



STATE OF ILLINOIS

HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST, SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

	BOARD MEETING: November 18, 2025	PROJECT NO: E-017-25	PROJECT COST:
FACILITY NAME: Javon Bea Hospital – Rockton Campus Real Estate Only		CITY: Rockford	Original: \$1 FMV: \$12,616,421
TYPE OF PROJECT: EXEMPTION – Change of Ownership			HSA: I

DESCRIPTION: The Applicants (Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation) are proposing a change of ownership of Javon Bea Hospital-Rockton Campus (**Real Estate Only**), located at 2400 North Rockton Avenue, Rockford, Illinois. The expected project completion date is December 31, 2026.

Information regarding this exemption can be found at this link:

<https://hfsrb.illinois.gov/project.javon-bea-hospital---rockton-campus.html>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation) propose a change of ownership of Javon Bea Hospital-Rockton Campus **Real Estate Only**, located at 2400 North Rockton Avenue, Rockford, Illinois. The expected completion date is December 31, 2026. The purchase price is one dollar. The Fair Market Value of the Rockton Campus is \$12,616,421.¹
- The Javon Bea Hospital has two campuses in Rockford, the Rockton Campus and the Riverside Campus. Both facilities operate under one hospital license from the Illinois Department of Public Health.²
- Mercy Health Corporation sold the Javon Bea Hospital Rockton Campus to Kingdom Authority International Ministries for one dollar in September 2025, prior to State Board approval. The 23,991 square feet of the Hospital premises comprising the emergency department, intensive care, and long-term care services used by Javon Bea Hospital-Rockton Avenue Campus will be leased back to the Hospital. These three services are currently suspended in accordance with State Board rules. A final determination as to those services will be made within the required 1-year time frame from the initial suspension of services. The initial suspension was July 1, 2025.
- The initial term of the lease is 10 years with a rent of one dollar a month plus utilities. Mercy Health Corporation will, at its expense, maintain (i) workers' compensation insurance and (ii) commercial general liability insurance. Any repairs to the campus costing more than \$1,000 will be the responsibility of Kingdom Authority International Ministries.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes a change of ownership of the physical plant and related assets of a hospital with no change in the licensee.

TRANSACTION:

- According to the Applicants, this transaction is intended to be a charitable donation for the benefit of the community, with a purchase price of \$1.00. According to the Applicants, the sale of the physical plant and underlying land to a community organization, Kingdom Authority International Ministries, ensures that the site will remain a location where Rockford residents are served. The

¹ The estimated value of the physical plant and land is approximately \$12,616,421, as listed in the 2025 STAX-300-HC Annual Certification Form for Hospital Sales Tax Exemption submitted to the Illinois Department of Revenue for Javon Bea Hospital.

² In Illinois, a hospital can operate two campuses under a single Illinois Department of Public Health (IDPH) license if the campuses are part of a unified health system and meet specific requirements. Key requirements for a single license include that both hospital campuses must be owned or operated by a single corporation or legal entity acting as the licensee. The two facilities must share: A single board of directors and a single chief executive officer with overall management responsibility. The health system can choose to have a unified medical staff that serves both licensed hospitals. If this option is selected, the unified medical staff must be organized in accordance with Medicare regulations and receive majority approval from the medical staff members at each campus. Each hospital building on a geographically separate site must individually comply with IDPH requirements for emergency services. This ensures that essential emergency care is available at each location. The hospital must submit a detailed plan to the IDPH that describes the services at each location and how common services will be coordinated across the campuses. The IDPH can approve waivers for specific licensing requirements for certain facilities if patient health and safety are not endangered and the coordinated service is documented. A hospital's eligibility to have a single license for multiple locations is also subject to specific county population limits. Hospitals in counties with fewer than 3 million residents can operate multiple locations within the same county under a single license. There are additional provisions for hospitals in counties with smaller populations (e.g., fewer than 125,000 residents) to operate across contiguous counties. (210 ILCS 85/4.5)

purchase price of \$1 enables the church to allocate more of its resources to community-focused projects. The sale prevents the campus from sitting vacant and potentially revitalizes a significant site on Rockford's west side. The new owners are pastors of a church, a non-profit organization. (The Purchase and Lease Agreement can be found on pages 10-42 in the Application for Permit)

SUMMARY:

- *An exemption shall be approved when information required by the Board by rule is submitted (20 ILCS 3960/6 (b))*
- The Applicants provided all the information required by the State Board.



