ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

12-040

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

APR 25 2012

HEALTH FACILITIES & SERVICES REVIEW BOARD

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: La Rabida Children's Hospital			
Street Address: 6501 S. Promontory Drive			
City and Zip Code: Chicago, IL 60649			
County: Cook	Health Service Area 6		Health Planning Area:A-03

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: La Rabida Children's Hospital
Address: 6501 Promontory Drive, Chicago, IL 60649
Name of Registered Agent: Brenda J. Wolf
Name of Chief Executive Officer: Brenda J. Wolf
CEO Address: 6501 S. Promontory Drive, Chicago, IL 60649
Telephone Number: 773-383-6700

Type of Ownership of Applicant/Co-Applicant

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: Mark D. Renfree
Title: Chief Financial Officer & Vice President of Administration
Company Name: La Rabida Children's Hospital
Address: 6501 S. Promontory Drive, Chicago, IL 60649
Telephone Number: 773-363-6700
E-mail Address:
Fax Number:

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: Billie J. Paige/ Ira Rogal
Title: Consultant
Company Name: Shea, Paige & Rogal, Inc.
Address: 547 S. LaGrange Road, LaGrange, IL 60525
Telephone Number: 708-482-4820
E-mail Address: stargazer23@msn.com /iar4@aol.com
Fax Number: 708-482-1091

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT
SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: La Rabida Children's Hospital			
Street Address: 6501 S. Promontory Drive			
City and Zip Code: Chicago, IL 60649			
County: Cook	Health Service Area 6		Health Planning Area:A-03

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: La Rabida Children's Foundation
Address: 6501 Promontory Drive, Chicago, IL 60649
Name of Registered Agent: Donna Morgan
Name of Chief Executive Officer: Richard C. Carr, President
CEO Address: 6501 S. Promontory Drive, Chicago, IL 60649
Telephone Number: 773-383-6700

Type of Ownership of Applicant/Co-Applicant

- [x] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name: Mark D. Renfree
Title: Treasurer
Company Name: La Rabida Children's Foundation
Address: 6501 S. Promontory Drive, Chicago, IL 60649
Telephone Number: 773-363-6700
E-mail Address:
Fax Number:

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name: Billie J. Paige/ Ira Rogal
Title: Consultant
Company Name: Shea, Paige & Rogal, Inc.
Address: 547 S. LaGrange Road, LaGrange, IL 60525
Telephone Number: 708-482-4820
E-mail Address: stargazer23@msn.com /iar4@aol.com
Fax Number: 708-482-1091

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: Mark D. Renfree
Title: Chief Financial Officer & Vice President of Administration
Company Name: LaRabida Children's Hospital
Address: 6501 S. Promontory Drive, Chicago, IL 60649
Telephone Number: 773-363-6700
E-mail Address:
Fax Number:

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Chicago Park District
Address of Site Owner: 541 N. Fairbanks, Chicago, IL 60611
Street Address or Legal Description of Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: LaRabida Children's Hospital
Address: 6501 S. Promontory Drive, Chicago, IL 60649

- ☒ Non-profit Corporation
- ☐ For-profit Corporation
- ☐ Limited Liability Company
- ☐ Partnership
- ☐ Governmental
- ☐ Sole Proprietorship
- ☐ Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Applicants propose to construct an addition to the outpatient building at La Rabida Children's Hospital in Chicago and to modernize part of the existing building. The project includes 12,695 square feet of new construction and modernization of 11,705 square feet of existing space.

The project is non-substantive because it does not include inpatient services.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at **www.FEMA.gov** or **www.illinoisfloodmaps.org**. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 **(http://www.hfsrb.illinois.gov)**.

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110 40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
X Non-substantive	☐ Category A Project
	X Category B Project
	☐ DHS or DVA Project

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Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs	$6,500	$18,500	$25,000
Site Survey and Soil Investigation	$5,200	$14,800	$20,000
Site Preparation	$62,623	$178,236	$240,859
Off Site Work	$0	$0	$0
New Construction Contracts	$2,094,453	$5,961,136	$8,055,589
New Construction Contingency	$209,445	$596,114	$805,559
Modernization Contracts	$803,716	$2,287,498	$3,091,214
Modernization Contingency	$120,557	$343,125	$463,682
Architectural/Engineering Fees	$178,917	$509,225	$688,142
Consulting and Other Fees	$138,542	$394,313	$532,855
Movable or Other Equipment (not in construction contracts)	$371,800	$1,058,200	$1,430,000
Bond Issuance Expense (project related)	$0	$0	$0
Net Interest Expense During Construction (project related)	$0	$0	$0
Fair Market Value of Leased Space or Equipment	$0	$0	$0
Other Costs To Be Capitalized	$90,246	$256,854	$347,100
Acquisition of Building or Other Property (excluding land)	$0	$0	$0
TOTAL USES OF FUNDS	$4,082,000	$11,618,000	$15,700,000
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$1,040,000	$2,960,000	$4,000,000
Pledges	$1,300,000	$3,700,000	$5,000,000
Gifts and Bequests	$0	$0	$0
Bond Issues (project related)	$0	$0	$0
Mortgages	$0	$0	$0
Leases (fair market value)	$0	$0	$0
Governmental Appropriations	$0	$0	$0
Grants	$1,196,000	$3,404,000	$4,600,000
Other Funds and Sources	$546,000	$1,554,000	$2,100,000
TOTAL SOURCES OF FUNDS	$4,082,000	$11,618,000	$15,700,000

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $____________
Fair Market Value: $____________

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ ____________.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary

☒ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): December 2013

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☒ Cancer Registry
☒ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: LaRabida Children's Hospital			**CITY: Chicago**		
REPORTING PERIOD DATES:		**From: 07/01/10**		**to: 06/30/11**	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics	49	852	8,481	0	49
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	49	852	8,481	0	49

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

9

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of LA RABIDA CHILDREN'S FOUNDATION in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Donna E. Morgan
SIGNATURE

Donna E. Morgan
PRINTED NAME

Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 18 day of April, 2012.

Marylou Sobolewski
Signature of Notary

Seal
OFFICIAL SEAL
MARYLOU SOBOLEWSKI
Notary Public - State of Illinois
My Commission Expires Apr 17, 2015

Mark Renfree
SIGNATURE

MARK RENFREE
PRINTED NAME

Treasurer, Asst. Secretary
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 19th day of April, 2012

Tracy Gonzales
Signature of Notary

Seal
OFFICIAL SEAL
TRACY GONZALES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:12/07/14

*Insert EXACT legal name of the applicant

CERTIFICATION

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- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of LA RABIDA CHILDREN'S HOSPITAL in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Brenda J. Wolf
SIGNATURE

Brenda J. Wolf
PRINTED NAME

President & CEO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 17 day of April

Danielle M. Bouvat
Signature of Notary

Seal

OFFICIAL SEAL
DANIELLE M BOUVAT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/08/14

Mark Renfree
SIGNATURE

MARK RENFREE
PRINTED NAME

CFO / VP ADMINISTRATION
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 17 day of April

Danielle M. Bouvat
Signature of Notary

Seal

OFFICIAL SEAL
DANIELLE M BOUVAT
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:04/08/14

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.

2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.

3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**

4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

2. Define the planning area or market area, or other, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]

4. Cite the sources of the information provided as documentation.

5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE. APPLICATION FORM.

14

NA

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;

2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;

3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.

4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT-16,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

NA

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.

2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and

3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS <u>ATTACHMENT-17,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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R. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☒ Outpatient Exam Rooms	12	18
☒ Triage	0	2
☒ Consult.	0	1
☒ Procedure	0	1

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) –	Need Determination – Establishment
Service Modernization	(c)(1) –	Deteriorated Facilities
		and/or
	(c)(2) –	Necessary Expansion
		PLUS
	(c)(3)(A) –	Utilization – Major Medical Equipment
		Or
	(c)(3)(B) –	Utilization – Service or Facility

APPEND DOCUMENTATION AS ATTACHMENT-37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$4,000,000	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
$5,000,000	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
______	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
$4,600,000	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
$2,100,000	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$15,700,000	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **"A" Bond rating or better**
2. **All of the projects capital expenditures are completely funded through internal sources**
3. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
4. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

18

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. **Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. **Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	
Department (list below)	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	Total Cost (G + H)
Contingency									
TOTALS									
* Include the percentage (%) of space for circulation									

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	**Year**	**Year**	**Year**
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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File Number 1078-760-2

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

LA RABIDA CHILDREN'S HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON DECEMBER 09, 1908, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 12TH *day of* APRIL *A.D.* 2012 .

Jesse White

SECRETARY OF STATE

Authentication #: 1210302298

Authenticate at: http://www.cyberdriveillinois.com

File Number 5308-867-8

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

LARABIDA CHILDREN'S FOUNDATION, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 16, 1983, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 23TH *day of* APRIL *A.D.* 2012 .

Authentication #: 1211401412

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

EXTENSION AGREEMENT

This EXTENSION AGREEMENT is made and entered into this 10th day of ~~March~~ April, A.D. 2000, by and between the **LARABIDA CHILDREN'S HOSPITAL AND RESEARCH CENTER**, a not for profit corporation, organized and existing under the laws of the State of Illinois (hereinafter referred to as "LaRabida"), party of the first part, and the **CHICAGO PARK DISTRICT**, a municipal corporation organized and existing under the laws of the State of Illinois (hereinafter referred to as the "Park District"), party of the second part:

W I T N E S S E T H:

WHEREAS, The South Park Commissioners entered into an agreement dated July 16, 1931, whereby it allotted and furnished to LaRabida a site in Jackson Park in the City of Chicago, State of Illinois, for the purpose of erecting, operating and maintaining thereon for a period of fifty (50) years a Child Welfare Sanitarium (which agreement is hereinafter sometimes referred to as the "agreement of 1931"); and

WHEREAS, the Park District entered into an agreement dated February 13, 1952, whereby it allotted and furnished to LaRabida an additional site in Jackson Park in the City of Chicago, State of Illinois adjacent to the site described in the agreement of 1931 for a period commencing on February 13, 1952, and terminating contemporaneously with the agreement of 1931, that is to say on July 15, 1981, (which agreement is hereinafter sometimes referred to as the "agreement of 1952") and which agreements of 1931 and 1952 were, by agreement dated April 12, 1955 (which agreement is hereinafter sometimes referred to as the "agreement of 1955"), extended to expire on July 15, 2006; and

WHEREAS, the Park District entered into an agreement dated February 13, 1957, whereby it allotted and furnished to LaRabida an additional site in Jackson Park in the City of Chicago, State of Illinois adjacent to the sites described in the agreements of 1931 and 1952, (which agreement is hereinafter sometimes referred to as the "agreement of 1957") which agreement combined and extended the agreements of 1931, 1952, 1955, and 1957 to expire February 12, 2007; and

WHEREAS, the Park District entered into an agreement dated February 3, 1964 (which agreement is hereafter sometimes referred to as the "agreement of 1964"; the agreements of 1931, 1952, 1955, 1957, and 1964 when considered and construed together with this Extension Agreement shall hereinafter be referred to as the "Agreement") which agreement of 1964 extended the agreements of 1931, 1952, 1955 and 1957 to expire on July 23, 2013; and

