
(2) POINTCORE LLC 9600 N FRANCISCAN DR PEORIA, IL 61615 46-5126926	SCHEDULE O	IL	0	0	OSF

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
See Additional Data Table							

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) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Center for Health Ambulatory Surgery Cen 8800 Route 91 North Peoria, IL 61615 20-5557171	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
(2) State and Roxbury LLC 1725 Huntwood Dr Suite 400 Cherry Valley, IL 61016 26-1728983	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
(3) Eastland Medical Plaza Surgicenter LLC 1505 Eastland Drive Bloomington, IL 61701 37-1400643	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
(4) Fort Jesse Imaging Center LLC 2200 Ft Jesse Road Normal, IL 61761 46-0515604	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
(5) Sleep Center of Central Illinois LLC 2204 Eastland Drive Suite 100 Bloomington, IL 61704 81-0581886	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
(6) Radiation Oncology of Northern Illinois 1200 Starfire Drive Ottawa, IL 61350 75-3247165	SCHEDULE O	IL	ORHHC	RELATED	0	0		No			No	
(7) POINT CORE NETWORK SERVICES LLC 222 3RD AVE SE SUITE 500 CEDAR RAPIDS, IA 52401 46-5393141	SCHEDULE O	IA	POINTCORELLC	RELATED	0	0		No			No	

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
See Additional Data Table									

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	Yes	
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		
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) OTTAWA REGIONAL MEDICAL CENTER INC	B	2,623,869	

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

Additional Data

Software ID:
Software Version:
EIN: 36-2604009
Name: Ottawa Regional Hospital & Healthcare Center

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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	No
(1) Sisters of the Third Order of StFrancis 800 NE Glen Oak Ave Peoria, IL 61603 37-1259286	SCHEDULE O	IL	501(C)(3)	Ln11 TYPEII	NA		No
(1) OSF Healthcare Foundation 800 NE Glen Oak Ave Peoria, IL 61603 37-1259284	SCHEDULE O	IL	501(C)(3)	Ln11 TYPEII	NA		No
(2) St Francis Community Clinic 530 NE Glen Oak Ave Peoria, IL 61603 37-0661235	SCHEDULE O	IL	501(c)(3)	Ln7	SIS 3RD OSF		No
(3) Ottawa Regional Hospital Foundation 1100 East Norris Drive Ottawa, IL 61350 36-4007569	SCHEDULE O	IL	501(C)(3)	LN11A TYPEI	ORHHC	Yes	
(4) Ottawa Regional Hospital Auxiliary 1100 East Norris Drive Ottawa, IL 61350 36-3854788	SCHEDULE O	IL	501(c)(3)	LN11C TYIII	NA		No
(5) OTTAWA REG HOSP & HEALTHCARE CTR LIAB 1100 East Norris Drive Ottawa, IL 61350 36-3612653	SCHEDULE O	IL	501(c)(3)	Ln11A TYPEI	ORHHC	Yes	
(6) OSF Multi-Specialty Group 800 NE Glen Oak Avenue Peoria, IL 61603 38-3852646	SCHEDULE O	IL	501(c)(3)	Ln11A TYPEI	OSF		No
(7) OSF Heart & Vascular Institute 800 NE Glen Oak Avenue Peoria, IL 61603 35-2422385	SCHEDULE O	IL	501(c)(3)	Ln11A TYPEI	OSF		No
(8) Children's Hospital of Illinois Med GRP 800 NE Glen Oak Avenue Peoria, IL 61603 32-0353954	SCHEDULE O	IL	501(c)(3)	Ln11A TYPEI	OSF		No
(9) Illinois Neuroscience Institute 800 NE Glen Oak Avenue Peoria, IL 61603 36-4709999	SCHEDULE O	IL	501(c)(3)	Ln11A TYPEI	OSF		No
(10) OSF HEALTHCARE SYSTEM 800 NE GLEN OAK AVENUE PEORIA, IL 61603 37-0813229	SCHEDULE O	IL	501(C)(3)	LN3	SIS 3RD OSF		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Center for Health Ambulatory Surgery Cen 8800 Route 91 North Peoria, IL 61615 20-5557171	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
State and Roxbury LLC 1725 Huntwood Dr Suite 400 Cherry Valley, IL 61016 26-1728983	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
Eastland Medical Plaza Surgicenter LLC 1505 Eastland Drive Bloomington, IL 61701 37-1400643	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
Fort Jesse Imaging Center LLC 2200 Ft Jesse Road Normal, IL 61761 46-0515604	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
Sleep Center of Central Illinois LLC 2204 Eastland Drive Suite 100 Bloomington, IL 61704 81-0581886	SCHEDULE O	IL	OSF	RELATED	0	0		No			No	
Radiation Oncology of Northern Illinois 1200 Starfire Drive Ottawa, IL 61350 75-3247165	SCHEDULE O	IL	ORHHC	RELATED	0	0		No			No	
POINT CORE NETWORK SERVICES LLC 222 3RD AVE SE SUITE 500 CEDAR RAPIDS, IA 52401 46-5393141	SCHEDULE O	IA	POINTCORELLC	RELATED	0	0		No			No	

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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	No
OSF Saint Francis Inc 800 NE Glen Oak Ave Peoria, IL 61603 36-3484677	SCHEDULE O	IL	OSF	C	0	0			
Heartcare Midwest Ltd 5405 N Knoxville Avenue Peoria, IL 61614 37-0996868	SCHEDULE O	IL	OSF	C	0	0			
Cardiovascular Institute at OSF LLC 444 Roxbury Road Rockford, IL 61107 26-4225726	SCHEDULE O	IL	OSF	C	0	0			
Illinois Pathologist Services LLC 5666 East State Street Rockford, IL 61108 80-0439081	SCHEDULE O	IL	OSF	C	0	0			
OSF Multispecialty Grp-Eastern Reg LLC 1701 E College Avenue Bloomington, IL 61704 30-0561892	SCHEDULE O	IL	OSF	C	0	0			
OSF Multispecialty Group-Peoria LLC 530 NE Glen Oak Avenue Peoria, IL 61637 26-2800379	SCHEEDULE O	IL	OSF	C	0	0			
Illinois Neurological Institute-PhyLLC 719 N William Kumpf Blvd Peoria, IL 61605 26-3109118	SCHEEDULE O	IL	OSF	C	0	0			
Illinois Spec Phy Svcs At OSF LLC 1001 Main Street Suite 200 Peoria, IL 61606 80-0462209	SCHEDULE O	IL	OSF	C	0	0			
OSF Perinatal Associates LLC 4911 Executive Drive Suite 200 Peoria, IL 61614 80-0498373	SCHEDULE O	IL	OSF	C	0	0			
OSF Multispecialty Gr-Western RegionLLC 3315 North Seminary Street Galesburg, IL 61401 80-0608541	SCHEDULE O	IL	OSF	C	0	0			
OSF Children's Medical Group-Congenital 5701 Strathmoor Drive Suite 1 Rockford, IL 61107 90-0714643	SCHEDULE O	IL	OSF	C	0	0			
Preferred Emergency Phy of Illinois LLC 800 NE Glen Oak Avenue Peoria, IL 61603 90-0749855	SCHEDULE O	IL	OSF	C	0	0			
Ottawa Reg Healthcare Affiliates Inc 1100 East Norris Drive Ottawa, IL 61350 26-3937519	SCHEDULE O	IL	ORHHC	C	0	0			
Ottawa Regional Medical Center Inc 1614 East Norris Drive Ottawa, IL 61350 27-1036071	SCHEDULE O	IL	ORHHC	C	0	0			

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Financial Statements
and Supplementary Information

September 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Table of Contents

KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

OSF Healthcare System
Peoria, Illinois:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of OSF Healthcare System and Subsidiaries (OSF), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 OSF Healthcare System and Subsidiaries as of September 30, 2014 and

2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1 through 8 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 information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Chicago, Illinois
February 10, 2015

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2014 and 2013

(In thousands)

Assets		2014	2013
Current:			
Cash and cash equivalents	$	280,090	264,949
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $144,902 in 2014 and $158,939 in 2013		398,852	369,698
Other		68,767	72,547
Total current assets		747,709	707,194
Investments		907,012	754,601
Assets limited as to use		166,896	150,482
Property and equipment, net		973,022	960,810
Restricted assets		59,767	54,637
Other assets		68,829	66,949
Total assets	$	2,923,235	2,694,673
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	13,232	8,783
Accounts payable and accrued expenses		265,220	224,561
Estimated third-party payor settlements		82,486	80,167
Total current liabilities		360,938	313,511
Long-term debt, net of current portion		907,682	881,390
Accrued benefit liability		428,805	274,073
Estimated self-insurance liabilities		177,026	158,014
Other liabilities		54,503	49,015
Total liabilities		1,928,954	1,676,003
Net assets:			
Unrestricted:			
Unrestricted net assets of OSF		925,538	954,777
Noncontrolling interests in subsidiaries		8,976	9,256
Total unrestricted net assets		934,514	964,033
Temporarily restricted		36,966	38,213
Permanently restricted		22,801	16,424
Total net assets		994,281	1,018,670
Total liabilities and net assets	$	2,923,235	2,694,673

See accompanying notes to consolidated financial statements.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Operations and Change in Unrestricted Net Assets

Years ended September 30, 2014 and 2013

(In thousands)

	2014	2013
Net patient service revenue, net of contractual allowances and discounts	$ 2,065,269	2,005,184
Provision for uncollectible accounts	(67,258)	(94,333)
Net patient service revenues less provision for uncollectible accounts	1,998,011	1,910,851
Other revenues		
Contributions	3,434	4,043
Other	92,513	81,228
Net assets released from restrictions used for operations	2,868	2,578
Total revenues	2,096,826	1,998,700
Expenses		
Salaries and benefits	1,154,034	1,140,414
Sisters' evaluated services	1,191	1,152
Supplies and other expenses	745,619	735,627
Depreciation and amortization	95,517	91,448
Interest	36,185	35,726
Total expenses	2,032,546	2,004,367
Income (loss) before income tax expense	64,280	(5,667)
Income tax expense	363	331
Income (loss) from operations	63,917	(5,998)
Nonoperating gains (losses)		
Investment income	38,137	35,745
Net settlement of derivative instruments	(7,914)	1,364
Change in fair value of investments	12,308	18,559
Loss on early extinguishment of debt	(2,993)	(738)
Change in fair value of derivative instruments	(4,835)	18,389
Contribution of excess assets over liabilities for Saint Luke Medical Center and other	23,270	—
Total nonoperating gains, net	57,973	73,319
Discontinued operations		
Loss from operations of OSF Saint Clare Home	—	(1,172)
Net income	121,890	66,149
Other changes in unrestricted net assets		
Net assets released from restrictions used for the purchase of property and equipment	6,429	2,641
Transfer to affiliate and other	(200)	(8,947)
Recognition of change in pension funded status	(151,927)	156,685
Net (distributions made to) contributions from noncontrolling shareholders	(5,711)	163
Change in unrestricted net assets	$ (29,519)	216,691

See accompanying notes to consolidated financial statements

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended September 30, 2014 and 2013

(In thousands)

	2014	2013
Unrestricted net assets:		
Net income	$ 121,890	66,149
Other changes in unrestricted net assets:		
Net assets released from restrictions used for the purchase of property and equipment	6,429	2,641
Transfer to affiliate and other	(200)	(8,947)
Recognition of change in pension funded status	(151,927)	156,685
Net (distributions made to) contributions from noncontrolling shareholders	(5,711)	163
Change in unrestricted net assets	(29,519)	216,691
Temporarily restricted net assets:		
Contributions and other	6,271	13,782
Investment income	1,779	1,608
Net assets released from restrictions, including $71 related to discontinued operations in 2013	(9,297)	(5,290)
Change in temporarily restricted net assets	(1,247)	10,100
Permanently restricted net assets:		
Contributions	6,377	3,245
Change in net assets	(24,389)	230,036
Net assets, beginning of year	1,018,670	788,634
Net assets, end of year	$ 994,281	1,018,670

See accompanying notes to consolidated financial statements.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2013

(In thousands)

	2014	2013
Cash flows from operating activities		
Change in net assets	$ (24,389)	230,036
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Income from equity basis investments and gain on sale	(1,290)	(5,408)
Contribution of excess assets over liabilities for Saint Luke Medical Center and other	(24,005)	—
Distributions from equity basis investments	842	4,121
Loss on early extinguishment of debt	2,993	738
Amortization of bond issue costs and premiums discounts included in interest expense	83	(96)
Change in fair value of derivative instruments	4,835	(18,389)
Change in fair value of trading securities	(18,001)	(15,519)
Transfer to affiliate and other	200	8,947
Net realized gains on investments	(17,642)	(13,430)
Net distributions paid to (contributions from) noncontrolling interests, including $6,815 from consolidating joint venture in 2013	5,711	(163)
Depreciation and amortization	95,517	91,448
Restricted contributions and investment income	(14,427)	(18,635)
Net assets released from restrictions	2,868	2,649
Provision for uncollectible accounts	67,258	94,333
Recognition of change in pension funded status	151,927	(156,685)
Changes in assets and liabilities		
Patients' and residents' accounts receivable	(91,177)	14,930
Other current assets	3,132	14,007
Other assets	1,158	14,535
Other liabilities	3,458	(18,607)
Accounts payable and accrued expenses	38,020	16,183
Estimated third-party payor settlements	516	(9,077)
Estimated self-insurance liabilities	19,012	10,252
Net cash provided by operating activities	206,599	246,170
Cash flows from investing activities		
Acquisition of property and equipment	(91,674)	(116,705)
Asset stock purchase of affiliates	(500)	(1,058)
Change in restricted assets	(4,393)	13,345
Cash received from acquisition of Saint Luke Medical Center and other	4,647	—
Gross purchases of investments	(562,558)	(493,553)
Gross proceeds from the sale of investments	453,936	505,156
Net cash used in investing activities	(200,542)	(92,815)
Cash flows from financing activities		
Restricted contributions and investment income	14,427	18,635
Net assets released from restriction for operations	(2,868)	(2,649)
Net distributions paid to noncontrolling interests	(5,711)	(6,652)
Proceeds from issuance of long-term debt, including premium	69,456	126,604
Transfer to affiliate and other	(200)	(8,947)
Extinguishment of long-term debt, including redemption premium	(57,378)	(1,893)
Repayment of long-term debt	(8,642)	(134,205)
Cash from consolidating joint venture	—	694
Net cash provided by (used in) financing activities	9,084	(8,413)
Net change in cash and cash equivalents	15,141	144,942
Cash and cash equivalents		
Beginning of year OSF	264,949	120,007
End of year OSF	$ 280,090	264,949
Supplemental disclosures of cash flow information		
Cash paid for interest, net of amounts capitalized	$ 36,225	33,338
Cash paid for income taxes	12	12