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Project #E-017-25
State Board Staff Report
Javon Bea Hospital – Rockton Campus

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation
Facility Name	Javon Bea Hospital – Rockton Campus
Location	2400 North Rockton Avenue, Rockford, Illinois
Permit Holder	Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation
Licensee/Operating Entity	Javon Bea Hospital
Owner of Site	Javon Bea Hospital
Application Received	October 1, 2025
Project Completion Date	October 10, 2025

I. The Proposed Project

The Applicants (Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation) propose a change of ownership of Javon Bea Hospital-Rockton Campus Real Estate Only, located at 2400 North Rockton Avenue, Rockford, Illinois. The expected completion date is December 31, 2026.

II. General Information

The Applicants are Kingdom Authority International Ministries, Javon Bea Hospital, and Mercy Health Corporation. Mercy Health Corporation owns Javon Bea Hospital, which operates with two inpatient campuses: one located at North Rockton Avenue, and one located at East Riverside Boulevard, both located in Rockford, Illinois. In addition, Mercy Health Care Corporation owns and operates Mercy Harvard Hospital, Harvard, Illinois, Mercyhealth Hospital and Physician Clinic – Crystal Lake, and Van Matre Encompass Health Rehabilitation Institute, a joint venture with Javon Bea Hospital. Kingdom Authority International Ministries is a registered 501(c)(3) nonprofit organization based at 510 North Court Street, Rockford, Illinois was established in 2000. The church operates as a faith-based community organization offering spiritual, social, and outreach services to Rockford residents. The Ministry is led by Pastors Melvin Brown and Sheila Brown and is engaged in several community development efforts. As a religious organization, it has contributed to the city's civic fabric through both spiritual ministry and efforts to address broader social needs.

The State Board Staff was unable to obtain financial information for Kingdom Authority International Ministries. The Kingdom Authority International Ministries is exempt from

filing an IRS 990 information return because it is a church (Internal Revenue Code (IRC) Section 501(a). The 990 provides financial information for tax-exempt organizations.

III. 77 Ill. Adm. 1110.110 - Background of the Applicants

An applicant must demonstrate that it is fit, willing, and able, and has the qualifications, background, and character to adequately provide a proper standard of health care service for the community. [20 ILCS 3960/6]

Mercy Health Corporation is an Illinois non-profit corporation and the sole member of multiple healthcare facilities within Illinois. There have been no adverse actions taken against Mercy Health by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois against any health care facility owned or operated by the Mercy Health Corporation, directly or indirectly, within three years preceding the filing of the application.

IV. Health Service Area

Javon Bea Hospital is in Health Service Area (HSA) I and the B-01 Hospital Planning Area (HPA). The hospital has two campuses in Rockford, Illinois: Riverside and Rockton. HSA I includes the Illinois Counties of Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside, and Winnebago. The B-1 planning area includes Boone and Winnebago Counties; DeKalb County Townships of Franklin, Kingston, and Genoa; Ogle County Townships of Monroe, White Rock, Lynnville, Scott, Marion, Byron, Rockvale, Leaf River, and Mount Morris.

The State Board is projecting a 1.13% decrease in total population for the period 2021-2026 in the B-01 HPA and an increase in the over-65 population of 13.18% by 2026 in this same planning area (see Table One).