WHEREAS, the Park District, through its Board of Commissioners, resolved and approved on December 21, 1984, that the Park District allot and furnish LaRabida a new site in Jackson Park in the City of Chicago, State of Illinois adjacent to the sites described in the Agreement; and

WHEREAS, LaRabida is in the process of expanding and upgrading its facilities and wishes to extend the term of the Agreement and the Park District wishes to extend the term of the Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the said parties hereto mutually agree as follows:

1. The Park District and LaRabida hereby confirm that the site which is allotted and furnished to LaRabida upon the same terms and conditions as contained in the Agreement, which together with the sites granted under the Agreement, is hereby described as follows:

> THAT PART OF SECTION 24, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, KNOWN AS "JACKSON PARK", BOUNDED AND DESCRIBED BY THE FOLLOWING COORDINATES: BEGINNING AT A POINT ON THE FACE OF THE NORTHEASTERLY CURB OF PROMONTORY DRIVE, SAID POINT BEING 1125.62 FEET NORTH OF THE CENTER LINE OF EAST 67TH STREET, AS MEASURED ALONG THE CENTER LINE OF SOUTH STONY ISLAND AVENUE AND 4257.35 FEET EAST OF AND PERPENDICULAR TO THE CENTER LINE OF SOUTH STONY ISLAND AVENUE, SAID POINT IS NORTH 10+28.18, EAST 42+57.35; THENCE NORTH 49 DEGREES 42 MINUTES 27 SECONDS WEST, 279.50 FEET TO A POINT, ON SAID NORTHEASTERLY CURB, WHICH IS NORTH 12+08.93, EAST 40+44.16; THENCE NORTH 37 DEGREES 26 MINUTES 03 SECONDS WEST, 279.00 FEET TO A POINT, ON SAID NORTHEASTERLY CURB, WHICH IS NORTH 14+30.47, EAST 38+74.57; THENCE NORTH 47 DEGREES 11 MINUTES 44 SECONDS EAST, 143.97 FEET TO A POINT WHICH IS NORTH 15+28.30, EAST 39+80.20; THENCE NORTH 37 DEGREES 12 MINUTES 59 SECONDS WEST 9.92 FEET TO A POINT WHICH IS NORTH 15+36.20, EAST 39+74.20; THENCE NORTH 53 DEGREES 25 MINUTES 19 SECONDS EAST, 90.28 FEET TO A POINT WHICH IS NORTH 15 + 90.00, EAST 40+46.70; THENCE SOUTH 39 DEGREES 01 MINUTES 55 SECONDS EAST, 170.70 FEET TO A POINT WHICH IS NORTH 14+57.40, EAST 41+54.20; THENCE SOUTH 36 DEGREES 48 MINUTES 04 SECONDS EAST, 366.42 FEET TO A POINT WHICH IS NORTH 11+64.00, EAST 43+73.70; THENCE SOUTH 40 DEGREES 35 MINUTES 06 SECONDS WEST, 178.84 FEET TO THE POINT OF BEGINNING, CITY OF CHICAGO, COOK COUNTY, ILLINOIS.
>
> AREA 122,092 SQUARE FEET OR 2.8029 ACRES

and as shown on the plat attached hereto as Exhibit A and made a part hereof (the "Site") and as shown on the plat attached hereto as Exhibit A and made a part hereof (the "Site")

2. The Park District hereby extends the grant, allotment and lease of the Site to LaRabida as contained in the Agreement for a period of fifty (50) years to expire on July 23, 2063, upon the terms and conditions set forth in the Agreement.

3. The Park District and LaRabida shall, upon the request of either party, execute, deliver and record with the Cook County Recorder of Deeds a Memorandum of Lease providing notice of the interest of LaRabida in and to the Site pursuant to the Agreement and this Extension Agreement.

IN WITNESS WHEREOF, LARABIDA CHILDREN'S HOSPITAL AND RESEARCH CENTER and the CHICAGO PARK DISTRICT have caused these presents to be executed in their names by their respective duly authorized officers and their corporate seals to be hereunto affixed and attested by their respective Secretaries, on the day and year first above written.

CHICAGO PARK DISTRICT

By: ______________________

General Superintendent

ATTEST:

____

Secretary

LARABIDA CHILDREN'S HOSPITAL AND RESEARCH CENTER

By: ______________________

President and CEO

ATTEST:

____

Vice-President

978099.2 31400 1051C 99545139

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Howard A. Wax a notary public in and for said County, in the State aforesaid, do hereby certify that David Doig personally known to me to be the General Superintendent of the CHICAGO PARK DISTRICT, an Illinois municipal corporation, and CAROL A. DIVER personally known to me to be the ____________ Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such General Superintendent ~~President~~ and ____________ Secretary, they signed and delivered the said instrument and caused the corporation seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 10th day of April, 2000.

Howard A. Wax
Notary Public

Commission expires:

OFFICIAL SEAL
HOWARD A. WAX
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 4-13-2003

978099.2 31000 1622C 99545139

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Evancia Davis a notary public in and for said County, in the State aforesaid, do hereby certify that Paula K. Jauder personally known to me to be the ________ President of LARABIDA CHILDREN'S HOSPITAL AND RESEARCH CENTER, an Illinois not for profit corporation, and Brenda J. Wolf personally known to me to be the Vice President ~~Secretary~~ of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such ________ President and Vice President ~~Secretary~~, they signed and delivered the said instrument and caused the corporation seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 13th day of March, 2000.

Evancia Davis
Notary Public

Commission expires: 1-13-2001

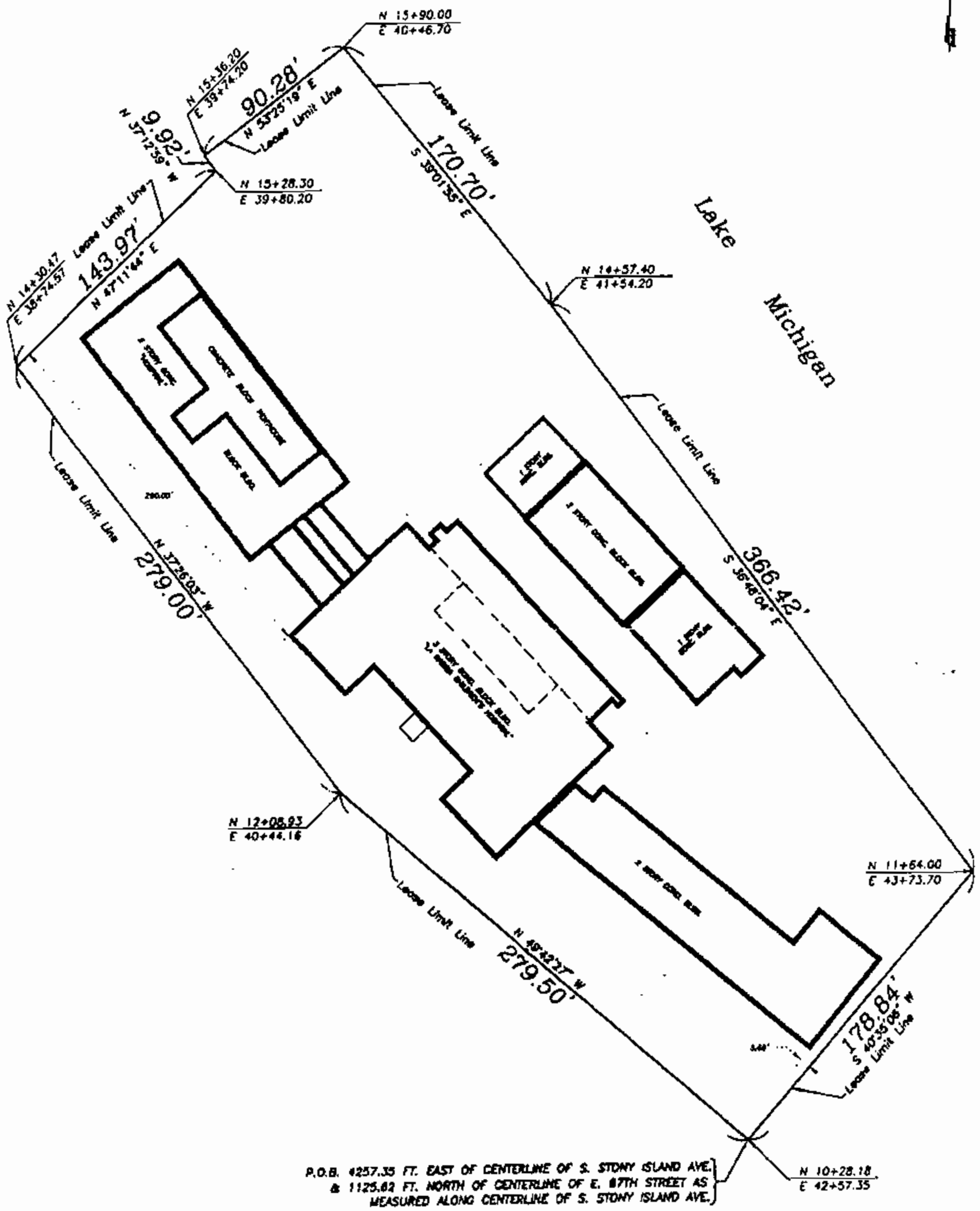
"OFFICIAL SEAL"
Evancia Davis
Notary Public, State of Illinois
My Commission Exp. 01/13/2001

EXHIBIT A

SITE PLAT

Exhibit A

LA RABIDA CHILDREN'S HOSPITAL.
KNOWN AS: 6501 S. PROMOTORY DRIVE, CHICAGO, IL.



SURVEY NO. N-123195 EXHIBIT DATE: MAR. 1, 2000

30

NATIONAL SURVEY SERVICE, INC.
PROFESSIONAL LAND SURVEYORS
120 W. GRAND AVENUE CHICAGO, ILLINOIS 60610
TEL: 312-944-3480 FAX: 312-944-7269

SCALE: 1"=50'

MAYER • BROWN

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

Main Tel +1 312 782 0600
Main Fax +1 312 701 7711
www.mayerbrown.com

Patrick J. McNerney
Direct Tel +1 312 701 7609
Direct Fax +1 312 706 8747
pmcnerney@mayerbrown.com

April 13, 2012

VIA EMAIL

Mr. Mark Renfree
Chief Financial Officer and Vice President Administration
La Rabida Children's Hospital
6501 South Promontory Drive
Chicago, IL 60649

Re: Zoning for Proposed Ambulatory Clinic Addition & Renovation

Dear Mark:

Pursuant to your request, we have reviewed the site diagram for La Rabida Children's Hospital proposed ambulatory clinic addition and renovation as outlined in the presentation to the Chicago Plan Commission, dated March 15, 2012. We also reviewed the City of Chicago Zoning Maps which indicate that the proposed site is located in Zoning District POS-1 (Parks and Open Space District).