(Continued)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended September 30, 2014 and 2013

(In thousands)

	2014	2013
Noncash transactions associated with Saint Luke Medical Center for 2014 and a consolidating joint venture for 2013		
Patient accounts receivable	$ 5,235	2,252
Other current assets	1,480	282
Investments	24,560	—
Property and equipment	16,055	1,260
Restricted assets	737	—
Other long-term assets	3,038	15,409
Accounts payable and accrued expenses	(2,639)	(2,228)
Estimated third-party payor settlements	(1,803)	—
Long-term debt	(27,305)	(3,023)

See accompanying notes to consolidated financial statements

(1) Organization

OSF Healthcare System (OSF) is an Illinois not-for-profit corporation incorporated in 1880 as The Sisters of the Third Order of St. Francis. OSF's current name was adopted as part of a corporate restructuring in 1989 at which time a new Illinois not-for-profit corporation known as The Sisters of the Third Order of St. Francis (Parent) was incorporated by a religious congregation of the Roman Catholic Church having the same name. The Parent is the sole member of OSF and OSF Healthcare Foundation (the Foundation). OSF currently owns and operates eight hospitals, one nursing home (through February 2013), and other healthcare-related entities. OSF operates its healthcare facilities as a single corporation, with each healthcare facility functioning as an operating division of OSF. OSF consists of the following healthcare providers (Providers):

OSF St. Francis Hospital, Escanaba, Michigan
OSF Saint Anthony Medical Center, Rockford, Illinois (SAMC)
OSF Saint James-John W. Albrecht Medical Center, Pontiac, Illinois (SJJAMC)
OSF St. Joseph Medical Center, Bloomington, Illinois (SJMC)
OSF Saint Francis Medical Center, Peoria, Illinois (SFMC)
OSF St. Mary Medical Center, Galesburg, Illinois
OSF Holy Family Medical Center, Monmouth, Illinois (HFMC)
OSF Saint Clare Home, Peoria Heights, Illinois (Sold effective February 2013)
OSF Home Care, Peoria, Illinois
OSF Saint Luke Medical Center, Kewanee, Illinois

In addition to the Providers, the consolidated financial statements include activities of the OSF Corporate Office and OSF's subsidiaries: Ottawa Regional Hospital & Healthcare Center and Subsidiaries, OSF Saint Francis, Inc. and Subsidiaries (SFI), OSF Lifeline Ambulance, LLC, 11 wholly owned physician group subsidiaries, and PointCore, LLC.

On April 30, 2012, OSF became the sole corporate member of Ottawa Regional Hospital & Healthcare Center d/b/a OSF Saint Elizabeth Medical Center (SEMC) an Illinois not-for-profit corporation. SEMC owns all of the capital stock of Ottawa Regional Healthcare Affiliates, Inc. (ORHA) and Ottawa Regional Hospital Auxiliary. SEMC is the sole member of Ottawa Regional Hospital Foundation and has a 57% ownership in Radiation Oncology of Northern Illinois, LLC (RONI). RONI is consolidated by SEMC.

ORHA is an Illinois for-profit corporation, was incorporated in 2008, and is wholly owned by SEMC. ORHA is a holding company and does not itself operate any businesses. ORHA is the sole stockholder of Ottawa Regional Medical Center, Inc. (ORMC) and Ottawa Regional Cardinal Sleep Center, LLC (ORCSC) and 50% owner of Ottawa Regional DME, LLC (DME). ORHA has not made any initial capital contributions to ORCSC and DME and there have been no operations within these entities at September 30, 2014 and 2013.

ORMC, an Illinois for-profit corporation, was incorporated in 2009. It provides primary care services through employed physicians and nurse practitioners at two locations. It also renders occupational health services, and operates a full-service laboratory and an urgent care clinic.

(Continued)

(In thousands)

ORCSC and DME are limited liability companies formed in July 2010.

Ottawa Regional Hospital Auxiliary is an Illinois not-for-profit corporation organized and operated to support the charitable purposes of SEMC.

Ottawa Regional Hospital Foundation is an Illinois not-for-profit fund raising organization whose purpose is to support and encourage healthcare services in furtherance of the purpose of an in assistance to SEMC.

RONI is an Illinois limited liability company, formed in 2007 to own and operate a radiation oncology center.

OSF is the sole member of the Board of Managers of Pointcore, LLC, a limited liability company organized under the laws of the State of Delaware on December 20, 2013 the purpose of which is to pool resources, such as data storage and telecommunications, to improve the quality of healthcare services to its Members and to third parties.

OSF Saint Luke Medical Center (SLMC) (formerly known as Kewanee Hospital), Kewanee, Illinois merged into OSF pursuant to a statutory merger on April 1, 2014. SLMC is a 25-bed critical access hospital serving the community since 1919. The transaction resulted in a contribution of excess assets over liabilities of $21,875 being recorded in the consolidated statements of operations and change in unrestricted net assets during 2014.

The following table represents the balance sheet as of April 1, 2014 for SLMC:

Assets	
Current:	
Cash and cash equivalents	$ 3,254
Patients' accounts receivable, net	5,235
Other current assets	1,480
Total current assets	9,969
Investments	24,560
Property and equipment, net	16,055
Restricted assets	737
Other long-term assets	3,038
Total assets	$ 54,359

(Continued)

(In thousands)

Liabilities and Net Assets

Current liabilities:		
Current portion of long-term debt	$	965
Accounts payable and accrued expenses		2,639
Estimated third-party payor settlements		1,803
Total current liabilities		5,407
Long-term debt, net of current portion		26,340
Total liabilities		31,747
Net Assets:		
Unrestricted		21,875
Temporarily restricted		54
Permanently restricted		683
Total net assets		22,612
Total liabilities and net assets	$	54,359

On an annualized basis the expected revenue and expense for SLMC is $28,600 and $27,500, respectively.

SFI is an Illinois for-profit corporation incorporated in 1986 and is engaged in the following lines of business: medical practice management, retail pharmacies, mobile medical systems, durable medical equipment, home therapeutics, real estate rental, and equipment technology services. SFI also participates in various health-related joint ventures and is the sole corporate member of OSF Aviation, Inc., OSF Design Group, Inc., OSF Assurance Company, and OSF Finance Company LLC (OSFFC). OSF Aviation, Inc. is an Illinois limited liability corporation formed on January 28, 2002 for the purpose of acquiring and operating emergency medical equipped helicopters in support of the trauma services programs of SFMC and SAMC. OSF Design Group, Inc. is an Illinois limited liability corporation formed on October 1, 2004 to provide professional architectural services as a registered professional design firm to OSF and its subsidiaries. OSF Assurance Company is a Vermont general corporation incorporated on December 8, 2004 and organized for the purpose of writing insurance and reinsurance as a captive insurance company. OSFFC, an Illinois limited liability company, was organized in November 2007 to be a nominal issuer of taxable corporate notes or other debt instruments used to finance certain capital expenditures that would not be eligible for tax-exempt financing. OSF is not a borrower, obligor, or guarantor of any indebtedness issued by OSFFC.

OSF Lifeline Ambulance, LLC is an Illinois limited liability corporation that commenced operations on October 1, 2003, as a subsidiary of SFI, to provide emergency ground transportation services. SFI contributed all of its ownership interest of OSF Lifeline Ambulance, LLC to OSF effective January 1, 2009.

OSF has 11 wholly owned physician group subsidiaries, which have been formed or acquired to provide physician services and function as physician groups and include the following:

OSF Multispecialty Group – Peoria, LLC was organized on June 11, 2008 and commenced operations on July 1, 2008 to provide pediatric care for cardiovascular illnesses in central Illinois.

Illinois Neurological Institute – Physicians, LLC (INI) was organized on July 23, 2008 and commenced operations on September 22, 2008. INI provides a full spectrum of adult and pediatric care for illnesses affecting the brain, spinal cord, and peripheral nerves.

HeartCare Midwest, Ltd (HCM) was acquired by OSF in a stock purchase transaction on September 1, 2008. HCM is physician group of cardiovascular specialists serving central and northern Illinois.

Cardiovascular Institute at OSF, LLC was organized on January 13, 2009 and commenced operations on April 17, 2009. Cardiovascular Institute at OSF, LLC is a physician group of cardiovascular specialists serving northern Illinois.

OSF Multispecialty Group – Eastern Region, LLC was organized on May 28, 2009 and commenced operations on September 14, 2009. OSF Multispecialty Group – Eastern Region, LLC is a multispecialty clinic serving eastern Illinois, offering services in a wide variety of general and specialty medical categories.

Illinois Pathologist Services, LLC was organized on July 9, 2009 and commenced operation on July 19, 2009 to provide pathology services in northern Illinois.

Illinois Specialty Physician Services at OSF, LLC was organized on August 4, 2009 and commenced operations on November 1, 2009 to provide pulmonary, critical care, and sleep medicine in central Illinois.

OSF Perinatal Associates, LLC was organized on October 21, 2009 and commenced operations on December 13, 2009 to provide perinatology services in central Illinois.

OSF Multispecialty Group – Western Region, LLC was organized on June 8, 2010 and commenced operations on November 1, 2010. OSF Multispecialty Group – Western Region, LLC is a multispecialty clinic serving western Illinois, offering services in a wide variety of general and specialty medical categories.

OSF Children's Medical Group – Congenital Heart Center, LLC was organized on April 28, 2011 and commenced operations on July 24, 2011 to provide pediatric care for cardiovascular illnesses in northern Illinois.

Preferred Emergency Physicians of Illinois, LLC was organized on August 4, 2011 and commenced operation on September 1, 2011 to provide physician coverage for emergency departments.

OSF owns 50% or more and has management control in the following consolidated joint venture entities:

State and Roxbury, LLC (SAR) was formed in 2009 to establish and operate a real estate management organization in Rockford, Illinois. SAMC has a 51.00% controlling interest in SAR as of September 30, 2014 and 2013.

The Center For Health Ambulatory Surgery Center, LLC (CHASC) was formed in 2007 to establish and operate a multispecialty ambulatory surgical center in Peoria, Illinois. SFMC has a 55.50% controlling interest in CHASC as of September 30, 2014 and 2013.

Fort Jesse Imaging Center, LLC (FJIC) was formed in 2002 to establish and operate a medical imaging center in Bloomington, Illinois. SJMC has a 50.10% controlling interest in FJIC as of September 30, 2014 and 2013.

Sleep Center of Central Illinois, LLC (SCCI) was formed in 2002 to establish and operate a sleep disorder diagnostic center in Bloomington, Illinois. SJMC has a 50.05% controlling interest in SCCI as of September 30, 2014 and 2013.

Eastland Medical Plaza SurgiCenter, LLC (EMPS) was formed in 2000 to establish and operate an ambulatory surgery treatment center in Bloomington, Illinois. SJMC has a 52.72% and 53.60% controlling interest in EMPS as of September 30, 2014 and 2013, respectively.

RONI, an Illinois limited liability company, was formed in 2007 to own and operate a radiation oncology center. SEMC has a 57.00% controlling ownership in RONI as of September 30, 2014 and 2013.

(Continued)

(In thousands)

The following represents a reconciliation of beginning and ending balances of OSF's interest and the noncontrolling interests for each class of net assets for which a noncontrolling interest exists during the years ended September 30, 2014 and 2013:

		Unrestricted net assets		
		Total	Controlling interest	Noncontrolling interest
Balance at September 30, 2012	$	747,342	744,555	2,787
Net income		66,149	59,843	6,306
Transfer to affiliate and other		(8,947)	(8,947)	—
Net assets released from restrictions used for the purchase of property and equipment		2,641	2,641	—
Recognition of change in pension funded status		156,685	156,685	—
Net contributions received from noncontrolling shareholders		163	—	163
Balance at September 30, 2013		964,033	954,777	9,256
Net income		121,890	116,459	5,431
Transfer to affiliate and other		(200)	(200)	—
Net assets released from restrictions used for the purchase of property and equipment		6,429	6,429	—
Recognition of change in pension funded status		(151,927)	(151,927)	—
Net distributions made to noncontrolling shareholders		(5,711)	—	(5,711)
Balance at September 30, 2014	$	934,514	925,538	8,976

The accompanying consolidated financial statements do not include the accounts of the Parent and the Foundation. The Foundation is an Illinois not-for-profit corporation, created to promote, encourage, and solicit, as well as receive and accept, funds in support of the purposes and functions of OSF and the Parent by establishing a council at each of OSF's Provider locations. It is the responsibility of the Foundation staff to develop and implement sound, practical, fund-raising strategies and tactics, the ultimate goal of which is to produce philanthropic support for the various OSF facilities. All funds collected and pledges received are done on behalf of the various OSF facilities and, therefore, shown as due to affiliates by the Foundation. OSF recognizes its net interest in the net assets of the Foundation based on contributions and pledges received by the Foundation on its behalf. The Foundation is a controlled subsidiary of the Parent and, therefore, is not required to be consolidated in the accompanying consolidated financial statements.

(Continued)

(In thousands)

Summarized financial information of the Foundation for the years ended September 30, 2014 and 2013 is as follows:

	2014	2013
Cash, investments, pledges, and other	$ 90,641	84,457
Accounts payable and due to affiliates	4,006	4,830
Unrestricted net assets	40,144	37,164
Temporarily restricted net assets	29,522	31,190
Permanently restricted net assets	16,969	11,273
Cash transfers to OSF during the year	11,871	6,725

The amount due from the Foundation recognized at September 30, 2014 and 2013 consists of $2,008 and $2,682, respectively, in other current assets, $39,693 and $36,236, respectively, in investments, $46,491 and $42,946, respectively, in restricted assets in the accompanying consolidated balance sheets.

Expenses included in the accompanying consolidated financial statements relate primarily to the provision of healthcare services and general and administrative costs.

(2) Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include: the useful lives of fixed assets; allowances for doubtful accounts; the valuation of derivative instruments, recoverability of deferred tax assets, carrying value of fixed assets, fair value of investments; and reserves for employee benefit and self-insurance liabilities.

(b) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less when purchased, except amounts shown as assets limited as to use, investments (including amounts held at the Foundation), and restricted assets.

(c) Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets.