TABLE ONE			
B-01 Hospital Planning Area			
Population Change			
Age	2021	2026	Change %
0-14	71,150	65,180	-8.39%
15-44	135,730	133,080	-1.95%
45-64	97,840	93,480	-4.46%
65-74	38,930	42,790	9.92%
75+	27,710	32,630	17.76%
Total	371,360	367,160	-1.13%
65+	66,640	75,420	13.18%

V. Javon Bea Hospital

Table Two below documents Javon Bea Hospital-Riverside Campus' Average Length of Stay (ALOS), Average Daily Census (ADC), and Occupancy (OCC) for 2024. Javon Bea Hospital-Rockton Campus had no inpatient utilization in 2024. In 2024, Javon Bea

Hospital's patient mix by payor source was 56.8% Medicare, 15.5% Medicaid, 24.2% Private Insurance, 1.8% Private Pay, and 2.25% Charity Care.

TABLE TWO Javon Bea Hospital – Riverside Campus Inpatient Utilization							
Services	Beds	Admit	Days	OB Days	ALOS	ADC	OCC
Medical Surgical	84	7,005	22,039	2,950	3.57	68.46	81.50%
Pediatric	12	0	0	0	0.00	0.00	0.00%
Intensive Care	26	1,368	4,076	147	3.09	11.57	44.50%
OB	20	1,594	3,454	202	2.29	10.02	50.08%
Neonatal	52	461	10,435	7	22.65	28.61	55.02%
Totals	194	10,428	40,004	3,306			

VI. Applicants' Responses

Section 1130.520(b)(1)(G)- Purchase price: *“The purchase price or other forms of consideration to be provided for those assets. [20 ILCS 3960/8.5(a)]”*

The transaction is intended to be a donative transfer for the benefit of the community, with a purchase price of \$1.00

Section 1130.520(b)(3)- Hospital Charity Care

If the ownership change is for a hospital, affirmation that the facility will not adopt a more restrictive charity care policy than the policy in effect one year before the transaction. The hospital must provide affirmation that the compliant charity care policy will remain in effect for two years following the change of ownership transaction.”

Not Applicable

Section 1130.520(b)(4)- Anticipated Benefits to the Community *“A statement as to the anticipated benefits of the proposed change in ownership to the community.”*

The sale of the physical plant and underlying land to a community organization like Kingdom Authority International Ministries ensures that the site will remain a location where Rockford residents are served for years to come.

Section 1130.520(b)(5)- Anticipated Cost Savings for the Community and Facility *“The anticipated or potential cost savings, if any, that will result for the community and the facility because of the change in ownership.”*

No potential cost savings are anticipated from the sale of this physical plant.

Section 1130.520(b)(6)- Quality Improvement Program *“A description of the facility's quality improvement program mechanism that will be utilized to assure quality control”*

There will be no change to the hospital services quality improvement program as a result of this transaction. Javon Bea Hospital will remain responsible for meeting all quality improvement requirements at the location related to the hospital services.

Section 1130.520(b)(7)- Facility's Governing Body: *"A description of the selection process that the acquiring entity will use to select the facility's governing body."*

There will be no change in the selection process for the governing body of the hospital spaces located within the physical plant as a result of this transaction, which will remain subject to the Bylaws of Javon Bea Hospital and the powers reserved to Mercy Health Corporation.

Section 1130.520(b)(9)- Summary of Proposed Changes Within 24 Months: *"A description or summary of any proposed changes to the scope of services or levels of care currently provided at the facility that are anticipated to occur within 24 months after acquisition."*

No change in services or levels of care is anticipated due to the change in ownership of the physical plant and underlying land. The operation of the stand-by Emergency Department and inpatient ICU has been suspended in accordance with 77 Ill. Adm. Code 1130.240. The temporary suspension became effective July 1, 2025. The decision to temporarily suspend inpatient and standby emergency services at the Rockton Campus was made to ensure patient clinical safety amid the risk of flooding at the campus. Monthly updates regarding the temporary suspension are being made as required by 77 Ill. Adm. Code 1320.240 (d) and a final determination as to those services will be made within the required 1-year time frame from the initial suspension of services. Any changes to the scope or level of care will be presented to the IHFSRS as required by the Illinois Health Facilities Planning Act and the applicable rules promulgated thereunder.