Pursuant to Chapter 17-6 of the City of Chicago Zoning Ordinance, a hospital is a permitted use by right in Zoning District POS-1.

Please contact us if you have any questions.

Very truly yours,

Patrick J. McNerney

701545396.1 82520198

ORGINAZATIONAL RELATIONSHIPS

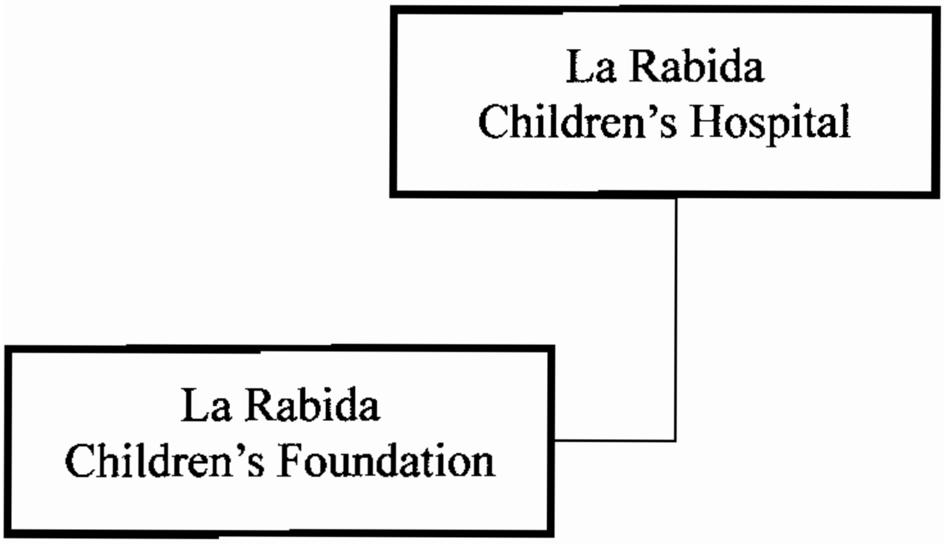
La Rabida Children's Foundation's purpose is to support construction, building, remodeling, or other legitimate purposes or functions of La Rabida Children's Hospital and Hospital related organizations and to promote and encourage charitable, educational and scientific of other organizations in the Hospital's community.

In 2010 it provided $1.3 million to the Hospital.

The Foundation does not control the appointment of members to the Hospital Board of Directors.

ATTACHMENT 4

Organizational Relationship



ATTACHMENT 4

FLOOD PLAIN ATTESTATION

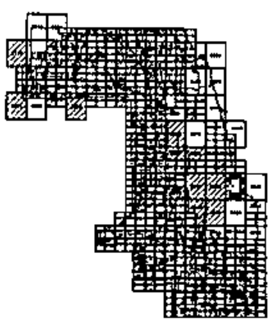
Applicant certifies that the project is not in a flood plain and the location of the proposed project complies with the Flood Plan Rule under Executive Order #20055.

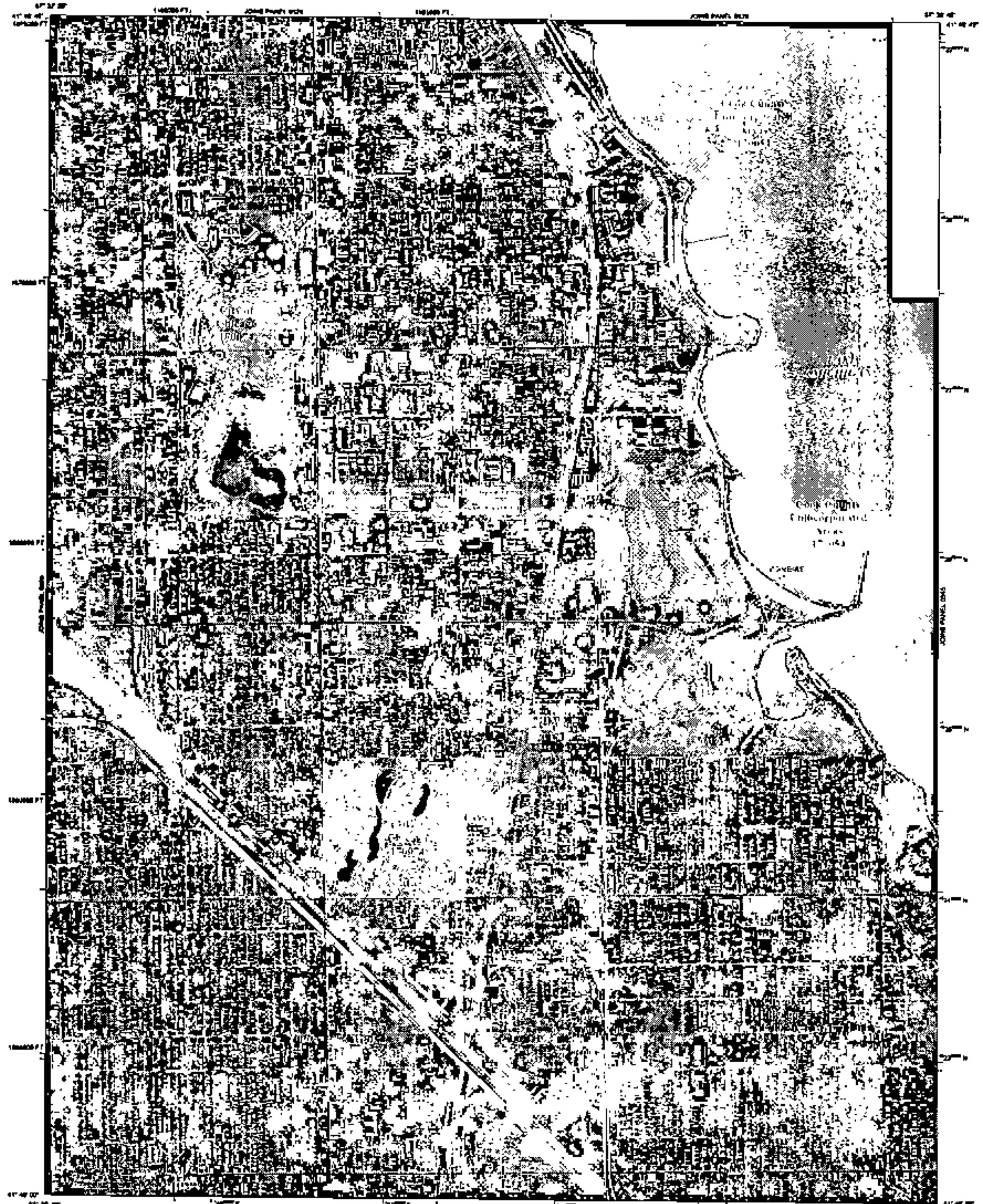
Mark Renfro

ATTACHMENT 5

NOTES TO USERS

PANEL INDEX





35

LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

FLOODWAY AREAS IN ZONE AE

OTHER FLOOD AREAS

OTHER AREAS

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

MAP SCALE 1" = 1000'

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0540J

FIRM

FLOOD INSURANCE RATE MAP

COOK COUNTY, ILLINOIS AND INCORPORATED AREAS

PANEL 540 OF 832

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

MAP NUMBER 17031C0

MAP REVISED AUGUST 19,

Federal Emergency Management Agency

HISTORIC PRESERVATION AGENCY DETERMINATION

Attached is the Agency's response to Applicants' request for a determination. The Agency requested interior and exterior photographs and a copy of the plans. The photographs and plans are being submitted to the Agency. Its response will be forwarded to the Board when it is received.

ATTACHMENT 6

Illinois Historic
Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
Chicago
New Addition, LaRabida Children's Hospital and Research Center
6501 S. Promontory Dr.
IHPA Log #010032812

April 11, 2012

Ira Rogal
Shea, Paige & Rogal, Inc.
547 S. LaGrange Road
LaGrange, IL 60525

Dear Mr. Rogal:

Thank you for requesting comments from our office concerning the possible effects of your project on cultural resources. Our comments are required by Section 4, Paragraph 133c21 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.).

Our staff has reviewed the specifications of the referenced project as submitted by your office. This property is located within the Jackson Park Historic Landscape and Midway Plaisance, which was listed on the National Register of Historic Places on December 15, 1972. We cannot adequately review this proposed project until the following additional documentation has been submitted to our Agency:

Current interior and exterior photos 35 mm or digital no smaller than 4" x 4" (not xerox) of areas where addition will be located.

Project plans for the new addition.

In your reply, please refer to IHPA Log #010032812. If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

Itemization of Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NON-CLINICAL**	**TOTAL**
Preplanning Costs:			
Preconstruction Services	$6,500	$18,500	$25,000
Site Survey and Soil Investigation			
ALTA Survey	$1,625	$4,625	$6,250
Geotechnical Report	$3,900	$11,100	$15,000
Site Preparation			
Asbestos Abatement	$9,100	$25,900	$35,000
ComEd Utilities	$39,000	$111,000	$150,000
Misc. & Security	$14,523	$41,336	$55,859
Architectural/Engineering Fees			
A&E - Basic Services	$152,266	$433,374	$585,640
A&E - Reimbursables	$8,060	$22,940	$31,000
A&E - LEED Design Premium	$9,100	$25,900	$35,000
A&E Additional Services	$4,226	$12,026	$16,252
Consulting and Other Fees			
Signage Consulting	$9,555	$27,195	$36,750
CON Consulting	$7,475	$21,275	$28,750
LEED Administration	$12,870	$36,630	$49,500
Commissioning Agent	$19,500	$55,500	$75,000
Environmental Consulting	$3,900	$11,100	$15,000
Project Management Basic Services	$81,964	$233,281	$315,245
Project Management Reimbursables	$3,279	$9,331	$12,610
Movable or Other Equipment (not in construction)			
Equipment	$208,000	$592,000	$800,000
Furniture	$65,000	$185,000	$250,000
Audio/Visual	$13,000	$37,000	$50,000
Interior Signage	$23,400	$66,600	$90,000
IT Equipment	$39,000	$111,000	$150,000
Security System/Cameras	$13,000	$37,000	$50,000
Misc. Accessories	$5,200	$14,800	$20,000
Artwork Allowance	$5,200	$14,800	$20,000
Other Costs To Be Capitalized			
Materials Testing	$14,523	$41,336	$55,859
CCDD Soil Testing	$1,300	$3,700	$5,000
Indoor Air Quality Testing	$3,900	$11,100	$15,000
Permit Expediting	$2,600	$7,400	$10,000
IDPH Permits	$3,346	$9,524	$12,870
CON Permits	$5,590	$15,910	$21,500
Builder's Risk Insurance	$7,625	$21,701	$29,326
Phase 1 Relocation	$42,907	$122,119	$165,025
Phase 2 Relocation	$13,395	$38,125	$51,520