Investment income on funds held in trust for self-insurance purposes is included in other revenue. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as nonoperating gains or losses in the accompanying consolidated

statements of operations and changes in unrestricted net assets, unless the income or loss is restricted by donor or law. Management considers all investments to be trading securities.

(d) Assets Limited as to Use

Assets limited as to use include amounts held by the bond trustee for payment of principal, interest, and acquisition and construction of equipment and facilities as defined in the loan agreement along with designated assets set aside for self-insurance of medical malpractice, unemployment compensation, and workers' compensation. It is OSF's policy to classify all amounts held by a trustee as long term.

(e) Other Assets – Joint Ventures

OSF and certain subsidiaries have investments in organizations that are not majority owned or controlled by OSF organizations. OSF and its subsidiaries account for their investments in these organizations using the cost or equity method of accounting. The equity method of accounting is discontinued when investment is reduced to zero unless OSF or its subsidiary has guaranteed the obligations of the organization or is committed to provide additional capital support.

Investments in organizations using the equity method of accounting are reflected as a component of other assets in the accompanying consolidated balance sheets.

(f) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed primarily using the straight-line method. Included in property and equipment are leasehold improvements that are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the improvement. Net interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Interest costs are not capitalized if the capital assets are acquired using donor-restricted funds.

Gifts of long-lived assets such as land, building, or equipment are reported at fair market value at the time of the donation and are excluded from the excess of unrestricted revenues, gains, and other support and nonoperating gains, net over expenses. Gifts of long-lived assets 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.

(g) Long-Lived Assets

Long-lived assets (including property and equipment) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which OSF operates or if the expected future cash flows (undiscounted and without interest) would become less than the carrying amount of the asset. An impairment loss would be recorded in the period such determination is made based on the fair value of the related entity. Fair value of the entity would be

considered Level 3 in the fair value hierarchy (footnote 11). No impairments were recorded for the years ended September 30, 2014 and 2013.

(h) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually. In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-08, *Testing Goodwill for Impairment*, which provides an entity the option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more likely than not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required. OSF adopted this guidance in 2014.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

OSF performs its annual impairment review of goodwill at September 30, and when a triggering event occurs between annual impairment tests. At September 30, 2014 and 2013, OSF performed a qualitative assessment of goodwill and determined that it is not more likely than not that the fair values of its reporting units are less than the carrying amounts. Accordingly, no impairment loss was recorded in 2014 and 2013. OSF has determined the proper reporting unit for goodwill is the consolidated OSF entity unless the goodwill is related to a joint venture, in which case the reporting unit is the joint venture.

(i) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by the donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by OSF in perpetuity.

Resources restricted by donors for replacement and expansion of property and equipment are added to unrestricted net assets to the extent expended within the period.

Resources restricted by donors or grantors for specific operating purposes are reported in unrestricted revenues, gains, and other support to the extent used within the period.

OSF classifies as permanently restricted net assets the original fair value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Investment returns in excess of spending are classified as increases in temporarily restricted net assets until appropriated for expenditure by OSF.

The Foundation has established an investment policy that is reviewed annually by the Foundation Board of Directors. The policy directs at the discretion of the local facility Foundation Council that funds may be invested and supervised locally or pooled with other the Foundation funds.

Currently, the investment of endowment funds are invested and supervised by each local Foundation Council following the guidelines established by the Foundation investment policy.

(j) Net Income

The consolidated statements of operations and changes in unrestricted net assets include a performance indicator, net income. Changes in unrestricted net assets, which are excluded from net income, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions that were used for the purpose of acquiring such assets by donor restriction), recognition of change in pension funded status, net contributions from (distributions made to) noncontrolling shareholders, and transfers to affiliate and other.

(k) Net Patient Service Revenue

OSF has agreements with third-party payors that provide for payments to OSF 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.

(l) Charity Care

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

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to OSF are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are pledges or 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted

(In thousands)

net assets and reported in the consolidated statements of operations and changes in unrestricted net assets as net assets released from restrictions. Pledges are considered a Level 3 financial instrument in the fair value hierarchy (footnote 11).

Pledges receivable, included as restricted assets, at September 30, 2014 are expected to be collected according to the following schedule:

		Amount
2015	$	491
2016		491
2017		491
2018		491
2019		491
Thereafter		982
Pledges receivable	$	3,437

(n) Estimated Self-Insurance Liabilities

The provisions for estimated self-insured medical malpractice, workers' compensation, health and dental, and unemployment claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported. OSF's policy is to record all self-insurance liabilities as long-term consistent with the related investments due to the uncertainty of the payment stream, except for employee health and dental, which is considered a current liability.

(o) Services Provided by the Religious Community

Services provided by the individuals in the religious community are recorded as expense at lay-equivalent values.

(p) Derivative Instruments

OSF accounts for derivatives and hedging activities in accordance with Accounting Standards Codification (ASU) Subtopic 815-10, *Accounting for Derivative Instruments and Hedging Activities*, as amended, which requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair values. OSF and SFI are involved in various interest rate swap programs. The fair values of the interest rate swap programs are included as a component of the other liabilities in the accompanying consolidated balance sheets. The derivatives are not designated as hedge instruments and, therefore, the change in fair value of the interest rate swap is recorded as a component of nonoperating gains (losses) – change in fair value of derivative instruments in the period of change as well as net settlement of derivative instruments.

(q) Income Taxes

OSF is a not-for-profit corporation as described by Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Code.

SFI and subsidiaries are for-profit corporations that recognize income taxes under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

OSF and SFI adopted ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No 109*. The interpretation addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under ASC Subtopic 740-10, OSF and SFI must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. As of September 30, 2014 and 2013, OSF and SFI do not have any uncertain tax positions.

(r) Fair Value

OSF adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

In conjunction with the adoption of ASC Topic 820, OSF adopted the measurement provisions for investments in funds that do not have readily determinable fair values including domestic and foreign mutual funds and commingled funds. This guidance amended ASC Topic 820 and allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent.

(s) Electronic Health Record Incentive Program

The Electronic Health Record (EHR) Incentive Program (the Program) provides incentive payments to eligible hospitals and professionals as they adopt, implement, upgrade, or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. OSF accounts for the Program using the grant model of accounting. OSF applies the "ratable recognition" approach, which states that the grant income can be recognized ratably over the entire EHR reporting period once the "reasonable assurance" income recognition threshold of IAS 20 is met. For the years ended September 30, 2014 and 2013, OSF recognized $7,960 and $12,798, respectively, as other revenue related to EHR incentives, which have been received or are expected to be received based on certifications prepared by management under the appropriate guidelines.

(t) Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 consolidated financial statement presentation.

(3) Net Patient and Resident Service Revenue

OSF has agreements with third-party payors that provide for payment at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

(a) Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and certain outpatient services are paid based upon a cost-reimbursement method, established fee screens, or a combination thereof. OSF is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by OSF and audits by the Medicare fiscal intermediary. Certain outpatient services are reimbursed at a prospectively determined rate per service based upon their ambulatory payment classification. As of September 30, 2014, Medicare cost reports have been audited and final-settled through September 30, 2012 for SJH, SJMC, and SFH; through September 30, 2011 for SMMC and SAMC; through September 30, 2010 for HFMC and SFMC. HFMC is audited and final-settled for September 30, 2012 but not September 30, 2011. Re-opening notices have been received for SAMC for September 30, 2009, 2010, and 2011; for SJMC for September 30, 2009 and 2011; and for SMMC for September 30, 2010.

OSF is in its third year of participation in a Pioneer ACO program sponsored by the Center for Medicare and Medicaid Innovation. Under the Pioneer ACO program, OSF has agreed to share risk with the Centers of Medicare and Medicaid Services (CMS) for the cost of providers. OSF will share in any savings over projected targets as well as in the costs of any excess expense. OSF's share of savings or loss is capped at 10.0% and the contract with the Center for Medicare and Medicaid Innovation may be terminated without cause on 60 days' notice. OSF believes that the Pioneer ACO risk is limited. The Center for Medicare and Medicaid Innovation requires a letter of credit for all

Pioneer ACO participants in which OSF has provided. For fiscal year 2014, a $2,500 payable was recorded to estimate the impact for final settlement under the Pioneer ACO program. No draws are anticipated on the line of credit.

(b) Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed upon per-visit rates. Medicaid payment methodologies and rates for services are based on the amount of funding available to the State of Illinois Medicaid program.

OSF participates in the State of Illinois (the State) assessment program that assists in the financing of its Medicaid program. The State assessment program has been renewed by the State since its inception in 2004 and was renewed again on December 4, 2008 for the State's fiscal years ended June 30, 2009 through June 30, 2013. In past years, pursuant to this program, hospitals within the State were required to remit payment to the State Medicaid Program under an assessment formula approved by the CMS. Renewal for the period beginning July 1, 2013 did not require CMS approval as the program was passed through state law on June 16, 2014. The program has been extended through June 30, 2018.

As of and for the years ended September 30, 2014 and 2013, OSF has included its related assessment of $34,259 and $34,044, respectively, within other expense in the accompanying consolidated statements of operations and changes in unrestricted net assets. All of the assessment was paid as of September 30, 2014 and 2013. The assessment program also provides hospitals within the State with additional Medicaid reimbursement based on funding formulas, also approved by CMS. OSF has included its additional related reimbursements for the years ended September 30, 2014 and 2013 of $53,193 and $52,341, respectively, within net patient service revenue in the accompanying consolidated statements of operations and changes in unrestricted net assets. The net effect of the assessment and reimbursement for the years ended September 30, 2014 and 2013 included in the accompanying consolidated statements of operations is $18,934 and $18,297, respectively.

During 2013, The U.S. CMS notified the Illinois Department of Healthcare and Family Services (HFS) of its approval of the Enhanced Hospital Assessment program (outpatient payments approved September 27; inpatient payments approved September 30). The Enhanced Assessment program was authorized by Public Act 97-688 in the spring of 2012. P.A. 98-104 further amended the original Act, changing the original effective date from July 1, 2012 to June 10, 2012, adding an additional 21 days. The current effective date of the Enhanced Assessment as approved by CMS is June 10, 2012 – June 30, 2018. HFS will be developing a schedule for the issuance of the payments to hospitals by the State and the paying of assessments to the State by hospitals, retroactive to the June 10, 2012 effective date.

As of and for the year ended September 30, 2014 and 2013, OSF has included its related assessment of $15,852 and $20,478, (the 2013 figure includes a portion retroactive to June 10, 2012), respectively, within other expense in the accompanying consolidated statements of operations and changes in unrestricted net assets for the Enhanced Hospital Assessment Program. The Enhanced

Hospital Assessment Program provides hospitals within the State with additional Medicaid reimbursement based on funding formulas, also approved by CMS. OSF has included its additional related reimbursements for the year ended September 30, 2014 of $21,036 and $26,752, (the 2013 figure includes a portion retroactive to June 10, 2012), respectively, within net patient service revenue in the accompanying consolidated statements of operations and changes in unrestricted net assets. The net effect of the assessment and reimbursement for the year ended September 30, 2014 and 2013 included in the accompanying consolidated statements of operations is $5,184 and $6,274, respectively.

On January 9, 2015, the Centers for Medicare and Medicaid Services approved a new Illinois Medicaid supplemental hospital payment program for services provided to individuals who qualify as a Medicaid beneficiary under the Affordable Care Act. The program is retroactive to March 1, 2014 and expires June 30, 2018. The estimated annual net reimbursement for OSF Healthcare System is approximately $17,000.

(c) Other

OSF has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to OSF under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates. OSF shares risk and receives bonuses for a portion of managed care payers. These types of structures will continue to grow during fiscal year 2015.

Net patient service revenue for the years ended September 30, 2014 and 2013 includes approximately $444 and $7,926, respectively, of net favorable retroactively determined settlements from third-party payors relating to prior years exclusive of the amounts related to the aforementioned Medicaid program.

Patients' accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patients' accounts receivable, OSF analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. 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, OSF analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with patient responsibility (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the patients are screened against the OSF charity care policy and uninsured discount policy. For any remaining patient responsibility balance, OSF records a provision for bad debts in the period of service on the basis of its past experience, which indicates that 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.

(In thousands)

OSF's allowance for uncollectible accounts for self-pay patients, which includes uninsured patients and residual copayments and deductibles for which managed care has already paid, increased from 77.22% of self-pay accounts receivable at September 30, 2013, to 77.26% of self-pay accounts receivable at September 30, 2014. In addition, OSF's self-pay write-offs decreased from $93,089 for fiscal year 2013 to $82,198 for fiscal year 2014, primarily due to the expansion of Medicaid eligibility. During fiscal year 2014, OSF changed the financial assistance and uninsured discount policies to reflect updates in Federal and State regulatory changes. OSF does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

OSF recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, OSF recognizes revenue for services provided (on the basis of discounted rates, as provided by policy). On the basis of historical experience, a portion of OSF's uninsured patients will be unable or unwilling to pay for the services provided. Thus, OSF records a provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

		2014	2013
Medicare	$	554,927	596,757
Medicaid		334,723	301,586
Managed Care/contracted payor		956,813	888,214
Self-pay		25,697	28,754
Other		193,109	189,873
Net patient service revenues	$	2,065,269	2,005,184

(4) Concentration of Credit Risk

OSF grants credit without collateral to its patients and residents, most of whom are local residents and are insured under third-party payor arrangements. The mix of receivables from patients, residents, and third-party payors at September 30, 2014 and 2013 was as follows:

		2014	2013
Medicare	$	24%	26%
Medicaid		30	26
Blue cross		7	7
Other third-party payors		30	28
Patients		9	13
	$	100%	100%

(Continued)

(In thousands)

(5) Charity Care

OSF affirms and maintains its commitment to serve its communities in a manner consistent with the philosophy of OSF and the Parent. The philosophy is that adequate access to healthcare is a basic human right for all. OSF is committed to the promotion, preservation, protection, and restoration of wellness, whenever possible. OSF's services are provided to all persons with compassion and regardless of a patient's financial resources. To support this statement, the costs (determined using an estimated current year Medicare cost-to-charge ratio) incurred for services and supplies furnished under OSF's charity assistance policy aggregated $43,755 and $71,713 in 2014 and 2013, respectively. Not included in these amounts are benefits provided to the poor through the unpaid cost of Medicaid and other public programs. Additional other benefits provided are for the broader community that represents the unpaid cost of health education, research, and other community health services responding to a special need in the communities that OSF serves.