VI. FINANCIAL

Mercy Health Corporation has an 'A' or better bond rating. Fitch Ratings increased Mercy Health Corporation's credit rating to "A" from "A-" and assigned a stable outlook, noting its strong financial profile. This upgrade was driven by the system's improving economic performance and appreciation in investment markets. Fitch anticipated that Mercy Health's operating profile would remain strong in the long term, despite potential challenges from rising labor and supply expenses and the opening of its new Crystal Lake Hospital in mid-2023. The rating considered Mercy Health's financial data as of fiscal year-end June 30, 2022, when the system had approximately \$1.2 billion in revenue and 370 days of cash on hand.

Table Three shows the audited financial information for Mercy Health Corporation and Javon Bea Hospital. Table Four shows the Income or Loss reported on the Medicare Cost Report (2020-2024), Javon Bea Hospital.

TABLE THREE Mercy Health Corporation Audited (in thousands)			
Year	2025	2024	
Cash	\$383,514	\$402,036	
Current Assets	\$507,924	\$538,168	
Total Assets	\$2,491,133	\$2,402,010	
Current Liabilities	\$209,958	\$222,222	
Total Long-Term Liabilities	\$812,583	\$820,715	
Total Liabilities	\$1,022,541	\$1,042,937	
Patient Service Revenue	\$1,128,155	\$1,071,329	
Total Revenue	\$1,314,215	\$1,257,356	
Operating Expenses	\$1,315,949	\$1,241,051	
Income (Loss)	-\$1,734	\$16,305	
Excess of Revenue over Expenses	\$107,528	\$118,538	

Javon Bea Hospital Audited (in thousands)		
Year	2025	
Cash	\$46,353	
Current Assets	\$75,568	
Total Assets	\$697,043	
Current Liabilities	\$32,219	
Total Long-Term Liabilities	\$497,540	
Total Liabilities	\$697,043	
Patient Service Revenue	\$393,566	
Total Revenue	\$409,655	
Operating Expenses	\$402,669	
Income (Loss)	\$6,990	
Excess of Revenue over Expenses	\$25,513	

TABLE FOUR Medicare Cost Report 2020-2024						
	2020	2021	2022	2023	2024	AVE
Javon Bea Hospital						
Total Patient Revenues	\$1,462,685,829	\$1,255,404,973	\$1,266,892,985	\$1,187,215,735	\$1,309,370,835	\$1,296,314,071
Less Contractual All	\$1,122,628,411	\$891,340,254	\$948,344,101	\$822,780,038	\$937,817,057	\$944,581,972
Net Patient Revenue	\$340,057,418	\$364,064,719	\$318,548,884	\$364,435,697	\$371,553,778	\$351,732,099
Operating Expense	\$384,552,001	\$348,641,161	\$335,720,996	\$327,912,186	\$377,466,274	\$354,858,524
Net Income from Patient Services	-\$44,494,583	\$15,423,558	-\$17,172,112	\$36,523,511	-\$5,912,496	-\$3,126,424

TABLE FOUR
Medicare Cost Report
2020-2024

	2020	2021	2022	2023	2024	AVE
Other Income	\$73,500,910	\$54,566,260	\$44,160,148	\$27,107,190	\$20,907,838	\$44,048,469
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$29,006,327	\$39,989,818	\$26,988,036	\$63,630,701	\$38,827,390	\$39,688,454
Operating Margin	-13.1%	4.2%	-5.4%	10.0%	-1.6%	-0.9%

1. Operating Margin = Net Income from Patient Services ÷ Net Patient Revenue

MEMORANDUM OF UNDERSTANDING

**Between
Mercy Health Corporation
and
Kingdom Authority International Ministries**

Effective Date: October 27, 2025

RECITALS

WHEREAS, Mercy Health Corporation (“Mercy”) is an Illinois non-profit corporation and the current owner of the real property and improvements located at 2400 North Rockton Avenue, Rockford, Illinois 61103, operated as the Javon Bea Hospital – Rockton Avenue Campus (the “Property”);