ATTACHMENT 7

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Triage Rooms	$154,988	0	240	240	0	0	0
Exam Rooms	$1,429,766	1338	2214	2214	0	0	1338
Procedure Room	$116,241	136	180	180	0	0	136
Consult Room	$95,576	0	148	148	0	0	0
Medication Room	$64,578	0	100	100	0	0	0
Nourishment	$22,602	0	35	35	0	0	0
Clean Utility	$96,868	0	150	150	0	0	0
Soiled Utility	$67,807	50	105	105	0	0	50
Pharmacy	$852,435	672	1320	0	1320	0	0
Blood Draw	$145,947	204	226	0	226	0	0
Laboratory	$1,035,192	900	1603	0	1603	0	0
Total Clinical	**$4,082,000**	**3300**	**6321**	**3172**	**3149**	**0**	**1524**
NON-REVIEWABLE							
Administrative	$904,172	741	1407	0	1407	0	0
Registration	$385,574	290	600	480	120	0	170
Waiting	$1,244,120	593	1936	1242	694	0	0
Staff Lounge	$136,236	0	212	212	0	0	0
Support/Conference	$381,719	516	594	594	0	0	516
Mechanical	$989,641	408	1540	900	640	0	408
Nursing/Control	$146,518	144	228	228	0	0	144
Toilets	$314,886	307	490	490	0	0	307
Storage	$347,017	146	540	540	0	0	146
Stairs	$147,804	257	230	230	0	0	0
Elevator	$119,528	130	186	186	0	0	0
Electrical	$236,486	15	368	368	0	0	15
IT/Communications	$64,262	12	100	100	0	0	12
Janitor	$23,134	0	36	0	36	0	0
Misc. & Circulation	$6,176,902	2735	9612	3953	5659	0	0
Total Non-clinical	**$11,618,000**	**6294**	**18079**	**9523**	**8556**	**0**	**1718**
Total	**$15,700,000**	**9594**	**24400**	**12695**	**11705**	**0**	**3242**

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

BACKGROUND OF APPLICANT

1. The Hospital is the only health care facility owned or operated by the applicant.

The following documents follow this page:

IDPH hospital license

City of Chicago hospital license

Joint Commission accreditation letters

Co-applicant does not own or operate any health care facilities.

2. La Rabida Children's Hospital certifies that no adverse action has been taken against the facility owned by it during the three years

3. Authorization permitting the Board and IDPH to access documents required follows this page.

4. Not applicable

ATTACHMENT 11

State of Illinois 2065096

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

CRAIG CONOVER, M.D.
ACTING DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/12	BGBD	0003012

FULL LICENSE

PEDIATRIC HOSPITAL

EFFECTIVE: 01/01/12

BUSINESS ADDRESS

LA RABIDA CHILDREN'S HOSPITAL
EAST 65TH AT LAKE MICHIGAN
CHICAGO IL 60649

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2065096

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

LA RABIDA CHILDREN'S HOSPITAL

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/12	BGBD	0003012

FULL LICENSE

PEDIATRIC HOSPITAL

EFFECTIVE: 01/01/12

11/08/11

LA RABIDA CHILDREN'S HOSPITAL
EAST 65TH AT LAKE MICHIGAN

CHICAGO IL 60649

FEE RECEIPT NO.

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CITY OF CHICAGO

LICENSE CERTIFICATE

NON TRANSFERABLE

BY THE AUTHORITY OF THE **CITY OF CHICAGO** THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO:

LA RABIDA CHILDREN'S HOSPITAL

LA RABIDA CHILDREN'S HOSPITAL
6500 S. COAST GUARD DR , Apt./Suite FIRST
CHICAGO, IL 60649
FIRST

LICENSE NO. 11748 CODE 1375 $**2,200.00

Hospital

1000 Beds Max.

PRESIDENT: PAULA JAUDES M.D.

SECRETARY: ERNEST M. ROTH

$**2,200.00

PRINTED ON 12/14/2010

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF,

THIS 15 DAY DECEMBER, 2010

EXPIRATION DATE: December 15, 2012

ATTEST

Richard M. Daley
MAYOR

Miguel del Valle
CITY CLERK

La Rabida Children's Hospital

Chicago, IL

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Hospital Accreditation Program

December 8, 2011

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP Chair, Board of Commissioners	Organization ID #7284 Print/Reprint Date: 03/16/12	Mark R. Chassin, MD, FACP, MPP, MPH President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and ... Information about accredited organizations may be provided directly

La Rabida Children's Hospital

Chicago, IL

has been Accredited by

The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

Laboratory Accreditation Program

October 8, 2010

Accreditation is customarily valid for up to 24 months.

David L. Nahrwold

David L. Nahrwold, M.D.
Chairman of the Board

Organization ID #7284
Print/Reprint Date: 1/10/11

Mark Chassin

Mark Chassin, M.D.
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

AMA AMERICAN MEDICAL

AUTHORIZATION TO ACCESS DOCUMENTS

Co-applicant, La Rabida Children's Hospital, authorizes the Illinois Health Facilities Services and Review Board and the Illinois Department of Public Health to access any documents necessary to verify the information submitted including, but not limited to, records of the Department of Public Health and other State agencies, the licensing and certification records of other states and the records of nationally recognized accreditation organizations.

Co-applicant certifies that no adverse action has been taken against any facility owned or operated by it during the three years prior to filing this application.

By: Mark Renfree
Signature

MARK RENFREE
Printed Name

CFO, VP Administration
Title

ATTACHMENT 11

AUTHORIZATION TO ACCESS DOCUMENTS

Co-applicant, La Rabida Children's Foundation, authorizes the Illinois Health Facilities Services and Review Board and the Illinois Department of Public Health to access any documents necessary to verify the information submitted including, but not limited to, records of the Department of Public Health and other State agencies, the licensing and certification records of other states and the records of nationally recognized accreditation organizations.

Co-applicant certifies that no adverse action has been taken against any facility owned or operated by it during the three years prior to filing this application.

By: Mark Renfree
Signature

MARK RENFREE
Printed Name

Treasurer & Asst. Secretary
Title

ATTACHMENT 11

PURPOSE OF THE PROJECT

This project updates and expands La Rabida Children's Hospital ambulatory care clinic which primarily serves current La Rabida patients. It improves the care and patient experience through additional examination rooms, adding a triage room and a procedure room.

Outpatient services include primary care and specialty clinics as well as ancillary services, such as behavioral science and rehabilitation. The majority of La Rabida's patients come from adjacent zip codes and neighborhoods, meaning most of its patients reside on Chicago's Southside. While the majority of the patients are from the surrounding area, many patients travel long distances to receive care, coming from the far western suburbs or Indiana. A map showing the concentration of La Rabida's patients is included in this attachment.

The building being remodeled was built almost 60 years and is inadequate by current standards both in size and condition. Mechanical systems are outdated. Multiple clinical and support areas within the existing Pick building require improvements to meet current healthcare standards and code requirements. Wheelchair accessibility is difficult in places.

The project expands the number of examination rooms from 12 to 18. The number and size of the expansion was determined after an extensive analysis by hospital consultants, administration and a thorough review by the hospital board of directors. Part of the material presented to the board is included in Attachment 13.

OP FY10 By Zip Code

Number by ZIP Code
- 1,001 to 2,000
- 201 to 1,000
- 76 to 200
- 21 to 75
- 11 to 20
- 6 to 10
- 1 to 5

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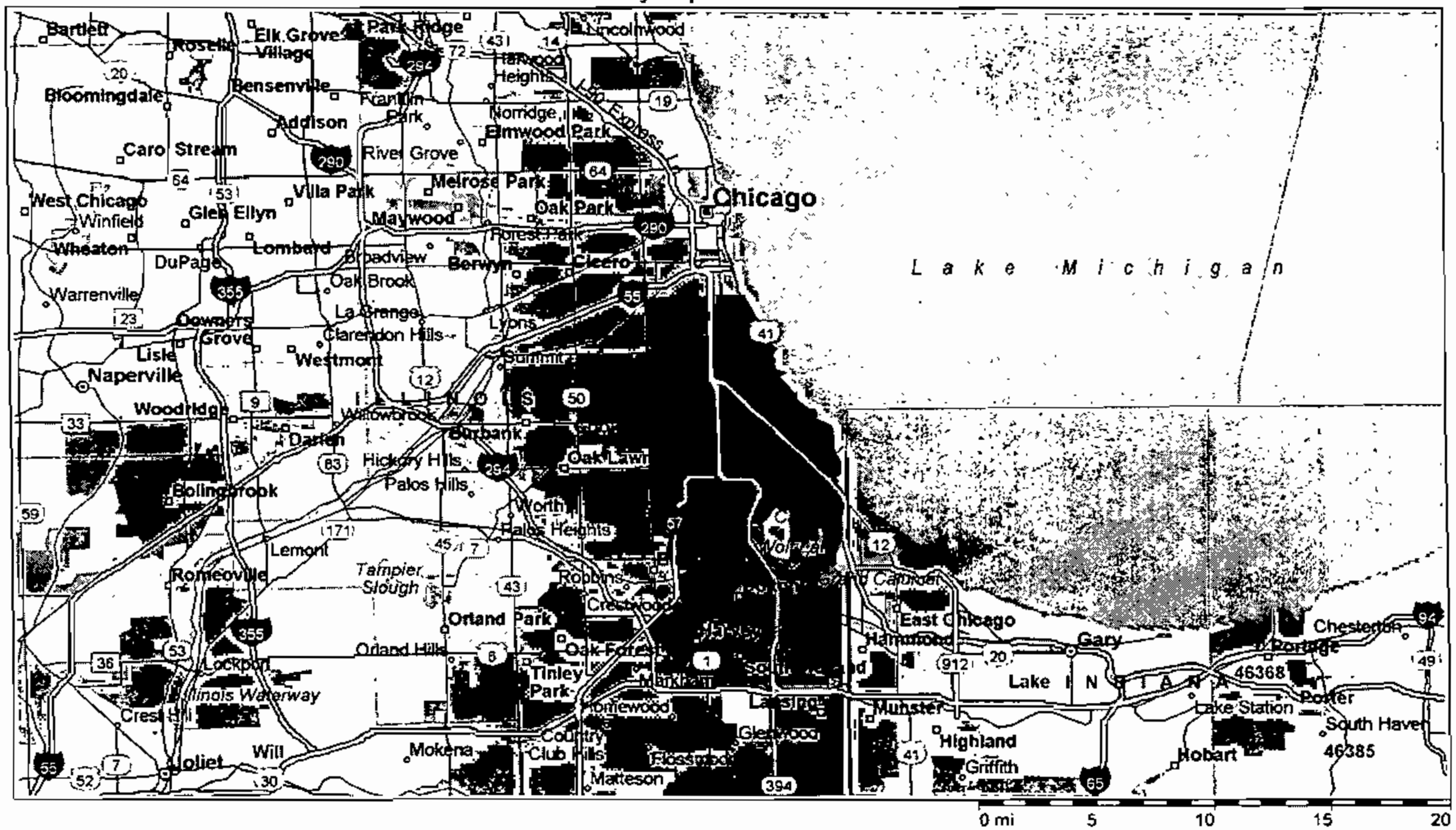
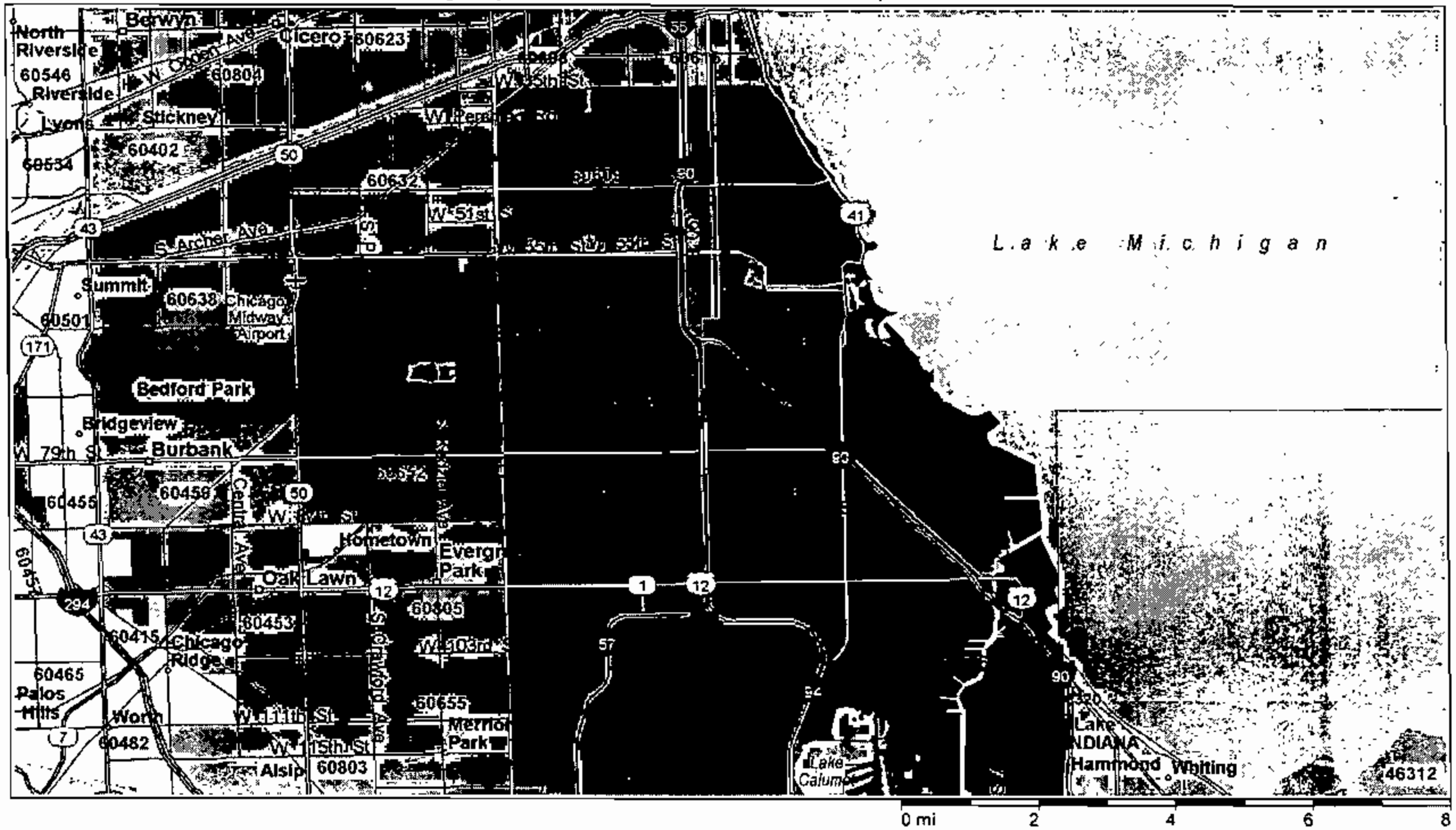