(6) Investments

(a) Investments

The composition of investments, at fair value, at September 30, 2014 and 2013 is set forth in the following table:

	2014	2013
Cash and cash equivalents	$ 10,521	15,020
Domestic equities	155,070	138,776
U.S. Treasury obligations	54,290	39,470
U.S. government agencies	3,203	3,195
Municipal securities	8,257	11,159
Domestic corporate obligations	81,469	62,615
Domestic mutual funds – equities	33,232	17,944
Domestic mutual funds – bonds	405,304	333,170
Domestic mutual funds – other	676	—
Domestic commingled funds	48,247	41,729
Foreign equities	51,228	41,298
Foreign bonds	10,382	9,143
Foreign mutual funds – equities	6,983	3,116
Foreign mutual funds – bonds	869	—
Foreign securities – commingled	36,748	37,855
Other	533	111
	$ 907,012	754,601

(Continued)

(In thousands)

(b) Restricted Assets

The composition of restricted assets, at fair value, at September 30, 2014 and 2013 is set forth in the following table:

	2014	2013
Cash and cash equivalents	$ 777	623
Domestic equities	3,524	2,844
Domestic corporate obligations	226	109
Domestic mutual funds – equities	1,376	1,564
Domestic mutual funds – bonds	1,494	710
Foreign mutual funds – equities	730	943
Foreign mutual funds – bonds	259	282
Foreign equities	63	90
Pledges receivable and other	12,651	13,755
Investments held at Foundation:		
Cash and cash equivalents	7,121	9,476
Domestic equities	5,901	3,665
U.S. government agencies	164	97
Corporate obligations	278	233
Domestic mutual funds – equities	11,520	7,758
Domestic mutual funds – bonds	10,041	9,692
Foreign mutual funds – equities	3,446	2,371
Foreign mutual funds – bonds	196	425
	$ 59,767	54,637

(Continued)

(In thousands)

(c) Assets Limited as to Use

The composition of assets limited as to use, at fair value, with the exception of the guaranteed investment contract, which is at contract value, at September 30, 2014 and 2013 is set forth in the following table:

		2014	2013
Held by trustee under indenture agreement:			
Cash and cash equivalents	$	62	765
Domestic mutual funds – equities		364	296
Foreign mutual funds – equities		261	200
Domestic commingled funds		2,733	1,566
		3,420	2,827
Board-designated for self-insurance:			
Cash and cash equivalents		16,298	12,019
U.S. Treasury obligations		64,526	56,843
U.S. government agencies		1,868	4,975
Domestic corporate obligations		38,638	37,536
Foreign bonds		7,686	7,127
Domestic commingled funds		34,460	29,155
		163,476	147,655
	$	166,896	150,482

The composition of OSF's investment return for the years ended September 30, 2014 and 2013 is as follows:

		2014	2013
Investment return			
Interest and dividend income	$	22,273	26,627
Net realized gains		17,642	13,430
Change in net unrealized gains on trading securities		18,001	15,519
Total investment return	$	57,916	55,576

(Continued)

(In thousands)

Investment returns included in the accompanying consolidated statements of operations and changes in unrestricted net assets for the years ended September 30, 2014 and 2013 are as follows:

		2014	2013
Unrestricted revenue, gains, and other support:			
Other	$	5,692	(336)
Nonoperating gains:			
Investment income		38,137	35,745
Change in fair value of investments		12,308	18,559
Other changes in unrestricted net assets:			
Temporarily restricted net assets:			
Investment income		1,779	1,608
Total investment return	$	57,916	55,576

(7) Property and Equipment

A summary of property and equipment at September 30 is as follows:

		2014	2013
Land	$	30,418	29,362
Land improvements		27,568	25,998
Buildings		1,261,127	1,176,291
Equipment		856,212	804,994
		2,175,325	2,036,645
Less accumulated depreciation		1,218,585	1,118,926
		956,740	917,719
Construction in progress		16,282	43,091
Property and equipment, net	$	973,022	960,810

As of September 30, 2014, construction budgets of approximately $74,609 exist for construction and remodeling at various OSF facilities. At September 30, 2014, the remaining contractual commitment on these budgets approximated $11,443 and will be financed by operations and existing funds. During the years ended September 30, 2014 and 2013, OSF did not capitalize any interest.

(8) Other Assets

Included in other assets at September 30 are the following:

- Bond financing costs, net of accumulated amortization of $7,040 in 2014 and $7,471 in 2013

(Continued)

(In thousands)

- Escrow deposits of $3,776 in 2014 and $4,052 in 2013 for the self-insured workers' compensation program.
- Goodwill of $22,040 and $22,040 at September 30, 2014 and 2013, respectively. Goodwill includes $15,408 and $15,408 related to a consolidated joint venture in 2014 and 2013, respectively, along with $6,632 related to a provider in both 2014 and 2013.
- Deferred tax assets of $16,094 and $12,121 at September 30, 2014 and 2013, respectively (note 15).
- Other miscellaneous assets of $9,948 and $12,264 at September 30, 2014 and 2013, respectively.
- The investments in affiliated companies accounted for using the equity method of accounting totaled $9,951 and $9,001 at September 30, 2014 and 2013, respectively. The most significant of these investments include:
  - Community Cancer, LLC – 50.0% ownership interest
  - Renal Intervention Center, LLC – 34.0% ownership interest
  - SimNext, LLC – 50.0% ownership interest
  - River Plex Fitness Center, LLC – 50.0% ownership interest (in operating results only)
  - McLean Imaging Properties, LLC – 49.9% ownership interest
  - Rockford Orthopedic Surgery Center, LLC (ROSC) – 25.0% ownership interest
  - Eastland Medical Plaza SurgiCenter, LLC – 52.72% and 53.6% ownership interest as of September 30, 2014 and 2013, respectively.

For the years ended September 30, 2014 and 2013, OSF recognized income of $1,290 and $2,099 in investments in affiliated companies, respectively, as a component of other revenue.

The following table summarizes the unaudited aggregated financial information of unconsolidated affiliated companies of OSF as of September 30, 2014 and 2013:

		2014	2013
Total assets	$	31,811	28,803
Total liabilities		12,310	11,625
Total net assets	$	19,501	17,178
Total revenues	$	20,827	19,906
Operating expenses		13,937	14,848
Net income	$	6,890	5,058

(Continued)

(In thousands)

(9) Long-Term Debt

A summary of long-term debt at September 30, 2014 and 2013 is as follows:

	2014	2013
OSF Master Trust Indenture Obligations:		
Revenue Refunding Bonds (Illinois Finance Authority Bonds, Series 2012A), payable in annual installments of varying amounts, commencing on May 15, 2013 at fixed interest rates between 4.00% and 5.00% depending on the date of maturity through May 15, 2041.	$ 176,345	178,095
Revenue Refunding Bonds (Illinois Finance Authority Bonds, Series 2010A), payable in annual installments of varying amounts, commencing on May 15, 2011 at a fixed interest rate of 6.00%. The bonds mature on May 15, 2039.	156,880	156,880
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009A), payable in annual installments of varying amounts, commencing on November 15, 2025 at fixed interest rates between 5.000% and 7.125% depending on the date of maturity through November 15, 2037.	83,165	83,165
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009B, Series 2009C, and Series 2009D), payable in annual installments of varying amounts, commencing November 15, 2021 through November 15, 2037. Interest is determined weekly based on current market conditions (0.04%, 0.05%, and 0.04%, respectively, as of September 30, 2014 and 0.07%, 0.08%, and 0.07%, respectively, as of September 30, 2013).	125,000	125,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009E), payable in semiannual installments of varying amounts, commencing May 15, 2010 through November 15, 2024. Interest is fixed at 3.94%, which will be reset every three years commencing on November 15, 2012	21,527	22,376

(Continued)

(In thousands)

	2014	2013
Revenue Bonds (Illinois Finance Authority Bonds, Series 2009G), payable in annual installments of varying amounts, commencing August 1, 2010 through August 1, 2029. Interest is determined monthly based on the current market conditions (0.7735% as of September 30, 2014 and 0.7923% as of September 30, 2013).	$ 17,500	18,000
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007A), payable in annual installments of varying amounts, commencing on November 15, 2010 at fixed interest rates between 4.75% and 5.75% depending on the date of maturity through November 15, 2037.	114,265	115,560
Revenue Bonds (Illinois Finance Authority Bonds, Series 2007E and Series 2007F) payable in annual installments of varying amounts commencing November 15, 2024 through November 15, 2037. Interest is determined weekly based on current market conditions (0.05% and 0.05%, respectively, as of September 30, 2014 and 0.37% and 0.37%, respectively, as of September 30, 2013).	125,000	125,000
Direct Note Obligation (Series 2014A) to PNC Bank, due and payable in full on August 27, 2017. Interest is determined daily based on current market conditions (0.954% as of September 30, 2014)	26,458	—
Other Debt:		
Mortgage note payable to Byron Bank, secured by an EMS training facility. The note bears interest at a rate of 2.91%. Principal and interest of $3 are payable monthly through October 30, 2017 with a balloon payment of $489 due on November 30, 2017.	540	562
Mortgate note payable to Rockford Bank and Trust, secured by medical office building. The note bears an interest rate of 3.80% payable monthly. Principal and interest of $22 is payable monthly with a balloon payment of $2,916 on June 20, 2020.	3,665	3,786
Revenue Bonds (OSF Finance Company, LLC, Adjustable Rate Taxable Securities, Series 2007-A) payable in annual installments of varying amounts commencing on December 1, 2009 through December 1, 2037. Interest rate varies weekly based on current market conditions (0.11% as of September 30, 2014 and 0.15% at September 30, 2013).	25,020	25,320

(Continued)

(In thousands)

	2014	2013
Mortgage note payable to Busey Bank, secured by a medical office building. The note bears an interest rate of 4.32% payable monthly. Principal and interest of $16 are due monthly through July 2016 with a balloon payment of $1,260 due August 26, 2016.	$ 1,495	1,618
Mortgage note payable to Wells Fargo Bank, secured by a medical office building. The note bears an interest rate of 2.46% The loan was paid off in June 2014.	—	334
Mortgage note payable to JP Morgan Chase Bank, N.A., secured by a medical office building. The interest rate varies monthly based on current market conditions (1.9532% and 1.9685% as of September 30, 2014 and 2013, respectively). Principal payment of $47 plus accrued interest is due monthly through August 2017 with a balloon payment of $3,556 due September 30, 2017, plus interest.	5,187	5,747
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of $32 are payable monthly through June 30, 2015 with a balloon payment of $3,154 due July 31, 2015.	3,328	3,565
Mortgate note payable to Busey Bank, secured by an office building. The note bears an interest rate of 4.36% payable monthly. Principal and interest of $68 is payable monthly through April 2024 with a balloon payment of $6,598 due May 1, 2024.	10,660	—
Mortgage note payable to Byron Bank, secured by a medical office building. The note bears an interest rate of 4.42% payable monthly. Principal and interest of $10 is payable monthly through August 2029.	1,240	—
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 4.27% payable monthly. Principal and interest of $15 are payable monthly through June 30, 2015 with a balloon payment of $1,490 due July 30, 2015.	1,572	1,685
Mortgage note payable to Heartland Bank, secured by a medical office building. The note bears an interest rate of 4.24% payable monthly. Principal and interest of $32 are payable monthly through May 19, 2017 with a balloon payment of $3,173 due June 19, 2017.	3,793	4,012

(Continued)

(In thousands)

	2014	2013
Note payable to Commerce Bank, secured by an aviation hangar. The note bears an interest rate of 3.05%. Principal and interest of $14 are payable monthly through May 1, 2017 with a balloon payment of $1,064 due June 1, 2017.	$ 1,404	1,526
Note payable to Commerce Bank. The note bears an interest rate of 2.50%. Principal and interest of $3 are payable monthly through June 1, 2015.	27	62
Mortgage note payable to Commerce Bank, secured by a medical office building. The note bears an interest rate of 3.69% payable monthly. Principal and interest payments of $43 are payable monthly through October 1, 2015 with a balloon payment of $4,361 due November 1, 2015.	4,724	5,059
Mortgage note payable to Busey Bank, secured by a medical office building. The note bears interest at a rate of 3.08%. Principal and interest of $6 are payable monthly through April 1, 2018 with a balloon payment of $804 due on May 11, 2018.	943	980
Other miscellaneous notes payable	3,593	3,885
	913,331	882,217
Plus original issue premium, net	7,583	7,956
Total debt	920,914	890,173
Less current installments	13,232	8,783
Total long-term debt, excluding current installments	$ 907,682	881,390

OSF's average interest rates for variable rate debt for the years ended September 30, 2014 and 2013 are as follows:

	2014	2013
Variable interest rate issues:		
2007E	0.05%	0.37%
2007F	0.05	0.37
2009B	0.06	0.12
2009C	0.06	0.12
2009D	0.06	0.13
2009G	0.80	1.07

(Continued)

(In thousands)

OSF entered into an amended and restated Master Trust Indenture (MTI) dated September 15, 1999. The purpose of the MTI is to provide a mechanism for the efficient and economical advancement of funds to various operating divisions of OSF using the collective borrowing capacity and credit rating of OSF. OSF has pledged letters of credit as collateral on certain borrowings under the MTI. Under the terms of the MTI, OSF is also required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. The MTI also places limits on the incurrence of additional borrowings and requires that OSF satisfy certain measures of financial performance as long as the notes are outstanding. As of September 30, 2014 and 2013, amounts outstanding under the MTI totaled $846,140 and $824,076, respectively.

Bond issue premiums and costs are amortized over the term of the related bonds using a weighted average method, based on outstanding debt.

In conjunction with acquiring Kewanee Hospital (now Saint Luke Medical Center), OSF initially acquired Kewanee Hospital's outstanding debt, which was subsequently defeased, resulting in a loss on early extinguishment of debt of $2,993.

In August 2014, OSF issued Direct Note Obligation, Series 2014A debt of $26,458 with PNC Bank.

In September 2013, OSF remarketed the Series 2007E and 2007F. The result of the remarketing was a loss of $738.

OSF has variable rate demand notes that have a put option available to the creditor. If the put option is exercised, the bonds are presented to the bank, which in turn draws on the underlying letter of credit or liquidity facility. The series and the underlying credit facility terms are described as follows as of September 30, 2014:

	Term
OSF Master Trust Indenture Obligations:	
2007E	Quarterly beginning 367 days after bank purchase date and ending on the fifth anniversary of the bank purchase date.
2007F	Quarterly beginning 367 days after bank purchase date and ending on the fifth anniversary of the bank purchase date.
2009B	Quarterly over three years beginning three months after 366 days elapsed since liquidity advance.
2009C	Quarterly over three years beginning on the first day of the calendar quarter after 366 days elapsed since liquidity advance.
2009D	Quarterly over two years beginning after 367 days elapsed since liquidity advance.
Other debt:	
2007A	Principal and interest at 367 days, payable in full, from date of liquidity advance.