WHEREAS, Kingdom Authority International Ministries (“Kingdom”) is an Illinois non-profit organization that has entered into an agreement to purchase the Property from Mercy;

WHEREAS, Mercy previously operated the Property as a licensed hospital campus providing inpatient and emergency services but has temporarily suspended inpatient and emergency operations;

WHEREAS, Mercy has filed applications with the Illinois Health Facilities and Services Review Board (“HFSRB”) for (a) approval to discontinue hospital operations at the Rockton Avenue Campus, and (b) a change of ownership exemption related to the transfer of the Property to Kingdom;

WHEREAS, both parties recognize that these applications remain under consideration by HFSRB and desire to ensure that all actions concerning the Property remain consistent with the requirements of the Illinois Health Facilities Planning Act (20 ILCS 3960) and related administrative rules;

WHEREAS, the parties wish to memorialize their mutual understanding with respect to maintenance, occupancy restrictions, and coordination during the HFSRB review process;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants herein, and other good and valuable consideration, the parties agree as follows:

1. Purpose

The purpose of this Memorandum of Understanding (“MOU”) is to confirm the mutual understanding between Mercy and Kingdom regarding:

- (a) the maintenance and upkeep of the Property;
- (b) the restriction of occupancy and tenancy pending regulatory approval; and
- (c) cooperation during the ongoing HFSRB review process.

2. Property Maintenance and Upkeep

- a. Mercy shall remain responsible for the maintenance of medical equipment, and general upkeep of the portions of the Property formerly used for hospital operations, including areas that would be used if hospital services were to resume in the future.
- b. Mercy shall maintain the Property in a manner that preserves its suitability for future healthcare use.

3. Restrictions on Occupancy and Tenancy

- a. Kingdom shall not lease, sublease, or otherwise allow occupancy or use of any area previously utilized for hospital operations until the HFSRB has issued final approval of Mercy’s pending Discontinuation Application.
- b. Kingdom shall ensure that no tenants or occupants engage in any activity that could interfere with Mercy’s ongoing regulatory obligations.
- c. Kingdom acknowledges that occupancy or use of the Property for purposes inconsistent with healthcare operations prior to HFSRB approval could constitute a violation of state regulatory requirements and will fully indemnify Mercy if Kingdom fails to meet its obligations under this Section 3.

4. Cooperation and Regulatory Compliance

- a. The parties shall cooperate fully in responding to inquiries from HFSRB, the Illinois Department of Public Health, or other regulatory agencies concerning the Property or pending applications.
- b. Both parties agree to coordinate communications related to the Property and to avoid actions that might be construed as a change in operational control prior to final HFSRB approval.

5. No Transfer of Operational Control

This MOU does not transfer operational control, licensure, or authority to provide healthcare services from Mercy to Kingdom. Mercy shall remain the sole party responsible for any regulatory obligations associated with the former hospital until HFSRB issues all necessary approvals.

6. Term and Termination

This MOU shall remain in effect until:

- (a) the HFSRB issues a final decision on Mercy's Discontinuation Application; or
- (b) the parties execute a subsequent definitive agreement superseding this MOU.

Either party may terminate this MOU upon thirty (30) days' written notice, provided that such termination does not conflict with applicable regulatory requirements or disrupt the HFSRB review process.