OP By Zip Code- Southside Close Up

Number by ZIP Code
- 1,001 to 2,000
- 201 to 1,000
- 76 to 200
- 21 to 75
- 11 to 20
- 6 to 10
- 1 to 5



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ALTERNATIVES TO THE PROJECT

The Hospital engaged three consulting firms to assist in planning the project and reviewing alternatives including:

- Health Facilities Consultants
- Engineering Consultants
- Healthcare Architectural Code Consultants

The health facilities consultants' prepared a feasibility study outlining four scenarios and made a presentation to the Hospital's Strategic Planning Committee. A copy of the presentation document is included in this attachment.

The alternatives included:

RENOVATION

The Hospital considered renovating non-clinical administrative space and relocating the ambulatory clinic to that space. This would require relocation of 10,000 to 12,000 square feet of administrative function off campus.

This alternative was rejected for a number of reasons. Due to the age of the building expensive engineering upgrades would be required to meet current codes and standards. Total costs were estimated to be $15-17 million. Additionally this alternative would take the longest time. Access to the space would be more difficult for patients than under other alternatives.

RELOCATION OFF SITE

This alternative involved moving most ambulatory clinics off campus. The primary advantage was it was less expensive. The estimated cost was $9-10.5 million.

Moving the clinics off campus raised several concerns. It was estimated that there would be an operating premium to run the clinics away from the hospital. Clinic volumes would not be sufficient to justify duplicating pharmacy, x-ray or physical therapy off site requiring patients to make additional trips or have additional travel to obtain those services.

BUILDING A LARGER ADDITION

This alternative considered relocation of the ambulatory clinics to a larger building, demolishing half of the existing Pick building and renovating the entire remaining portion of that building. The estimated cost was $20.5-22 million dollars.

This alternative would provide more space than considered necessary. It would provide over 40% more space for the clinic than was provided in the selected alternative.

REDUCED ADDITION PLUS RENOVATION

This was the selected alternative. It provides a new building for upgraded and expanded ambulatory clinics. Clinic programs are maintained on the Hospital campus. It is less expensive than the other alternatives that would maintain the clinic on campus.

OTHER ALTERNATIVES

Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes or utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project.

La Rabida is a unique hospital. It is a specialty hospital that focuses on the treatment of children who have medically complex conditions associated with chronic illness, developmental disabilities and children who have suffered trauma or abuse. It does partner with other health care institutions to insure that its patients receive all necessary care.

This project consists of expanding and updating the Hospital's ambulatory care clinic and related services and support space on the Hospital campus. A joint venture or utilization of other health care resources as alternative to the proposed project would necessarily involve providing some or the entire clinic services offsite. While that alternative was less expensive it was considered and rejected for the reasons discussed earlier in this Attachment.

LA RABIDA
CHILDREN'S
HOSPITAL

La Rabida Children's Hospital
Ambulatory Clinic / Clinic Services
Feasibility Study Planning Services

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Strategic Planning Committee
December 7, 2010

LA RABIDA CHILDREN'S HOSPITAL

Agenda

December 7
Time: 9:30 – 10:30 AM

Strategic Planning Committee

1. **Project Team Introduction**
2. **Project Description / Assumptions**
3. **Scenario Models: Descriptions / Concept Plans**
    a. Site Plan – Directions for Growth
    b. Scenario 4 – New Addition (VOA / Berglund project)
    c. Scenario 1 – Renovation
    d. Scenario 2 – Relocation Off Campus
    e. Scenario 3 – Reduced New Addition - *Recommendation*
4. **Comparative Evaluation of Scenarios**
    a. Criteria for Evaluation
    b. Evaluation Matrix
5. **Conclusions**
6. **Discussion**

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Project Team Introduction

The Eckroth Planning Group – *Health Facilities Consultants*

- *Pediatrics/ambulatory care experience (AH, UCMC, UIC, Rush)*
  - John R. Sierra, FACHE, ACHA, AIA – Principal-in-Charge
  - David Nienhueser – Senior Associate

Affiliated Engineers (AEI) – *Engineering Consultants*

- *Health-care engineers (La Rabida, UCMC)*
  - Jim Wilson – Project Manager

Healthcare Architectural Code Services – *Code Consultants*

- *Former Deputy Director IDPH (La Rabida, UCMC Comer)*
  - Enrique J. Unanue, AIA, NCARB, ACHA – Principal

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LA RABIDA CHILDREN'S HOSPITAL

Project Description / Assumptions

Project Description

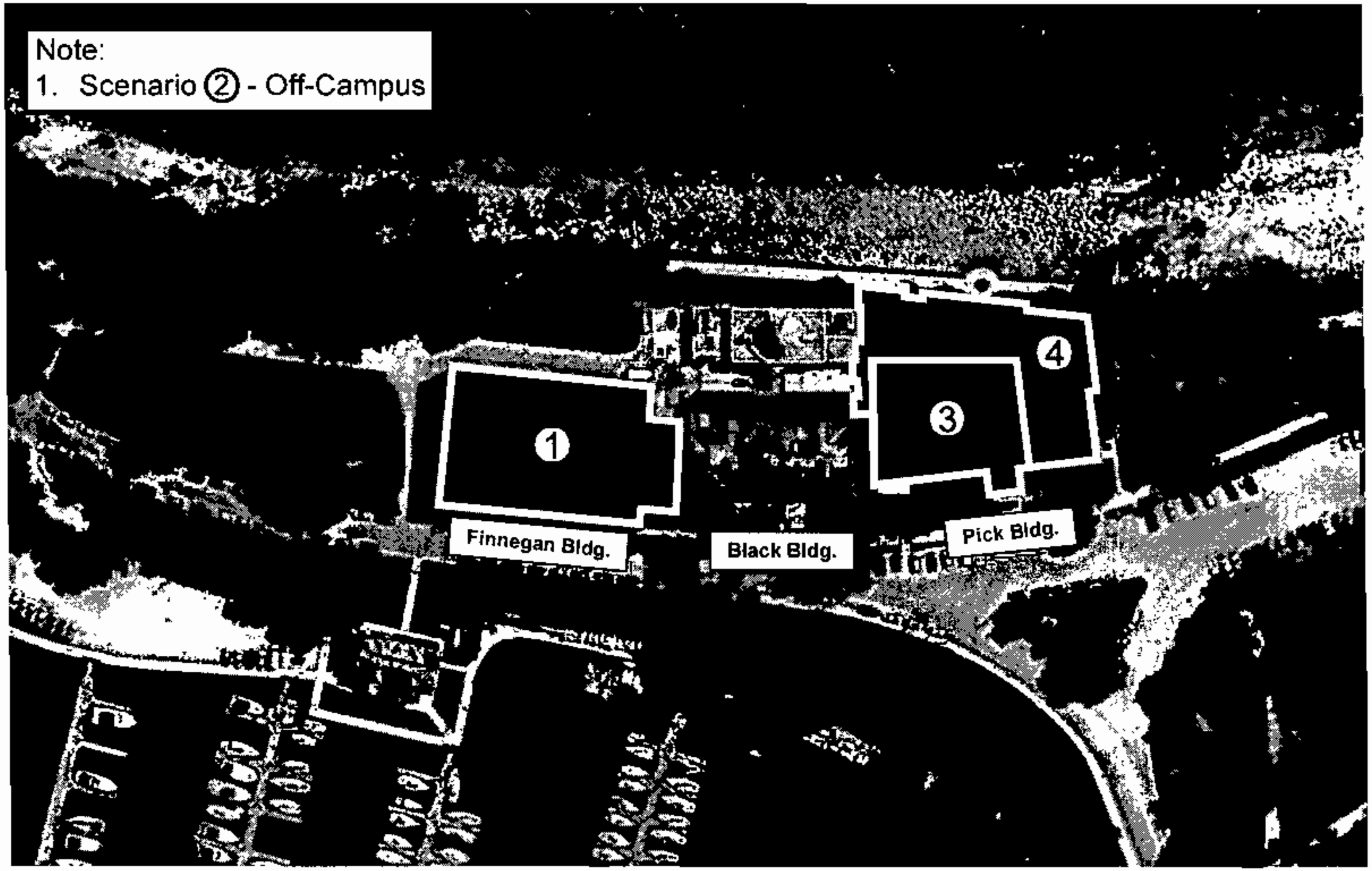
- Examine alternatives for the ambulatory multispecialty clinic
- Examine supporting Blood draw, Lab and Pharmacy services
- Examine new construction, renovation and off campus scenarios
- Re-examine the size and capacity required for the ambulatory clinic