(Continued)

(In thousands)

Scheduled principal repayments on long-term debt based on the scheduled redemptions according to the MTI are as follows:

Year ending September 30:		
2015	$	13,232
2016		11,481
2017		48,872
2018		21,030
2019		20,652
Thereafter		805,647

Principal repayments on long-term debt in the event that the variable rate demand bonds are put back to OSF and corresponding draws are made on the underlying letter-of-credit facilities are as follows:

Year ending September 30		
2015	$	13,232
2016		108,567
2017		125,375
2018		84,979
2019		55,394
Thereafter		533,367

A summary of interest cost and investment income on borrowed funds held by the trustee under the MTI during the years ended September 30, 2014 and 2013 is as follows:

		2014	2013
Interest cost – charged to operations	$	30,981	31,007

(10) Derivative Instruments and Hedging Activities

OSF has interest-rate-related derivative instruments to manage its exposure on its variable-rate debt instruments and does not enter into derivative instruments for any purpose other than cash flow hedging purposes.

By using derivative financial instruments to hedge exposures to changes in interest rates, OSF exposes itself to credit risk, tax risk, and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes OSF, which creates credit risk for OSF. When the fair value of a derivative contract is negative, OSF owes the counterparty, and therefore, it does not pose a credit risk. OSF minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is at least "A" or "A2" by Standard and Poor's or Moody's, respectively.

(Continued)

(In thousands)

Tax risk refers to the potential adverse effect that a change in tax law could have on the relationship between taxable (LIBOR) and tax-exempt (SIFMA) rates. OSF minimizes the tax risk in derivative instruments by maintaining sufficient cash reserves to handle potential tax law changes.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

OSF is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements; however, this is not anticipated. During the years ended September 30, 2014 and 2013, neither OSF nor any counterparty to the interest rate swap agreements was required to post collateral.

A summary of outstanding positions under OSF's interest rate swap program at September 30, 2014 is as follows:

	Notional amount	Maturity date	Rate received	Rate paid
$	47,700	November 2, 2029	BMA Index	3.969%
	47,975	October 19, 2029	BMA Index	3.969%
	11,325	November 15, 2024	BMA Index	3.794%
	130,000	November 15, 2037	67% of USD – LIBOR-BBA	3.651%
	128,725	May 15, 2041	67% 1 Mo. Libor + 0.70%	SIFMA

Net payments equal to the differential to be paid under all interest rate swap agreements are recognized within nonoperating gains (losses) and amounted to approximately $(7,914) and $1,364 in 2014 and 2013, respectively. In addition, OSF terminated three swaps in March 2013 with notional amounts of $110,000, $110,000 and $100,000 resulting in $9,780 of cash receipts, which is also recognized within nonoperating gains (losses) as net settlement of derivative instruments in the consolidated statements of operations and change in unrestricted net assets.

The fair value of the swap agreements under ASC Subtopic 820-10 was $(44,479) and $(39,225) and is recorded as a component of other liabilities in the accompanying consolidated balance sheets at September 30, 2014 and 2013, respectively. For the years ended September 30, 2014 and 2013, OSF recognized an unrealized gain (loss) of $(5,254) and $17,707, respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

(Continued)

(In thousands)

The following is a summary of the swaps as of September 30, 2014:

Type of interest swap		Notional amount	Mark to market	Fair value
Floating-to-fixed	$	47,700	(7,406)	(7,116)
Floating-to-fixed		47,975	(7,429)	(7,137)
Floating-to-fixed		11,325	(1,127)	(1,217)
Floating-to-fixed		130,000	(30,054)	(27,882)
Floating-to-fixed		128,725	(1,886)	(1,127)
			$ (47,902)	(44,479)

The following is a summary of the swaps as of September 30, 2013:

Type of interest swap		Notional amount	Mark to market	Fair value
Floating-to-fixed	$	49,150	(6,818)	(6,565)
Floating-to-fixed		48,875	(6,733)	(6,541)
Floating-to-fixed		12,125	(1,428)	(1,360)
Floating-to-fixed		130,000	(26,060)	(24,759)
			$ (41,039)	(39,225)

A summary of outstanding positions under SFI's interest rate swap program at September 30, 2014 is as follows:

Notional amount	Maturity date	Rate received	Rate paid
$ 13,000	December 1, 2017	USD – LIBOR-BBA	4.353%

Net payments equal to the differential to be received under the interest rate swap program are recognized as a component of interest expense and amounted to approximately $724 and $712 in 2014 and 2013, respectively.

The fair value of the SFI swap agreements was $(1,251) and $(1,669) and is recorded as a component of other liabilities in the accompanying consolidated balance sheets as of September 30, 2014 and 2013, respectively. For the years ended September 30, 2014 and 2013, SFI recognized an unrealized gain (loss) of $418 and $682, respectively, as its change in the fair value of the interest rate swaps as a component of nonoperating gains (losses) – change in cash flow hedging derivative instruments.

(Continued)

(In thousands)

The following is a summary of SFI's swaps as of September 30, 2014:

Type of interest swap		Notional amount		Mark to market	Fair value
Fixed rate payor	$	13,000		(1,251)	(1,251)
			$	(1,251)	(1,251)

The following is a summary of SFI's swaps as of September 30, 2013:

Type of interest swap		Notional amount		Mark to market	Fair value
Fixed rate payor	$	13,000		(1,714)	(1,669)
			$	(1,714)	(1,669)

(11) Investment Composition and Fair Value Measurements

(a) Overall Investment Objective

The overall investment objective of OSF is to invest its assets in a prudent manner that will achieve an expected rate of return, manage risk exposure, and focus on downside protection. OSF's invested assets will maintain sufficient liquidity to fund a portion of OSF's annual operating activities and structure the invested assets to maintain a high percentage of available liquidity. OSF diversifies their investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Investment Committee, which oversees the investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

OSF maintains a percentage of assets in domestic and international stocks. To manage its risk exposure, the majority of assets are invested in intermediate term fixed income funds and invested with intermediate and short-term fixed income managers. Because of the inherent uncertainties for valuation of some holdings, the estimated fair values may differ from values that would have been used had a ready market existed.

(c) Basis of Reporting

Assets whose use is limited or restricted are reported at estimated fair value. If an investment is held directly by OSF and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in common and preferred stock and fixed income are based on share prices reported by the funds as of the last business day of the fiscal year.

(Continued)

(In thousands)

(d) Fair Value of Financial Instruments

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

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, other assets, accounts payable and accrued expenses, and estimated third-party payor settlements.
- Fair values of OSF's investments held as investments, assets limited as to use, and restricted assets are estimated based on prices provided by its investment managers and its custodian bank. Fair value for cash and cash equivalents, equities, and foreign equities are measured using quoted market prices at the reporting date multiplied by the quantity held. U.S. Treasury obligations, U.S. government agencies, municipal securities, corporate obligations, and foreign securities are measured using other observable inputs. The carrying value equals fair value.
- Commingled funds and mutual funds are valued using net asset value as a practical expedient to measure fair value as allowed by ASU No. 2009-12.
- Fair value of fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to OSF for debt of the same remaining maturities. For variable rate debt, carrying amounts approximate fair value. Fair value was estimated using quoted market prices based upon OSF's current borrowing rates for similar types of long-term debt securities.
- Fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and OSF.

The following table presents the carrying amounts and estimated fair values of OSF's financial instruments not carried at fair value at September 30, 2014 and 2013:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	$ 920,914	985,340	890,173	924,087

(e) Fair Value Hierarchy

OSF adopted ASC Subtopic 820-10 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. OSF did not elect to fair value any of its nonfinancial assets or liabilities as of September 30, 2014 and 2013. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure

(Continued)

(In thousands)

fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that OSF has the ability to access at the measurement date.
- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following tables present OSF's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2014:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 280,090	280,090	—	—
Investments				
Cash and cash equivalents	10,521	6,179	4,342	—
Domestic equities	155,070	155,070	—	—
U S Treasury obligations	54,290	54,290	—	—
U S government agencies	3,203	—	3,203	—
Municipal securities	8,257	—	1,535	6,722
Domestic corporate obligations	81,469	—	75,239	6,230
Domestic mutual funds – equities	33,232	33,232	—	—
Domestic mutual funds – bonds	405,304	405,304	—	—
Domestic mutual funds – other	676	676	—	—
Domestic commingled funds	48,247	45,688	2,559	—
Foreign equities	51,228	51,228	—	—
Foreign bonds	10,382	—	10,382	—
Foreign mutual funds – equities	6,983	6,983	—	—
Foreign mutual funds – bonds	869	869	—	—
Foreign securities – commingled	36,748	—	36,748	—
Other	533	533	—	—
Total investments	907,012	760,052	134,008	12,952

(Continued)

(In thousands)

	Fair value	Level 1	Level 2	Level 3
Restricted assets – excluding pledges and other of $12,651				
Cash and cash equivalents	$ 777	777	—	—
Domestic equities	3,524	3,524	—	—
Domestic corporate obligations	226	—	226	—
Domestic mutual funds – equities	1,376	1,376	—	—
Domestic mutual funds – bonds	1,494	1,494	—	—
Foreign mutual funds – equities	730	730	—	—
Foreign mutual funds – bonds	259	259	—	
Foreign equities	63	63	—	—
Investments held at foundation				
Cash and cash equivalents	7,121	7,046	75	—
Domestic equities	5,901	5,901	—	—
U S government agencies	164	—	164	—
Domestic corporate obligations	278	—	278	—
Domestic mutual funds – equities	11,520	11,520	—	—
Domestic mutual funds – bonds	10,041	10,041	—	—
Foreign mutual funds – equities	3,446	3,446	—	—
Foreign mutual funds – bonds	196	196	—	—
Total restricted assets	47,116	46,373	743	—
Assets limited as to use				
Cash and cash equivalents	16,360	16,360	—	—
U S Treasury obligations	64,526	64,526	—	—
U S government agencies	1,868	—	1,868	—
Domestic corporate obligations	38,638	—	38,638	—
Domestic mutual funds – equities	364	364	—	—
Foreign mutual funds – equities	261	261	—	—
Foreign mutual funds – bonds	7,686	—	7,686	—
Domestic commingled funds	37,193	35,315	1,878	—
Total assets limited as to use	166,896	116,826	50,070	—
Total financial assets	$ 1,401,114	1,203,341	184,821	12,952

	Fair value	Level 1	Level 2	Level 3
Financial liabilities				
Fair value of swap agreements	$ 45,730	—	45,730	—
Total financial liabilities	$ 45,730	—	45,730	—

(Continued)

(In thousands)

OSF's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2014 and 2013.

The following table summarizes the changes for the year ended September 30, 2014 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, September 30, 2013	Realized gains	Unrealized gains, net	Sales	Ending balance, September 30 2014
Corporate obligations –					
2 Corporate obligations	$ 5,684	3	549	(6)	6,230
Municipal securities –					
3 Municipal securities	6,397	45	280	—	6,722
	$ 12,081	48	829	(6)	12,952

The following tables present OSF's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2013:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 264,949	264,949	—	—
Investments				
Cash and cash equivalents	15,020	7,857	7,163	—
Domestic equities	138,776	138,776	—	—
U S Treasury obligations	39,470	39,470	—	—
U S government agencies	3,195	—	3,195	—
Municipal securities	11,159	—	4,762	6,397
Domestic corporate obligations	62,615	—	56,931	5,684
Domestic mutual funds – equities	17,944	17,944	—	—
Domestic mutual funds – bonds	333,170	333,170	—	—
Domestic commingled funds	41,729	41,729	—	—
Foreign equities	41,298	41,298	—	—
Foreign bonds	9,143	—	9,143	—
Foreign mutual funds – equities	3,116	3,116	—	—
Foreign securities – commingled	37,855	1,715	36,140	—
Other	111	—	111	—
Total investments	754,601	625,075	117,445	12,081

(Continued)

(In thousands)

	Fair value	Level 1	Level 2	Level 3
Restricted assets – excluding pledges and other of $13.755				
Cash and cash equivalents	$ 623	623	—	—
Domestic equities	2.844	2.844	—	—
Domestic corporate obligations	109	—	109	—
Domestic mutual funds – equities	1.564	1.564	—	—
Domestic mutual funds – bonds	710	710	—	—
Foreign mutual funds – equities	943	943	—	—
Foreign mutual funds – bonds	282	282	—	—
Foreign equities	90	90	—	—
Investments held at foundation				
Cash and cash equivalents	9.476	9.371	105	—
Domestic equities	3.665	3.665	—	—
Domestic corporate obligations	233	—	233	—
Domestic mutual funds – equities	10.129	10.129	—	—
Domestic mutual funds – bonds	10.117	10.117	—	—
U S government agencies	97	—	97	—
Total restricted assets	40.882	40.338	544	—
Assets limited as to use				
Cash and cash equivalents	12.784	12.784	—	—
U S Treasury obligations	56.843	56.843	—	—
U S government agencies	4.975	—	4.975	—
Domestic corporate obligations	37.536	—	37.536	—
Domestic mutual funds – equities	296	296	—	—
Foreign securities	7.327	200	7.127	—
Domestic commingled funds	30.721	29.666	1.055	—
Total assets limited as to use	150.482	99.789	50.693	—
Total financial assets	$ 1.210.914	1.030.151	168.682	12.081

	Fair value	Level 1	Level 2	Level 3
Financial liabilities				
Fair value of swap agreements	$ (40,894)	—	(40,894)	—
Total financial liabilities	$ (40,894)	—	(40,894)	—

(Continued)

(In thousands)

The following table summarizes the changes for the year ended September 30, 2013 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, September 30, 2012	Realized gains	Realized (losses)	Unrealized gains losses, net	Sales	Ending balance, September 30 2013
Corporate obligations- 13 Corporate obligations	$ 14.024	13	(1.093)	1.531	(8.791)	5.684
Municipal securities- 3 Municipal securities	6.800	—	—	(403)	—	6.397
Other – land trust- 1 land trust	139	—	—	—	(139)	—
	$ 20.963	13	(1.093)	1.128	(8.930)	12.081

None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption:

	2014	2013	Redemption frequency	Days notice
Investments				
Foreign securities-commingled	$ 36,748	36,140	Monthly	10
Foreign securities-commingled	—	1,715	Daily	3
Domestic commingled funds	48,247	41,729	Daily	2
Assets limited as to use				
Domestic commingled funds	34,461	29,155	Daily	2

(12) Temporarily and Permanently Restricted Net Assets

OSF's temporarily restricted net assets of $36,966 and $38,213 at September 30, 2014 and 2013, respectively, are restricted for nursing education, and various programs related to the provision of healthcare.