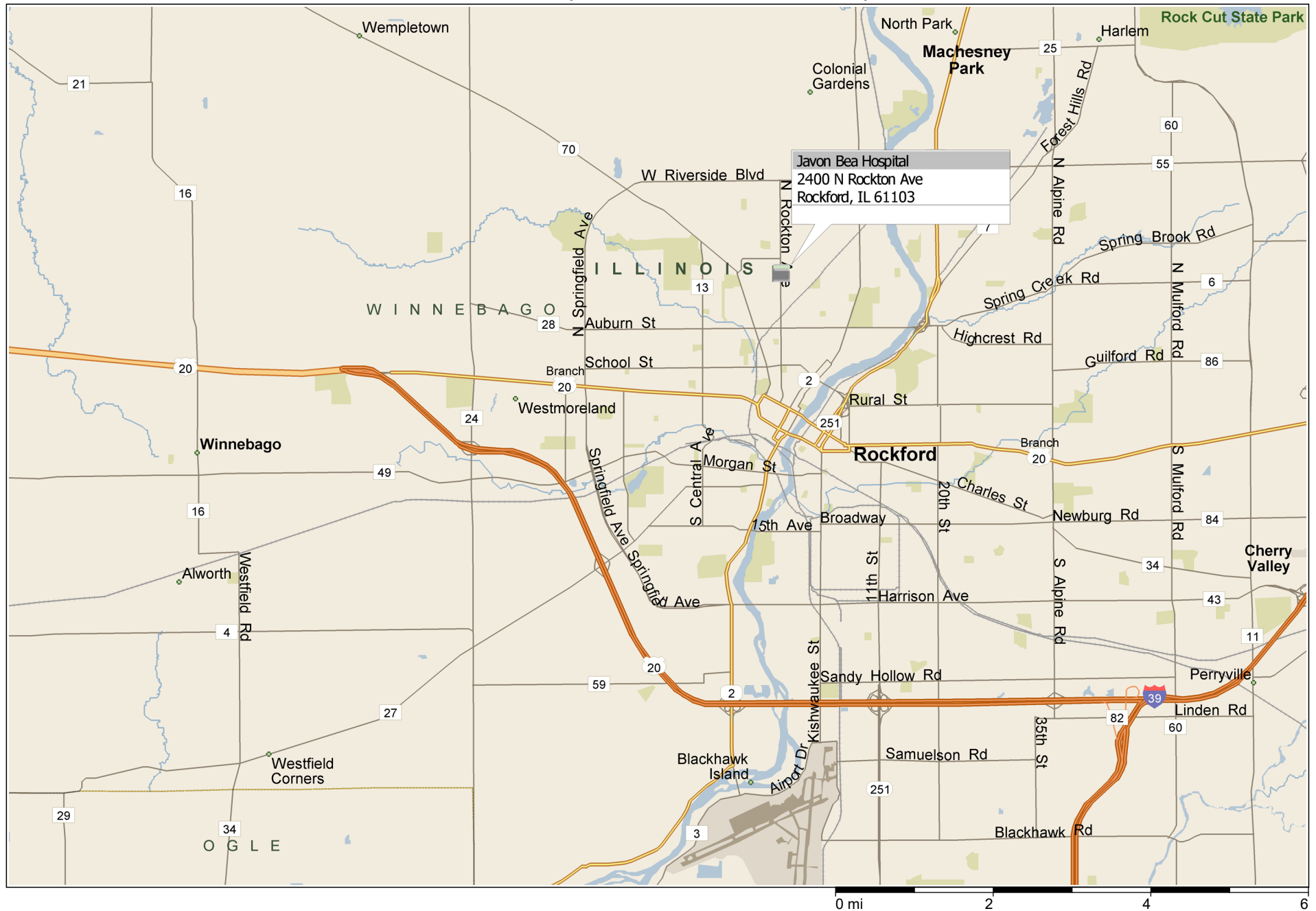
7. Miscellaneous

- a. This MOU is intended to outline the mutual understanding of the parties and shall not, by itself, create any legally binding obligation to complete a transaction.
- b. This MOU shall be governed by and construed in accordance with the laws of the State of Illinois.
- c. This MOU may be amended only by a written instrument executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as of the Effective Date written above.

Mercy Health Corporation	Kingdom Authority International Ministries
By: <u><i>Joanna Benning</i></u>	By: _____
Name: <u>Joanna Benning</u>	Name: <u>Melvin + Shelia Brown</u>
Title: <u>VP</u>	Title: <u>President</u>
Date: <u>10/31/25</u>	Date: <u>10/31/25</u>

E-017-25 Javon Bea Hospital Rockton Avenue Campus - Rockford



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