Project Assumptions

- Patient and family friendly
- Configured to support an efficient care model
- Sized appropriately – overall department size + room sizes
- Adds necessary triage, consultation and staff support areas
- Includes necessary infrastructure and engineering upgrades
- Addresses pre-existing building code upgrades
- Meets facility standards for State submission and approvals
- Affordable

LA RABIDA
CHILDREN'S
HOSPITAL

Site Plan – Directions for Growth



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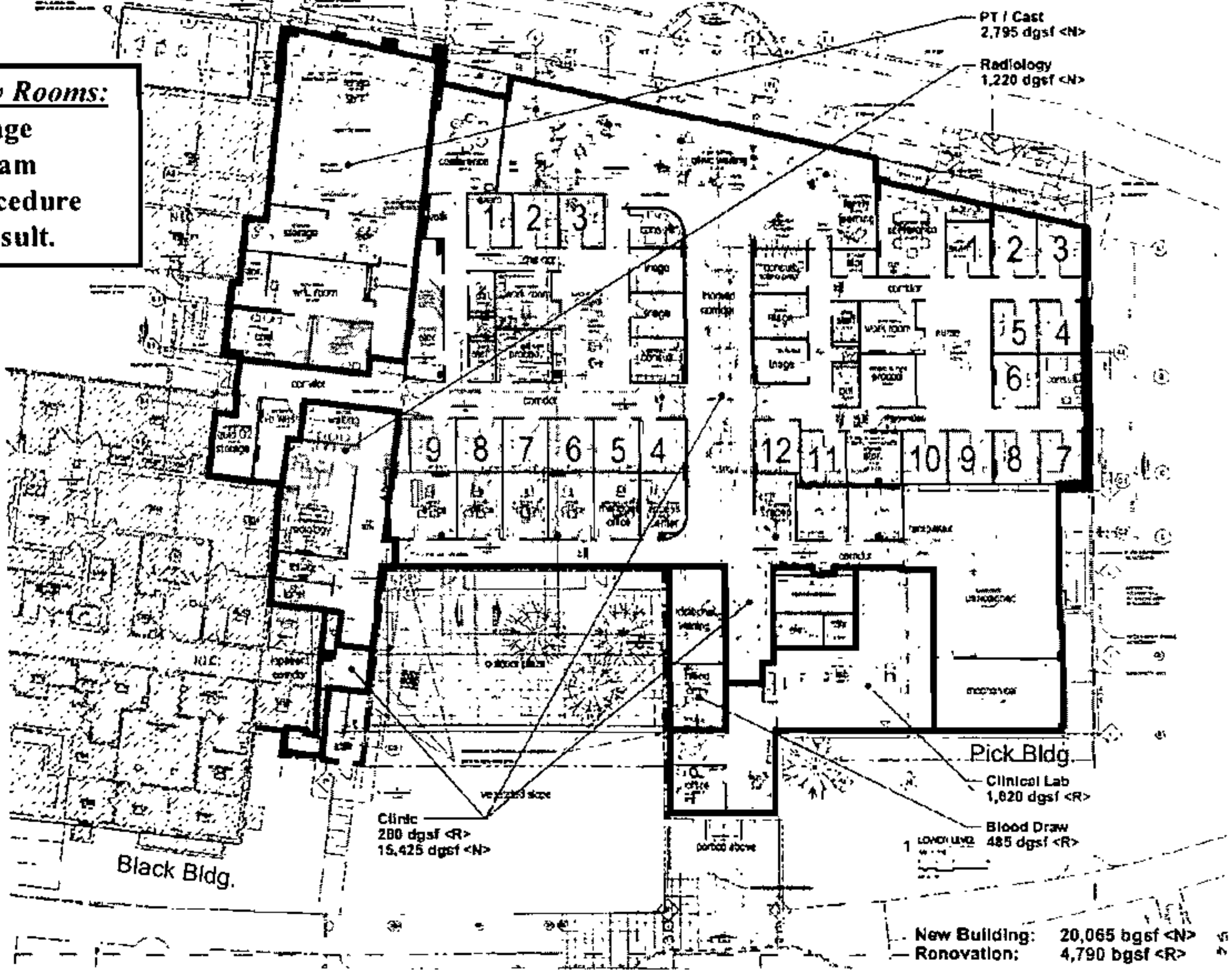
Scenario Models

Scenario 4 Ground – VOA New Addition

Primary Rooms:
4 – Triage
21 – Exam
2 – Procedure
4 – Consult.



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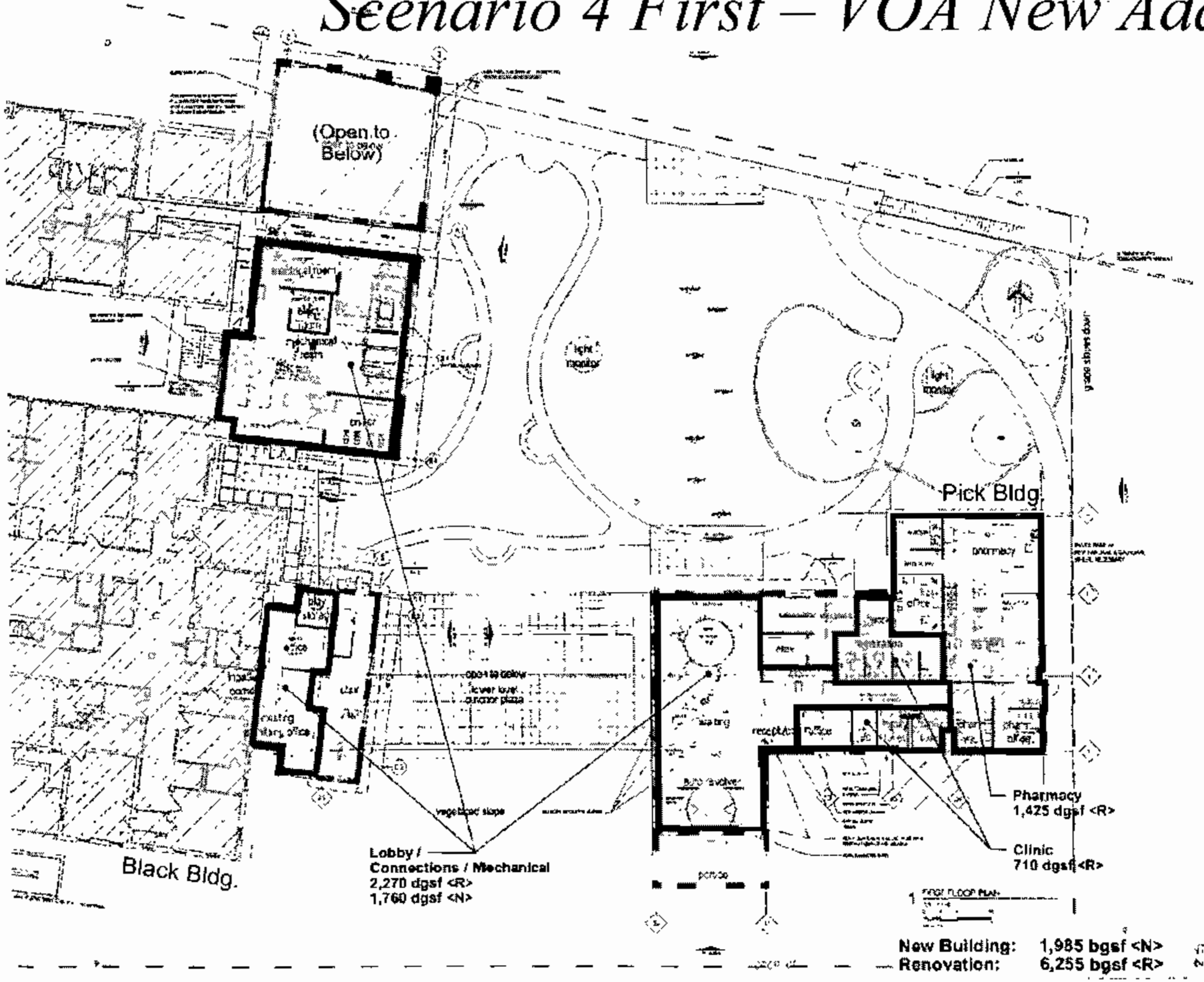
LA RABIDA CHILDREN'S HOSPITAL

Scenario Models

Scenario 4 First – VOA New Addition



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LA RABIDA CHILDREN'S HOSPITAL

Scenario 4 Summary + Pros & Cons

Key Features – Prior Plan for Full New Addition "Baseline"

- Relocation of the ambulatory clinics to a larger new building behind Pick
- Partial demolition of half of Pick building
- Renovations to all of Pick building for Blood Draw, Pharmacy, X-Ray, and Physical Therapy

Pros:

- Signature new building with plenty of growth capacity for clinics
- Replaces Blood Draw, Pharmacy, X-Ray, and Physical Therapy as new depts.
- Green roof for minimal visual impact in park setting
- Vertical expansion possible
- Keeps all program on campus

Cons:

- Project was oversized for the volumes required for these programs, recent & future
- Will require a Park District and zoning review, as new building is added
- Most expensive scenario and not affordable