OSF's permanently restricted net assets of $22,801 and $16,424 at September 30, 2014 and 2013, respectively, consist of investments to be held in perpetuity, the majority of income of which is expendable to support healthcare services.

During 2014 and 2013, net assets were released from donor restrictions by purchasing equipment and incurring expenses, which satisfied the restricted purpose of healthcare and nursing education in the amount of $9,297 and $5,290, respectively.

(Continued)

(In thousands)

(13) Self-Insurance

OSF has established a self-insurance program for professional and general liability, which provides for both self-insured limits and purchased coverage above such limits. Beginning October 1, 2008, excess coverage is provided by OSF Assurance Company, who purchases reinsurance from a third-party carrier for professional and general liability that has a limit of $35,000 for each claim and in the aggregate and is in excess of $7,000 for each and every occurrence. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. OSF has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued professional and general liability losses are recorded on an undiscounted basis. In management's opinion, the accrued professional and general liability losses provide an adequate reserve for loss contingencies.

OSF is self-insured for workers' compensation. OSF has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of workers' compensation claims.

OSF is also self-insured for unemployment compensation benefits and health and dental claims. OSF has developed internal techniques for estimating the ultimate costs of these claims. Accrued losses are recorded on an undiscounted basis. In management's opinion, accrued losses provide an adequate reserve for loss contingencies. Due to the short-term nature of health and dental claims, estimated liabilities of $9,493 and $10,253 as of September 30, 2014 and 2013, respectively, have been reported as accrued expenses. The associated expense of $120,815 and $120,113 as of September 30, 2014, respectively, is included in salaries and benefits in the accompanying consolidated statements of operations and changes in net assets.

As of September 30, 2014 and 2013, estimated self-insurance liabilities are comprised of the following:

		2014	2013
Professional and general liability	$	152,448	134,261
Workers' compensation		21,263	19,983
Other		3,315	3,770
Total estimated self-insurance liabilities	$	177,026	158,014

Self-insurance expense is included in supplies and other expenses in the accompanying consolidated statements of operations and changes in net assets. As of September 30, 2014 and 2013, self-insurance expense is comprised of the following:

		2014	2013
Professional and general liability	$	27,672	27,044
Workers' compensation		6,527	7,855
Total self-insurance expense	$	34,199	34,899

(Continued)

(In thousands)

(14) Retirement Benefits

OSF has a noncontributory defined benefit pension plan (the Plan) covering substantially all employees of the Providers and OSF Corporate Office. The Plan was changed to eliminate benefit accruals after March 5, 2011. Curtailment accounting occurred effective December 31, 2010. Prior to the Plan's change, benefits were based on a minimum benefit, which was increased for years of service. Contributions are intended to fund current service cost and, over 30 years, benefits from qualifying service prior to establishment of the Plan. The Plan is a "Church" plan and is not subject to Employee Retirement Income Security Act (ERISA).

The actuarial funding method used in the actuarial valuation for 2014 and 2013 is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30 for the years ended September 30, 2014 and 2013. The following tables set forth the Plan's funded status and amounts recognized in OSF's consolidated financial statements at September 30, 2014 and 2013:

		2014	2013
Change in benefit obligation:			
Benefit obligation at beginning of year	$	735,420	834,821
Interest cost		37,049	33,899
Actuarial gain (loss)		157,283	(116,367)
Benefits paid		(19,284)	(16,933)
Benefit obligation at end of year	$	910,468	735,420
Change in plan assets:			
Fair value of plan assets at beginning of year	$	471,022	420,557
Actual return on plan assets		40,913	61,243
Employer contributions		7,039	6,155
Benefits paid		(19,284)	(16,933)
Fair value of plan assets at end of year	$	499,690	471,022

(Continued)

(In thousands)

		2014	2013
Reconciliation of funded status:			
Funded status	$	(410,778)	(264,398)
Net amount recognized at year-end	$	(410,778)	(264,398)
Amounts recognized in the accompanying consolidated balance sheets:			
Accrued benefit liability	$	(410,778)	(264,398)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to unrestricted net assets:			
Net actuarial loss	$	(396,889)	(250,262)
Prior service cost		(7,552)	(7,786)
Net amounts recognized in the accompanying consolidated balance sheets	$	(404,441)	(258,048)

	2014	2013
Weighted average assumptions:		
Discount rate:		
Benefit obligation	4.50%	5.10%
Net periodic benefit cost	5.10	4.10
Rate of compensation increase:		
Benefit obligation	N/A	N/A
Net periodic benefit cost	N/A	N/A
Expected return on plan assets	8.00	8.00

Components of net periodic benefit cost:			
Interest cost	$	37,049	33,899
Expected return on plan assets		(36,024)	(36,141)
Amortization of prior service cost		234	234
Amortization of actuarial loss		5,768	8,177
Net periodic benefit cost	$	7,027	6,169

The accumulated benefit obligation for the Plan was $910,468 and $735,420 at September 30, 2014 and 2013, respectively. As of September 30, 2014, OSF adopted the new RP-2014 Mortality Table with generational improvements using projection scale MP-2014. As a result of the adoption, the projected benefit obligation increased $67,664.

Benefit costs are included in salaries and benefits in the accompanying consolidated financial statements.

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

(Continued)

(In thousands)

OSF is expected to contribute approximately $12,092 to the Plan in 2015.

The benefits expected to be paid in each year 2015 through 2019 are approximately $20,827, $24,680, $27,907, $31,226, and $34,498, respectively. The aggregate benefits expected to be paid in the five years from 2020 through 2024 are approximately $217,907. The expected benefits are based on the same assumptions used to measure OSF's benefit obligation at September 30, 2014.

The Plan has a statement of investment policy, which is reviewed and approved by the OSF board of directors. The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications, as well as specific investment manager guidelines. The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis. Investments are managed by independent advisors. Management monitors the performance of these managers on a monthly basis.

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of September 30, 2014 and 2013:

Asset	Target allocation	Acceptable range	Actual allocation at September 30	
			2014	2013
Large cap equity	39%	34 to 44%	41.0%	41.4%
Small cap equity	6	1 to 11	5.8	6.8
International equity	20	15 to 25	20.0	22.3
Fixed income	35	30 to 40	32.6	28.6
Cash	—	—	0.6	0.9

Fair Value of Financial Instruments

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2014 and 2013.

- Fair values of the Plan's assets are estimated based on prices provided by its investment managers and its custodian bank except for commingled funds. Fair value for cash and cash equivalents, equities, and foreign equities are measured using quoted market prices at the reporting date multiplied by the quantity held. U.S. Treasury obligations, U.S. government agencies, municipal securities, corporate obligations, and foreign securities are measured using other observable inputs. The carrying value equals fair value.
- Commingled funds and mutual funds are valued using net asset value as a practical expedient to measure fair value as allowed by ASU No. 2009-12.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies

(In thousands)

or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value Hierarchy

The Plan adopted ASC Subtopic 715-20-50, *Compensation – Retirement Benefits*, on October 1, 2009 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. ASC Subtopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2014:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments				
Cash and cash equivalents	$ 8,801	8,801	—	—
Domestic equities	145,590	145,590	—	—
U S Treasury obligations	14,913	14,913	—	—
U S government agencies	1,273	—	1,273	—
Municipal securities	414	—	414	—
Domestic corporate obligations	15,484	—	15,484	—
Domestic mutual funds – equities	561	561	—	—
Domestic mutual funds – bonds	124,385	124,385	—	—
Foreign equities	61,297	61,297	—	—
Foreign bonds	3,149	—	3,149	—
Foreign commingled funds	52,132	—	52,132	—
Domestic commingled funds	71,552	70,827	725	—
Partnership	139	—	—	139
Total financial assets	$ 499,690	426,374	73,177	139

The following table summarizes the changes for the year ended September 30, 2014 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, October 1, 2013	Unrealized loss	Sales	Ending balance, September 30, 2014
Partnership (1 Partnership)	$ 226	(87)	—	139

(Continued)

(In thousands)

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2013:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments				
Cash and cash equivalents	$ 17,907	17,907	—	—
Domestic equities	143,181	143,181	—	—
U S Treasury obligations	16,909	16,909	—	—
U S government agencies	2,373	—	2,373	—
Municipal securities	366	—	366	—
Domestic corporate obligations	14,932	—	14,932	—
Domestic mutual funds – equities	124	124	—	—
Domestic mutual funds – bonds	89,678	89,678	—	—
Foreign equities	59,772	59,772	—	—
Foreign bonds	3,278	—	3,278	—
Foreign commingled funds	51,271	—	51,271	—
Domestic commingled funds	71,005	70,313	692	—
Partnership	226	—	—	226
Total financial assets	$ 471,022	397,884	72,912	226

The following table summarizes the changes for the year ended September 30, 2013 in investments classified within Level 3. The classification of an investment within Level 3 is based on the significance of the unobservable inputs to the overall fair value measurement.

Level 3 assets	Beginning balance, October 1, 2012	Realized Gains	Unrealized Losses	Sales	Ending balance, September 30, 2013
Corporate obligations (1 Corporate obligation)	$ 189	(5)	—	(184)	—
Partnership (1 Partnership)	254	—	(28)	—	226
	$ 443	(5)	(28)	(184)	226

The Plan's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2014 and 2013.

None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption.

(Continued)

(In thousands)

	2014	2013	Redemption frequency	Days notice
Foreign commingled funds	$ 52,132	51,271	Monthly	10
Domestic commingled funds	71,552	71,005	Daily	2
Partnership	139	226	At GP discretion	N/A

In addition, OSF sponsors a retirement savings plan that includes a 401(k) feature. In conjunction with the change in the pension plan on March 5, 2011, OSF enhanced the retirement savings plan by increasing the match and adding an annual discretionary contribution. In 2013 and 2014, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. OSF contributes 100% of the employee contribution up to 5% of eligible compensation. OSF may also make annual discretionary contributions based on a participant's age and years of service. OSF contributed $49,529 in 2014 and $53,520 in 2013 to the retirement savings plan, which has been expensed as salaries and benefits expense. OSF also accrued for an anticipated discretionary contribution of $17,094 in 2014 and $17,529 in 2013, which has been expensed as salaries and benefits expense.

SFI has a defined benefit pension plan (SFI Plan) covering substantially all of its employees. The plan was changed to eliminate benefit accruals after March 5, 2011. Curtailment accounting occurred effective December 31, 2010. Prior to the plan change, SFI Plan benefits were based on years of service and the employee's compensation during those years of service. SFI's funding policy is to contribute an amount not less than the minimum required contribution under the ERISA of 1974.

The actuarial funding method used in the actuarial valuation for 2014 and 2013 for the SFI Plan is the projected unit credit cost method. The measurement date for plan liabilities and assets is September 30. The following tables set forth the SFI Plan's funded status and amounts recognized in the consolidated financial statements at September 30, 2014:

	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 51,970	59,419
Interest cost	2,653	2,450
Actuarial gain (loss)	12,286	(9,059)
Benefits paid	(998)	(840)
Benefit obligation at end of year	$ 65,911	51,970

(Continued)

(In thousands)

		2014	2013
Change in plan assets:			
Fair value of plan assets at beginning of year	$	42,295	37,535
Actual return on plan assets		5,307	5,200
Employer contributions		1,280	400
Benefits paid		(998)	(840)
Fair value of plan assets at end of year	$	47,884	42,295
Reconciliation of funded status:			
Funded status	$	(18,027)	(9,675)
Net amount recognized at year-end	$	(18,027)	(9,675)
Amounts recognized in the accompanying consolidated balance sheets:			
Accrued benefit liability	$	(18,027)	(9,675)
Amounts not yet reflected in net periodic benefit cost and included as an accumulated credit to stockholder's equity:			
Net actuarial loss	$	24,351	14,610
Prior service cost		308	317
Net amounts recognized in the accompanying consolidated balance sheets	$	24,659	14,927

	2014	2013
Weighted average assumptions:		
Discount rate:		
Benefit obligation	4.55%	5.15%
Net periodic benefit cost	5.15	4.15
Rate of compensation increase:		
Benefit obligation	N/A	N/A
Net periodic benefit cost	4.50	4.50
Expected return on plan assets	8.00	8.00

Components of net periodic benefit cost:			
Interest cost	$	2,653	2,450
Expected return on plan assets		(3,132)	(2,914)
Amortization of transition asset		371	608
Amortization of prior service cost		9	9
Net periodic benefit cost	$	(99)	153

(Continued)

(In thousands)

The accumulated benefit obligation for the SFI Plan was $65,911 and $51,970 at September 30, 2014 and 2013, respectively. As of September 30, 2014, OSF adopted the new RP-2014 Mortality Table with generational improvements using projection scale MP-2014. As a result of the adoption, the projected benefit obligation increased $4,851 before considering income taxes.

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

SFI expects to contribute $730 to the SFI Plan in 2015.

The benefits expected to be paid in each year 2015 through 2019 for the SFI Plan are approximately $1,121, $1,386, $1,630, $1,884, and $2,115, respectively. The aggregate benefits expected to be paid in the five years from 2020 through 2024 are approximately $14,246.

The SFI Plan has a statement of investment policy, which is reviewed and approved by the SFI board of directors. The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications as well as specific investment manager guidelines. The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis. Investments are managed by independent advisors. Management monitors the performance of these managers on a monthly basis.

The table below lists the target asset allocation and acceptable ranges and actual asset allocations for the SFI Plan as of September 30, 2014 and 2013:

Asset	Target allocation	Acceptable range	Actual allocation at September 30	
			2014	2013
Large cap equity	39%	34% to 44%	41.5%	42.0%
Small cap equity	6	2 to 10	5.9	6.4
International equity	20	15 to 25	19.8	20.1
Fixed income	35	30 to 40	30.8	30.3
Cash	—	—	2.0	1.3

(Continued)

(In thousands)

The following table presents the SFI Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2014:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments (excluding accrued interest of $30)				
Cash and cash equivalents	$ 947	947	—	—
Domestic mutual funds – equities	2,844	2,844	—	—
Domestic mutual funds – bonds	14,718	14,718	—	—
Foreign securities	9,473	9,473	—	—
Domestic commingled funds	19,872	19,872	—	—
Total financial assets	$ 47,854	47,854	—	—

The following table presents the SFI Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2013:

	Fair value	Level 1	Level 2	Level 3
Financial assets				
Investments (excluding accrued interest of $27)				
Cash and cash equivalents	$ 550	550	—	—
Domestic mutual funds – equities	2,685	2,685	—	—
Domestic mutual funds – bonds	12,787	12,787	—	—
Foreign securities	8,509	8,509	—	—
Domestic commingled funds	17,737	17,737	—	—
Total financial assets	$ 42,268	42,268	—	—

The SFI Plan's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2, or Level 3 for the years ended September 30, 2014 and 2013.