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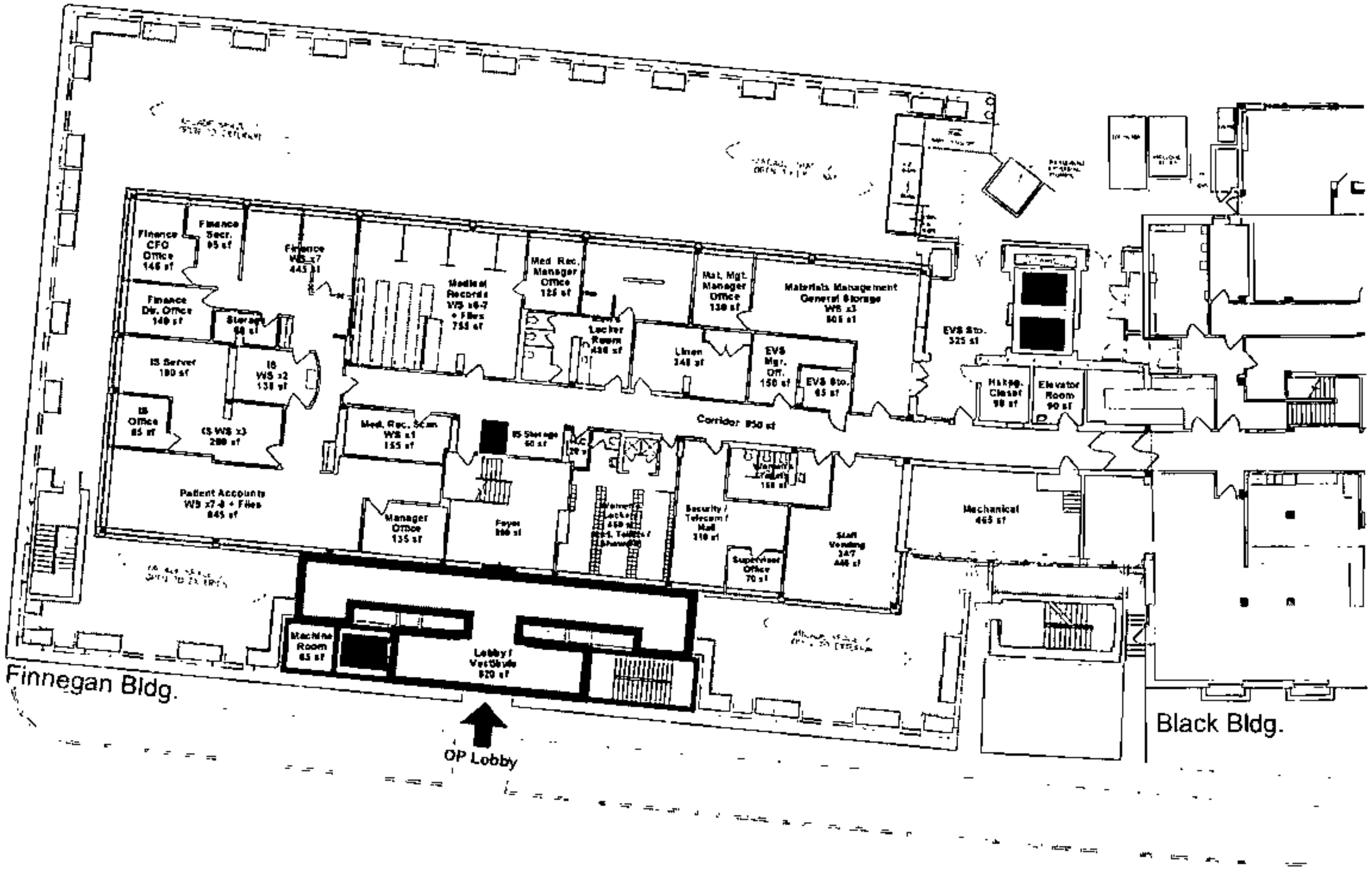
LA RABIDA CHILDREN'S HOSPITAL

Scenario Models

Scenario 1 Ground - Renovation



1,105 dgsf Clinic new
1,325 bgsf building new

LA RABIDA
CHILDREN'S
HOSPITAL

Scenario Models

Scenario 1 First - Renovation

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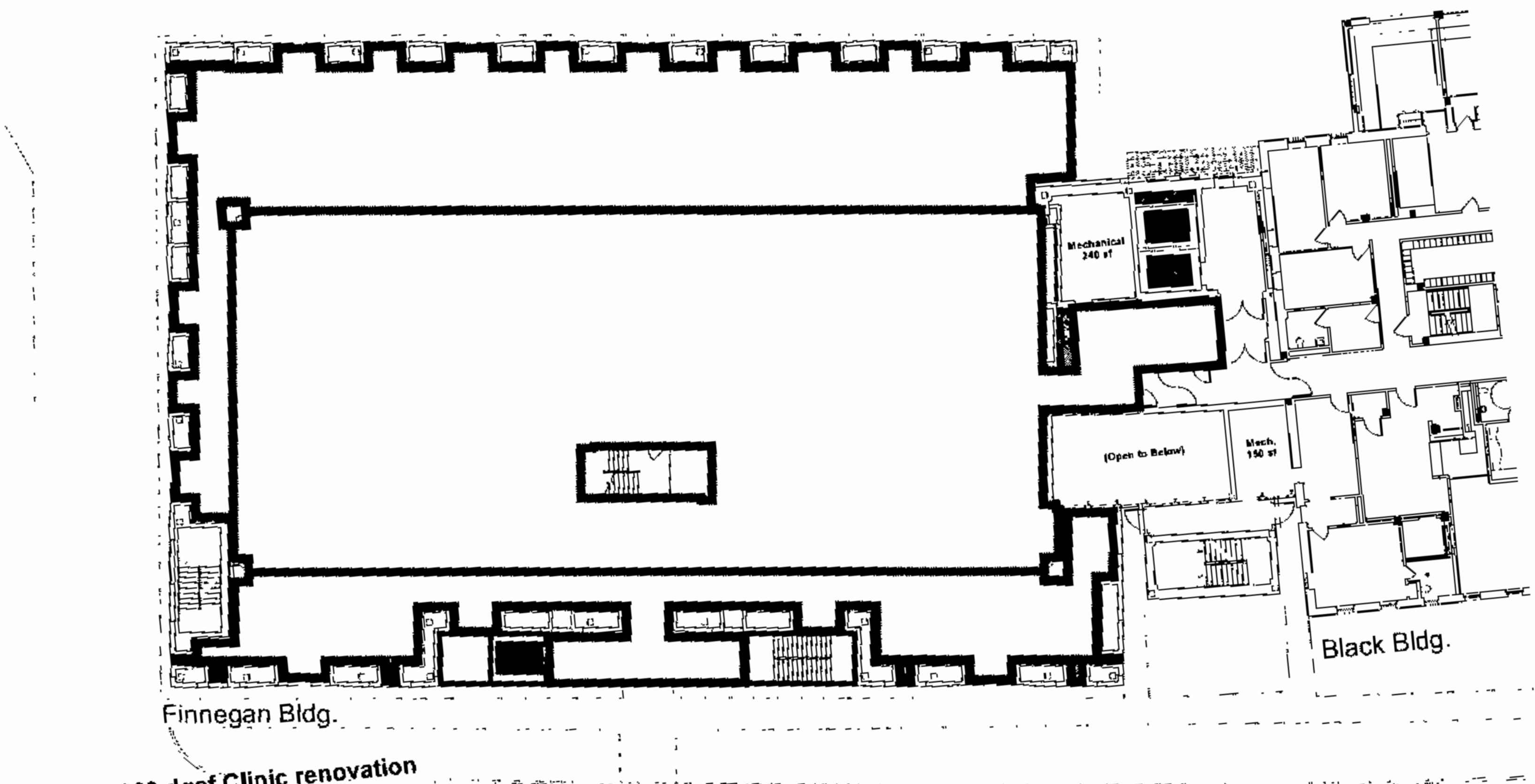

9,260 dgsf Clinic renovation
6,620 dgsf Clinic new
Included above:
- **11,570 dgsf Clinic**
- **2,025 dgsf PT**
- **400 dgsf Blood Draw**
- **460 dgsf Radiology**
- **1,425 dgsf Pharmacy**

7,880 bgsf building new

LA RABIDA CHILDREN'S HOSPITAL

Scenario 1 Summary + Pros & Cons

Key Features – Renovation Solution

- Relocation of ambulatory clinic in renovations to the Finnegan building
- Relocation of Blood Draw, Pharmacy, X-Ray, and Physical Therapy adjacent
- Relocation of 10-12,000 sf of non-clinical administrative functions off campus

Pros:

- Nice adjacencies under the inpatient units
- Less travel for inpatients to X-Ray and Physical Therapy
- Keeps all clinical services on this campus
- Works on either ground or 1st floor, but both require double dominos

Cons:

- Access will be problematic, including parking
- Operating premiums for relocation of administrative functions off campus
- Quite a bit of the capital investment is not going to clinical programs
- Pre-existing code compliance issues and engineering upgrades will be expensive
- Costs almost as much as the prior solution for the full scale new addition
- Will take the longest of all the scenarios

LA RABIDA CHILDREN'S HOSPITAL

Scenario 2 Summary + Pros & Cons

Key Features – Off Campus Solution

- Relocation of most of the ambulatory clinics off campus
- Relocation of Blood Draw to support it
- Maintain some complex amb. clinics on campus (Vent / BPD / Sickle Cell)

Pros:

- Possible to find and acquire a property in this area at low cost
- No other programs relocate off campus
- No capital investment required in non-clinical services
- May be less expensive than other scenarios
- Possible consolidation with other off site programs (avoid lease)

Cons:

- Access to most ambulatory clinics will be at another site
- Operational premium to run clinical programs at another campus
- There is not enough volume to support duplicating Pharmacy, X-Ray or PT
- Therefore the ambulatory care clinics off site will not have these
- Less volume to support the overhead of Pharm., X-Ray or PT on campus