None of the assets, except those listed below, have any redemption restrictions so the redemption frequency is daily and would have a one-day notice for redemption:

	2014	2013	Redemption frequency	Days notice
Domestic commingled funds	$ 19,872	17,737	Daily	2

(Continued)

(In thousands)

In addition, SFI sponsors a retirement savings plan that includes a 401(k) feature. In 2013 and 2014, participants may deposit an amount from 1% to 90% of their eligible compensation up to the IRS limit. SFI may make matching contributions equal to a discretionary percentage of the participant's contributions. SFI may also make annual discretionary contributions based on a participant's age and years of service. SFI contributed $5,604 in 2014 and $6,027 in 2013 to the retirement savings plan, which has been expensed as salaries and benefits expense. SFI also accrued for an anticipated discretionary contribution of $2,152 in 2014 and $2,194 in 2013, which has been expensed as salaries and benefits expense.

(15) Income Taxes

Income tax expense (benefit) for SFI, ORHA, Illinois Pathologist Services, LLC, and Preferred Emergency Physicians of Illinois, LLC for the years ended September 30, 2014 and 2013 consist of the following:

	2014		
	Current	Deferred	Total
U.S. federal	$ (36)	356	320
State	(11)	54	43
	$ (47)	410	363

	2013		
	Current	Deferred	Total
U.S. federal	$ (220)	563	343
State	(27)	15	(12)
	$ (247)	578	331

Income tax benefit attributable from revenues, gains, and other support over expenses was $363 and $331 for the years ended September 30, 2014 and 2013, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax income as a result of the following:

	2014	2013
Computed "expected" tax benefit	$ (1,783)	(153)
(Decrease) increase in income taxes resulting from:		
State income taxes, net of federal income tax effect	(472)	(36)
Other nondeductible expenses and other	2,618	520
Total income tax expense	$ 363	331

(Continued)

(In thousands)

Significant components of deferred tax assets and liabilities, using a combined federal and state income tax rate of 43% at September 30, 2014 and 2013, are as follows:

	2014	2013
Deferred tax assets:		
Accounts receivable reserves	$ 450	354
Benefit accruals, including pension	12,894	8,481
Investments in joint ventures	(211)	31
Pledges and contributions	56	105
Net operating loss carryforward	615	567
Contribution carryover	872	880
Market valuation of derivatives	538	718
401K Discretionary	880	903
Accounting change – accelerated revenue recognition	—	82
Total gross deferred tax assets	16,094	12,121
Less valuation allowance	—	—
Net deferred tax assets	$ 16,094	12,121

Deferred tax assets are recorded as other assets in the accompanying consolidated balance sheets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not that OSF will realize the benefits of these deductible differences to the extent they exceed the valuation allowance reported above.

The expiration of the net operating loss carryforwards range from 2033 to 2034.

(16) Commitments and Contingencies

(a) Operating Leases

OSF occupies space in certain facilities under long-term noncancelable operating lease arrangements. Total equipment rental, asset lease, and facility rental expenses in 2014 and 2013 were $56,965 and $49,779, respectively.

(Continued)

(In thousands)

The following is a schedule by year of future minimum lease payments to be made under operating leases as of September 30, 2014 that have initial or remaining lease terms in excess of one year:

	Amount
Year ending September 30:	
2015	$ 31,074
2016	21,417
2017	17,061
2018	14,139
2019	9,763
Thereafter	51,426

(b) Litigation

OSF and its subsidiaries are involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on OSF and its subsidiaries' future financial position or results from operations.

(c) Legal, Regulatory, and Other Contingencies and Commitments

The laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for OSF and other healthcare organizations. Recently, the federal government has increased its enforcement activity, including audits and investigations related to billing practices, clinical documentation, and related matters. OSF maintains a compliance program designed to educate employees and to detect and correct possible violations.

(d) The Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (often referred to, collectively, as the Affordable Care Act of the healthcare reform law), was signed into law on March 23, 2010. The statute will change how healthcare services are delivered and reimbursed through a variety of mechanisms. The law contains stronger anti fraud enforcement provisions and provides additional funding for enforcement activity.

On May 6, 2011, CMS issued a final rule establishing a value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2014, incentive payments are made based on achievement of or improvement in a set of clinical and quality measures designed to foster improved clinical outcomes. There has been no significant impact as a result of this regulation.

The Budget Control Act of 2011 (BCA) mandated significant reductions and spending caps on the federal budget for fiscal year 2012 through 2021. The BCA also created a joint select committee on deficit reduction (the Super Committee) to develop a plan to further reduce the federal deficit. Since the Super Committee failed to act before the mandatory deadline, a 2% reduction in Medicare spending, among other reductions, was to take effect January 1, 2013 in a process known as Sequestration. The BCA also required a 26.5% reduction in the sustainable growth rate formula regarding physician reimbursement under Medicare effective January 1, 2013.

On January 2, 2013, the President signed into law the American Taxpayers Relief Act (ATRA), which delayed Sequestration until March 1, 2013 and is now in effect as of March 1, 2013 and will continue until Congress takes further action. The ATRA delays the reduction in physician reimbursement until the end of 2014. As such, only the 2% reduction for nonphysician payments was effective April 1, 2013.

(e) Tax Exemption for Sales Tax and Property Tax

Effective June 14, 2012, the Governor of Illinois signed into law, *Public Act 97-0688*, which creates new standards for state sales tax and property tax exemptions in Illinois. The law establishes new standards for the issuance of charitable exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals with a value at least equal to the hospital's estimated property tax liability. OSF certified in 2014 in accordance with the legislation and is pending determination. OSF has not recorded a liability for related property taxes greater than the amount recorded in fiscal year 2014 based upon management's current determination of qualified services provided.

(f) Investment Risk and Uncertainties

OSF invests in various investment securities. Investment securities are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

(17) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, OSF evaluated subsequent events after the consolidated balance sheet date of September 30, 2014 through February 10, 2015, which was the date the consolidated financial statements were issued.

On November 1, 2014, Saint Anthony's Health Center and Saint Clare's Hospital in Alton, Illinois merged into OSF Healthcare System. The new names are OSF Saint Anthony's Health Center (the Health Center) and OSF Saint Clare's Hospital. The two campuses have 203 beds and serve area residents of the Riverbend area of Madison County. The transaction resulted in a contribution of excess assets over liabilities of $2,000 being recorded in the consolidated statements of operations and change in unrestricted net assets during 2015.

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Healthcare System and Subsidiaries

September 30, 2014

(In thousands)

Assets		Total healthcare providers	Corporate office
Current			
Cash and cash equivalents	$	36,458	208,250
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $144,902		379,480	—
Other		46,254	19,465
Total current assets		462,192	227,715
Investments		86,757	820,255
Assets limited as to use		—	166,896
Property and equipment, net		756,402	127,450
Restricted assets		59,767	—
Other assets		973,811	138,954
Total assets	$	2,338,929	1,481,270
Liabilities, Net Assets (Liabilities), and Stockholder's Equity			
Current liabilities			
Current portion of long-term debt	$	4,376	4,281
Accounts payable and accrued expenses		173,552	46,457
Estimated third-party payor settlements		82,601	—
Total current liabilities		260,529	50,738
Long-term debt, net of current portion		107,071	849,982
Accrued benefit liability		—	410,778
Estimated self-insurance liabilities		1,238	155,692
Other liabilities		4,049	983,903
Total liabilities		372,887	2,451,093
Net assets (liabilities)			
Unrestricted			
Unrestricted net assets of OSF		1,897,575	(969,823)
Noncontrolling interests in subsidiaries		8,700	—
Total unrestricted net assets		1,906,275	(969,823)
Temporarily restricted		36,966	—
Permanently restricted		22,801	—
Total net assets (liabilities)		1,966,042	(969,823)
Stockholder's equity		—	—
Total liabilities and net assets	$	2,338,929	1,481,270

See accompanying independent auditors' report

Schedule 1

Eliminations and reclassifications	Total obligated group	OSF Saint Francis, Inc. and other non obligated group entities	Eliminations and reclassifications	Consolidated
(7.069)	237.639	30.815	11.636	280.090
(2.250)	377.230	21.622	—	398.852
(6.829)	58.890	18.725	(8.848)	68.767
(16.148)	673.759	71.162	2.788	747.709
—	907.012	—	—	907.012
—	166.896	—	—	166.896
—	883.852	89.170	—	973.022
—	59.767	—	—	59.767
(1.037.779)	74.986	19.436	(25.593)	68.829
(1.053.927)	2.766.272	179.768	(22.805)	2.923.235
(2.558)	6.099	7.133	—	13.232
(13.590)	206.419	56.013	2.788	265.220
—	82.601	(115)	—	82.486
(16.148)	295.119	63.031	2.788	360.938
(101.631)	855.422	52.260	—	907.682
—	410.778	18.027	—	428.805
—	156.930	20.096	—	177.026
(936.148)	51.804	2.699	—	54.503
(1.053.927)	1.770.053	156.113	2.788	1.928.954
—	927.752	—	(2.214)	925.538
—	8.700	—	276	8.976
—	936.452	—	(1.938)	934.514
—	36.966	—	—	36.966
—	22.801	—	—	22.801
—	996.219	—	(1.938)	994.281
—	—	23.655	(23.655)	—
(1.053.927)	2.766.272	179.768	(22.805)	2.923.235

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – Healthcare Providers

September 30 2014

(In thousands)

Assets		Escanaba	Rockford	Pontiac	Bloomington
Current					
Cash and cash equivalents	$	768	3 611	694	2 781
Patients' and residents' accounts receivable net of allowance for doubtful accounts of approximately $119 099		9 251	76 357	9 048	28 337
Other		4 000	10 015	2 246	5 614
Total current assets		14 019	89 983	11 988	36 732
Investments		560	8 611	325	3 265
Property and equipment net		14 383	82 826	25 306	79 276
Restricted assets		1 938	6 496	2 036	548
Other assets		1	7 011	19 848	195 901
Total assets	$	30 901	194 927	59 503	315 722
Liabilities and Net Assets (Liabilities)					
Current liabilities					
Current portion of long-term debt	$	1 290	125	—	1 585
Accounts payable and accrued expenses		6 707	32 473	7 190	16 794
Estimated third-party payor settlements		—	20 539	609	11 852
Total current liabilities		7 997	53 137	7 799	30 231
Long-term debt net of current portion		52 198	3 540	—	1 855
Estimated self-insurance liabilities		—	—	—	—
Other liabilities		113	588	64	404
Total liabilities		60 308	57 265	7 863	32 490
Net assets (liabilities)					
Unrestricted					
Unrestricted net assets of OSF		(31 347)	131 488	49 605	275 478
Noncontrolling interests in subsidiaries		—	(322)	—	7 206
Total unrestricted net assets		(31 347)	131 166	49 605	282 684
Temporarily restricted		1 150	2 740	1 152	503
Permanently restricted		790	3 756	883	45
Total net assets (liabilities)		(29 407)	137 662	51 640	283 232
Total liabilities and net assets	$	30 901	194 927	59 503	315 722

See accompanying independent auditors' report

Schedule 2

Peoria	Galesburg	Kewanee	Monmouth	Home Care	Ottawa (obligated group)	Total
12 491	975	3 513	7 268	345	4 012	36 458
216 932	14 632	6 859	3 231	6 780	8 053	379 480
13 366	2 027	1 088	1 781	2 124	3 993	46 254
242 789	17 634	11 460	12 280	9 249	16 058	462 192
25 581	1 088	24 963	95	447	21 822	86 757
466 724	20 407	15 253	10 950	8 709	32 568	756 402
39 310	6 804	737	550	1 029	319	59 767
628 027	110 190	20	6 632	—	6 181	973 811
1 402 431	156 123	52 433	30 507	19 434	76 948	2 338 929
108	—	600	—	668	—	4 376
79 286	8 683	3 794	2 504	5 574	10 547	173 552
43 696	2 068	1 611	542	—	1 684	82 601
123 090	10 751	6 005	3 046	6 242	12 231	260 529
45	—	23 435	—	25 998	—	107 071
—	—	—	—	—	1 238	1 238
1 538	174	26	180	—	962	4 049
124 673	10 925	29 466	3 226	32 240	14 431	372 887
1 236 632	138 394	22 230	26 731	(13 834)	62 198	1 897 575
1 816	—	—	—	—	—	8 700
1 238 448	138 394	22 230	26 731	(13 834)	62 198	1 906 275
27 556	2 259	54	550	688	314	36 966
11 754	4 545	683	—	340	5	22 801
1 277 758	145 198	22 967	27 281	(12 806)	62 517	1 966 042
1 402 431	156 123	52 433	30 507	19 434	76 948	2 338 929

Schedule 3

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Balance Sheet Information – OSF Saint Francis, Inc and Other Subsidiaries

September 30, 2014

(In thousands)

Assets		OSF Saint Francis, Inc.*	Ottawa (Non-Obligated group)	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other non obligated group entities
Current						
Cash and cash equivalents	$	37,932	1,651	(8,768)	—	30,815
Patients' and residents' accounts receivable, net of allowance for doubtful accounts of approximately $25,803		9,350	867	11,405	—	21,622
Other		17,288	1,053	3,365	(2,981)	18,725
Total current assets		64,570	3,571	6,002	(2,981)	71,162
Property and equipment, net		83,044	648	5,478	—	89,170
Restricted assets		—	—	—	—	—
Other assets		18,153	1,283	—	—	19,436
Total assets	$	165,767	5,502	11,480	(2,981)	179,768
Liabilities and Stockholder's Equity						
Current liabilities						
Current portion of long-term debt	$	7,133	—	—	—	7,133
Accounts payable and accrued expenses		37,242	1,161	20,591	(2,981)	56,013
Estimated third-party payor settlements		—	—	(115)	—	(115)
Total current liabilities		44,375	1,161	20,476	(2,981)	63,031
Long-term debt, net of current portion		52,260	—	—	—	52,260
Accrued benefit liability		18,027	—	—	—	18,027
Estimated self-insurance liabilities		20,096	—	—	—	20,096
Other liabilities		1,251	1,228	220	—	2,699
Total liabilities		136,009	2,389	20,696	(2,981)	156,113
Stockholder's equity		29,758	3,113	(9,216)	—	23,655
Total liabilities and stockholder's equity	$	165,767	5,502	11,480	(2,981)	179,768

* OSF Saint Francis, Inc includes the accounts of OSF Saint Francis, Inc., OSF Aviation, OSF Design Group, and OSF Assurance Company

** Other subsidiaries include the accounts of OSF Multispecialty Group – Peoria, LLC, HeartCare Midwest, Ltd., Illinois Neurological Institute – Physicians, LLC, Cardiovascular Institute at OSF, LLC, OSF Multispecialty Group – Eastern Region, LLC, OSF Lifeline Ambulance, LLC, Illinois Pathologist Services, LLC, Illinois Specialty Physician Services at OSF, LLC, OSF Perinatal Associates, LLC, OSF Multispecialty Group – Western Region, LLC, OSF Children's Medical Group – Congenital Heart Center, LLC, and Preferred Emergency Physicians of Illinois, LLC

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information – OSF Healthcare System and Subsidiaries

Year ended September 30, 2014

(In thousands)

	Total healthcare providers	Corporate office
Net patient service revenue	$ 1,966,573	—
Provision for uncollectible accounts	(60,036)	—
Net patient service revenues, less provision for uncollectible accounts	1,906,537	—
Other revenues		
Contributions	3,434	—
Other	58,792	165,713
Net assets released from restrictions used for operations	2,866	—
Total revenues	1,971,629	165,713
Expenses		
Salaries and benefits	871,110	101,281
Sisters' evaluated services	115	1,076
Supplies and other expenses	848,802	60,673
Depreciation and amortization	86,640	21,541
Interest	5,032	81,772
Total expenses	1,811,699	266,343
Income (loss) before income tax expense	159,930	(100,630)
Income tax expense	—	—
Income (loss) from operations	159,930	(100,630)
Nonoperating gains (losses)		
Investment income (loss)	51,371	39,078
Net settlement of derivative instruments	—	(7,914)
Change in fair value of investments	3,167	9,141
Loss on early extinguishment of debt	(628)	(2,365)
Change in fair value of derivative instruments	—	(5,253)
Contribution of excess assets over liabilities for Saint Luke Medical Center and other	23,270	—
Total nonoperating gains	77,180	32,687
Net income (loss)	237,110	(67,943)
Other changes in unrestricted net assets		
Net assets released from restrictions used for the purchase of property and equipment	6,429	—
Transfer (to) from affiliate and other	(2,481)	(39,180)
Recognition of change in pension funded status	—	(151,927)
Net distributions made to noncontrolling shareholders	(5,603)	—
Change in unrestricted net assets	$ 235,455	(259,050)

See accompanying independent auditors' report

Schedule 4

Eliminations	Total obligated group	OSF Saint Francis, Inc. and other non obligated group entities	Eliminations	Consolidated
(40,457)	1,926,116	139,153	—	2,065,269
—	(60,036)	(7,222)	—	(67,258)
(40,457)	1,866,080	131,931	—	1,998,011
—	3,434	—	—	3,434
(179,944)	44,561	143,272	(95,320)	92,513
—	2,866	2	—	2,868
(220,401)	1,916,941	275,205	(95,320)	2,096,826
43,575	1,015,966	138,068	—	1,154,034
—	1,191	—	—	1,191
(243,638)	665,837	199,699	(119,917)	745,619
(20,338)	87,843	7,674	—	95,517
(52,434)	34,370	1,815	—	36,185
(272,835)	1,805,207	347,256	(119,917)	2,032,546
52,434	111,734	(72,051)	24,597	64,280
—	—	363	—	363
52,434	111,734	(72,414)	24,597	63,917
(52,434)	38,015	122	—	38,137
—	(7,914)	—	—	(7,914)
—	12,308	—	—	12,308
—	(2,993)	—	—	(2,993)
—	(5,253)	418	—	(4,835)
—	23,270	—	—	23,270
(52,434)	57,433	540	—	57,973
—	169,167	(71,874)	24,597	121,890
—	6,429	—	—	6,429
—	(41,661)	55,961	(14,500)	(200)
—	(151,927)	(7,633)	7,633	(151,927)
—	(5,603)	(108)	—	(5,711)
—	(23,595)	(23,654)	17,730	(29,519)

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Unrestricted Net Assets
Information – Healthcare Providers

Year ended September 30, 2014

(In thousands)

	Escanaba	Rockford	Pontiac	Bloomington
Net patient service revenue	$ 72,807	358,797	66,584	198,076
Provision for uncollectible accounts	(6,236)	(12,816)	(4,306)	(8,193)
Net patient service revenues less provision for uncollectible accounts	66,571	345,981	62,278	189,883
Other revenues				
Contributions	122	183	65	153
Other	1,975	9,631	3,368	5,350
Net assets released from restrictions used for operations	6	586	104	230
Total revenues	68,674	356,381	65,815	195,616
Expenses				
Salaries and benefits	35,702	159,482	30,786	74,802
Sisters' evaluated services	—	—	—	—
Supplies and other expenses	30,799	176,902	30,998	81,532
Depreciation and amortization	2,337	15,035	3,472	9,891
Interest	2,395	519	—	110
Total expenses	71,233	351,938	65,256	166,335
Income (loss) from operations	(2,559)	4,443	559	29,281
Nonoperating gains				
Investment income	31	463	1,012	9,391
Change in fair value of investments	—	443	3	(142)
Loss on early extinguishment of debt	—	—	—	—
Contribution of excess assets over liabilities for Saint Luke Medical Center and other	—	—	—	—
Total nonoperating gains	31	906	1,015	9,249
Net income (loss)	(2,528)	5,349	1,574	38,530
Other changes in unrestricted net assets (liabilities)				
Net assets released from restrictions used for the purchase of property and equipment	2,098	223	2,589	55
Transfer (to) from affiliate and other	—	—	—	—
Net distributions made to noncontrolling shareholders	—	—	—	(3,289)
Change in unrestricted net assets (liabilities)	$ (430)	5,572	4,163	35,296

See accompanying independent auditors' report

Schedule 5

Peoria	Galesburg	Kewanee	Monmouth	Home Care	Ottawa (obligated group)	Total
1 019 799	92 792	15 039	26 492	47 690	68 497	1 966 573
(14 404)	(6 631)	(1 077)	(1 766)	(148)	(4 459)	(60 036)
1 005 395	86 161	13 962	24 726	47 542	64 038	1 906 537
1 791	283	—	48	317	472	3 434
30 439	1 392	358	1 976	632	3 671	58 792
1 878	55	—	6	—	1	2 866
1 039 503	87 891	14 320	26 756	48 491	68 182	1 971 629
440 544	36 264	6 613	15 373	34 048	37 496	871 110
67	48	—	—	—	—	115
442 319	33 204	5 350	9 036	13 015	25 647	848 802
46 127	3 587	1 111	894	937	3 249	86 640
4	—	689	—	1 218	97	5 032
929 061	73 103	13 763	25 303	49 218	66 489	1 811 699
110 442	14 788	557	1 453	(727)	1 693	159 930
33 023	5 951	282	124	8	1 086	51 371
1 955	16	143	—	32	717	3 167
—	—	(628)	—	—	—	(628)
—	—	21 877	—	—	1 393	23 270
34 978	5 967	21 674	124	40	3 196	77 180
145 420	20 755	22 231	1 577	(687)	4 889	237 110
816	47	—	600	1	—	6 429
—	—	—	—	—	(2 481)	(2 481)
(2 314)	—	—	—	—	—	(5 603)
143 922	20 802	22 231	2 177	(686)	2 408	235 455

Schedule 6

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Operations and Changes in Stockholder's Equity
Information – OSF Saint Francis Inc and Other Subsidiaries

Year ended September 30 2014

(In thousands)

	OSF Saint Francis, Inc.*	Ottawa (Non-Obligated Group)	Other subsidiaries**	Eliminations	OSF Saint Francis, Inc. and other non obligated group entities
Net patient service revenue	$ 27 944	8 750	102 459	—	139 153
Provision for uncollectible accounts	(1 025)	(586)	(5 611)	—	(7 222)
Net patient service revenues less provision for uncollectible accounts	26 919	8 164	96 848	—	131 931
Other revenues					
Contributions	—	—	—	—	—
Other	170 599	557	3 916	(31 800)	143 272
Net assets released from restrictions used for operations	—	2	—	—	2
Total revenues	197 518	8 723	100 764	(31 800)	275 205
Expenses					
Salaries and benefits	131 334	6 734	—	—	138 068
Supplies and other expenses	64 866	5 798	160 835	(31 800)	199 699
Depreciation and amortization	5 194	354	2 126	—	7 674
Interest	1 815	—	—	—	1 815
Total expenses	203 209	12 886	162 961	(31 800)	347 256
Loss before income tax benefit	(5 691)	(4 163)	(62 197)	—	(72 051)
Income tax expense	209	5	149	—	363
Loss from operations	(5 900)	(4 168)	(62 346)	—	(72 414)
Nonoperating gains					
Investment income	30	14	78	—	122
Change in fair value of derivative instruments	418	—	—	—	418
Contribution of excess assets over liabilities for Saint Luke Medical Center and other	—	—	—	—	—
Total nonoperating gains	448	14	78	—	540
Net loss	(5 452)	(4 154)	(62 268)	—	(71 874)
Other changes in stockholder's equity					
Transfer from affiliate	—	2 481	53 480	—	55 961
Recognition of change in pension funded status	(7 633)	—	—	—	(7 633)
Net distributions made to noncontrolling shareholders	—	(108)	—	—	(108)
Change in stockholder's equity	$ (13 085)	(1 781)	(8 788)	—	(23 654)

* OSF Saint Francis Inc includes the accounts of OSF Saint Francis Inc OSF Aviation OSF Design Group and OSF Assurance Company

** Other subsidiaries include the accounts of OSF Multispecialty Group – Peoria LLC HeartCare Midwest Ltd Illinois Neurological Institute – Physicians LLC Cardiovascular Institute at OSF LLC OSF Multispecialty Group – Eastern Region LLC OSF Lifeline Ambulance LLC Illinois Pathologist Services LLC Illinois Specialty Physician Services at OSF LLC OSF Perinatal Associates LLC OSF Multispecialty Group – Western Region LLC OSF Children's Medical Group – Congenital Heart Center LLC and Preferred Emergency Physicians of Illinois LLC

See accompanying independent auditors' report

Schedule 7

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Changes in Net Assets Information – OSF Healthcare System

Year ended September 30, 2014

(In thousands)

	Total healthcare providers	Corporate office	OSF Saint Francis, Inc. and other non obligated group entities	Eliminations	Consolidated
Unrestricted net assets (liabilities)					
Net income (loss)	$ 237,110	(67,943)	(71,874)	24,597	121,890
Other changes in unrestricted net assets					
Net assets released from restrictions used for the purchase of property and equipment	6,429	—	—	—	6,429
Transfer (to) from affiliate and other	(2,481)	(39,180)	55,961	(14,500)	(200)
Recognition of change in pension funded status	—	(151,927)	(7,633)	7,633	(151,927)
Net distributions made to noncontrolling shareholders	(5,603)	—	(108)	—	(5,711)
Change in unrestricted net assets (liabilities)	235,455	(259,050)	(23,654)	17,730	(29,519)
Temporarily restricted net assets					
Contributions and other	6,271	—	—	—	6,271
Investment income	1,779	—	—	—	1,779
Net assets released from restrictions	(9,295)	—	(2)	—	(9,297)
Change in temporarily restricted net assets	(1,245)	—	(2)	—	(1,247)
Permanently restricted net assets					
Contributions	6,377	—	—	—	6,377
Change in net assets (liabilities)	240,587	(259,050)	(23,656)	17,730	(24,389)
Net assets (liabilities), beginning of year	1,725,455	(710,773)	(40,167)	44,155	1,018,670
Net assets (liabilities), end of year	$ 1,966,042	(969,823)	(63,823)	61,885	994,281

See accompanying independent auditors' report

OSF HEALTHCARE SYSTEM AND SUBSIDIARIES

Consolidating Statement of Changes in Net Assets Information – Healthcare Providers

Year ended September 30, 2014

(In thousands)

	Escanaba	Rockford	Pontiac	Bloomington
Unrestricted net assets (liabilities)				
Net income (loss)	$ (2,528)	5,349	1,574	38,530
Other changes in unrestricted net assets				
Net assets released from restrictions used for the purchase of property and equipment	2,098	223	2,589	55
Net distributions made to noncontrolling shareholders	—	—	—	(3,289)
Transfer (to) from affiliate and other	—	—	—	—
Change in unrestricted net assets (liabilities)	(430)	5,572	4,163	35,296
Temporarily restricted net assets				
Contributions and other	216	796	193	439
Investment income	61	304	67	1
Net assets released from restrictions	(2,104)	(809)	(2,693)	(285)
Net assets transferred to affiliate	—	—	—	—
Change in temporarily restricted net assets	(1,827)	291	(2,433)	155
Permanently restricted net assets				
Contributions	—	40	1	42
Change in net assets (liabilities)	(2,257)	5,903	1,731	35,493
Net assets (liabilities), beginning of year	(27,150)	131,759	49,909	247,739
Net assets (liabilities), end of year	$ (29,407)	137,662	51,640	283,232

See accompanying independent auditors' report

Schedule 8

Peoria	Galesburg	Kewanee	Monmouth	Home Care	Ottawa (obligated group)	Total
145,420	20,755	22,231	1,577	(687)	4,889	237,110
816	47	—	600	1	—	6,429
(2,314)	—	—	—	—	—	(5,603)
—	—	—	—	—	(2,481)	(2,481)
143,922	20,802	22,231	2,177	(686)	2,408	235,455
3,492	61	54	647	71	302	6,271
831	515	—	—	—	—	1,779
(2,694)	(102)	—	(606)	(1)	(1)	(9,295)
—	—	—	—	—	—	—
1,629	474	54	41	70	301	(1,245)
5,519	85	682	—	8	—	6,377
151,070	21,361	22,967	2,218	(608)	2,709	240,587
1,126,688	123,837	—	25,063	(12,198)	59,808	1,725,455
1,277,758	145,198	22,967	27,281	(12,806)	62,517	1,966,042