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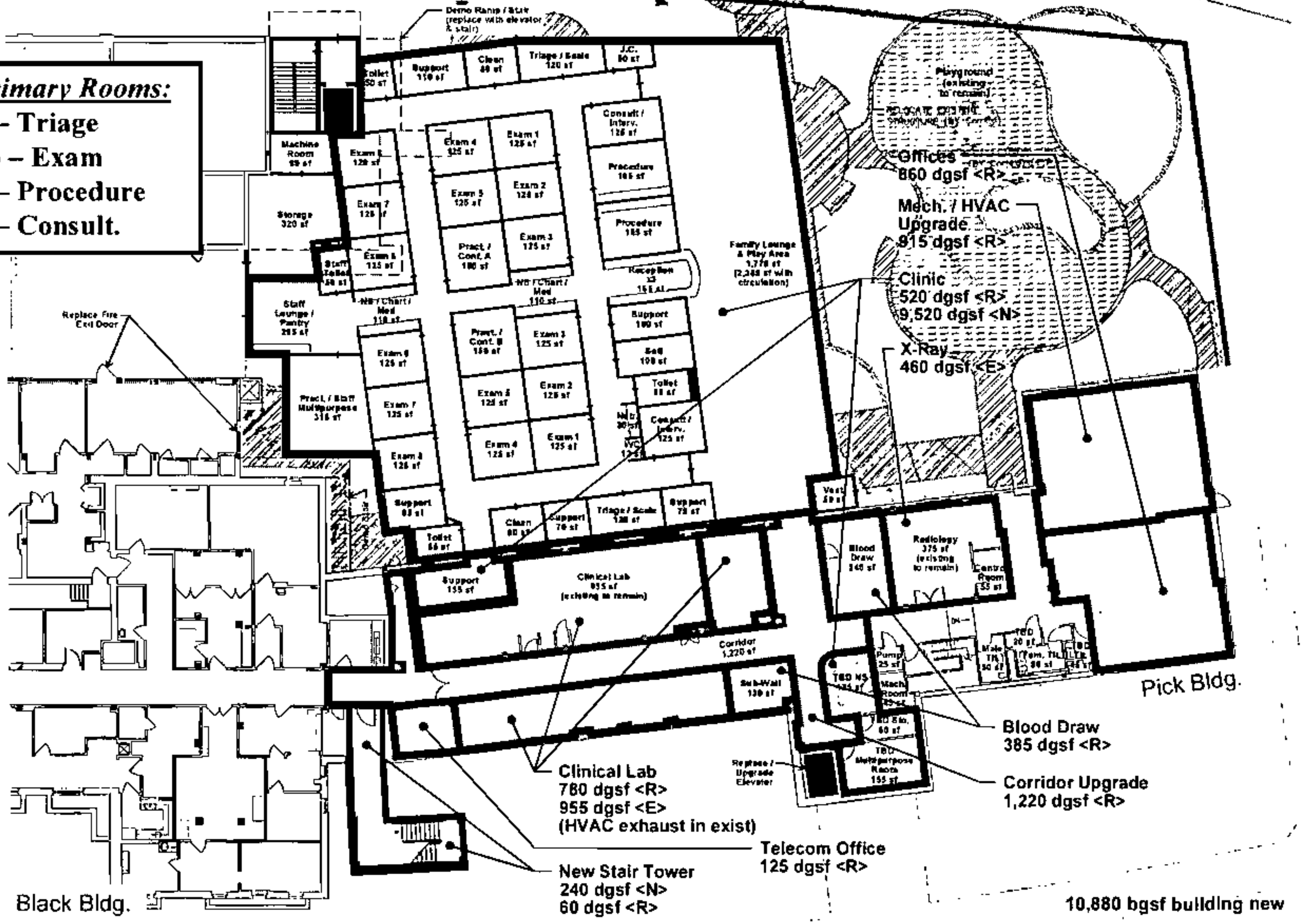
LA RABIDA CHILDREN'S HOSPITAL

Scenario Models

Scenario 3 Ground – Reduced New Addition

Primary Rooms:

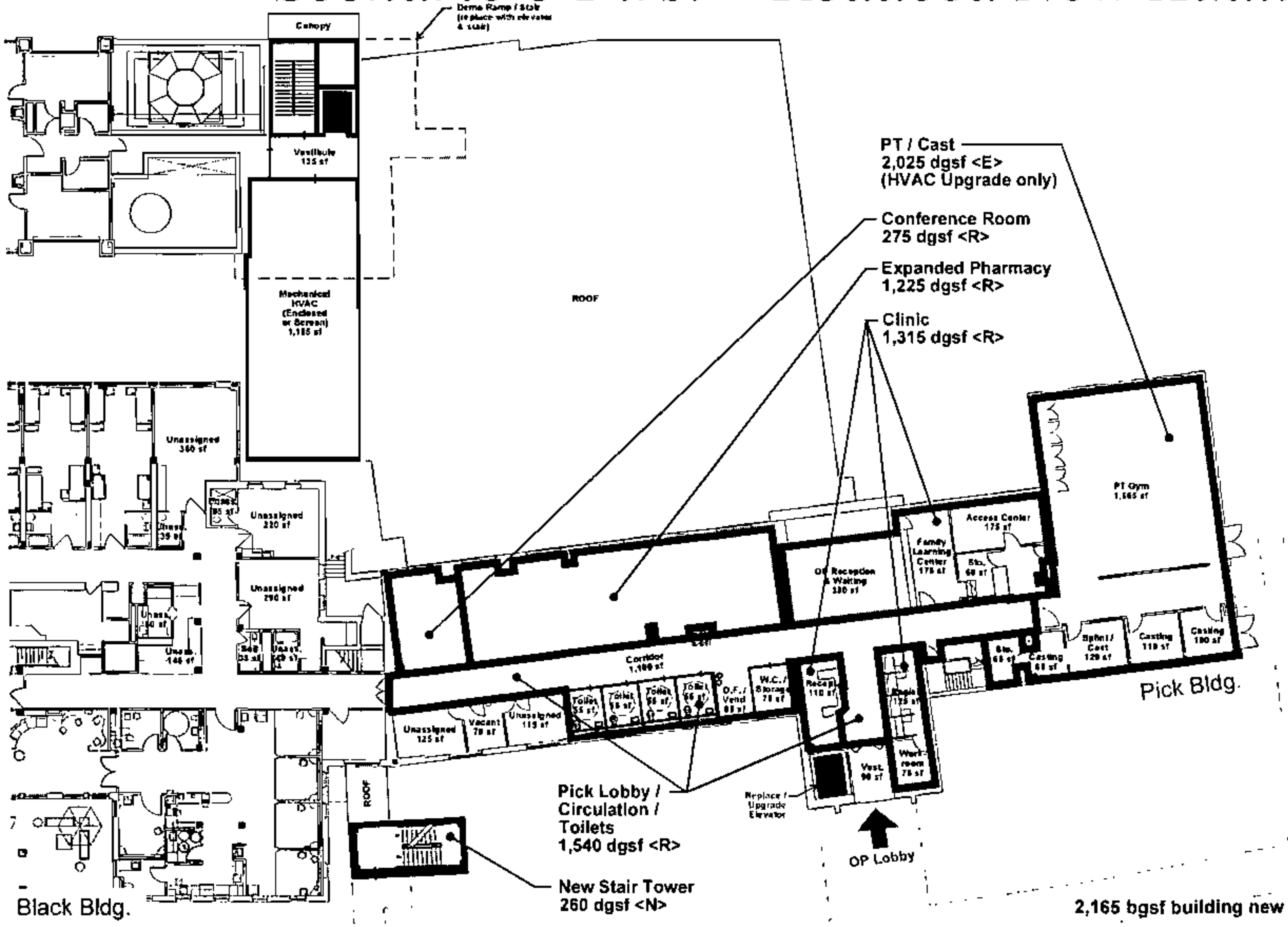
2 – Triage
16 – Exam
2 – Procedure
2 – Consult.



LA RABIDA CHILDREN'S HOSPITAL

Scenario Models

Scenario 3 First – Reduced New Addition



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LA RABIDA CHILDREN'S HOSPITAL

Scenario 3 Summary + Pros & Cons

Key Features – Reduced New Addition & Recommendation

- Relocation of the ambulatory clinics to a smaller new building behind Pick
- Renovations to all of Pick building for Blood Draw, Pharmacy, X-Ray, and Physical Therapy

Pros:

- Signature new building for ambulatory clinics
- Achieves all of what is required for this project, by right-sizing the solution
- Keeps all program on campus
- No capital investment required in non-clinical services departments
- Will be less expensive than Scenarios 1 or 4
- Can defer the later Pick renovations, if required to help with budget

Cons:

- Still requires capital investment in Pick building for deferred engineering
- Will require the reconfiguration of a 3 story stair exit for Black and Pick
- Will require a Park District and zoning review, as new building is added
- Lose part of playground (not heavily used)

LA RABIDA CHILDREN'S HOSPITAL

Comparative Evaluation

Criteria for Evaluation

Timing Premium -	number of phases + complexity of implementation
Base Project Cost -	estimated project cost incl. construction cost + soft costs (financing not incl.)
Property Acquisition -	additional cost for new property / building
New Lease Cost -	additional cost for any new leases
Patient Access -	ease of access to clinics, x-ray, OP lab, PT
Operational Efficiency-	any + / - premiums to current operation
Domino premiums -	investments not going to solving clinic expansion
Engineering premiums -	premiums for engineering systems
Code compliance -	premiums for pre-existing code issues
Color key *(boxes)* -	red - very problematic
	pink - problematic
	yellow - acceptable
	green - good

LA RABIDA CHILDREN'S HOSPITAL

Comparative Evaluation Matrix

Criteria	Engineering Upgrades Only *Departments as Exist. Engineering & Infrastructure only*	"Baseline" Scenario 4 *Full New Addition (VOA / Berglund Project)*	New Alternatives *Scenario 1* *Renovation - Clinics + Adm.Dominos Off Site*	*Scenario 2* *Renovation – Clinics Move Off Site*	*Scenario 3* *Reduced New Addition*
Timing Premium	Phasing Around Ongoing Operations	2 Phases	3 Phases Slowest	1 Phase + Site Selection / Purch.	2 Phase
Base Project Cost (not incl. financing)	Minimum $3.5	$20.5 - $22	$15 - $17	$9 - $10.5	$13.5 - $15.5 (can defer part)
Property Acquisition	$0	$0	$0	*TBD*	$0
New Lease Cost	$0	$0	~$600 K/ yr. for 3 yrs.	$ 0 (assume purchase)	$0
Patient Access	Same	Good	Difficult (half floor difference)	Remote from La Rabida campus	Good
Operational Efficiency	Patient Flow problematic	Good	Administrative Functions Off Site	Clinic split off site & no PT / Pharm.	Good
Sized Appropriately	Capacity Constraint for Clinic	Oversized	Adequate	Good	Good
Domino Premiums	None	Only Interim	Many Administrative Depts. Off Site	None	A Few Small Departments
Engineering *Premiums*	Reinvest In Older Buildings	Adds Chiller Upgr. Central Plant	Reinvest In Older Buildings	*verify (depends on bldg.)*	Alternate Chiller Upgr.Central Plant
Code Compliance	Pre-Existing Code Issues	Some in Renovation	Difficult Pre-Existing Conditions	*verify (depends on bldg.)*	Pre-Existing Code Issues

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Conclusions

Recommendation – Scenario 3

- Achieves 90% of the objectives for the project for 2/3rds the cost
- Does not overinvest in project (as in Scenario 4):

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Discussion

Discussion by Steering Committee

La Rabida Children's Hospital

Ambulatory Clinic / Clinic Services

Feasibility Study Planning Services

Appendix

December 7, 2010

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LA RABIDA CHILDREN'S HOSPITAL

Metrics – Workload Volume Summary

Historical Workloads – Outpatient Services

AMBULATORY CARE VISITS	FY00	FY01^	FY02	FY03	FY04	FY05^^	FY06	FY07	FY08	FY09	FY10	% Change: FY09-10
Summary - Ambulatory Care On Campus												
Clinics	11,596	12,769	14,039	14,330	13,662	13,548	13,599	13,086	11,182	12,762	14,014	
Ancillary **	*11,930*	*11,957*	*13,016*	*13,178*	*13,963*	*15,199*	*14,672*	*13,771*	*13,718*	*8,617*	*8,625*	
Emerg.Treat./ Urgent Care	5,227	5,557	5,928	6,153	6,293	7,108	6,411	6,048	6,379	6,380	6,277	
Total On Campus	*28,753*	*30,283*	32,983	33,661	33,918	35,855	34,682	32,905	31,279	27,759	28,916	
Percentage Growth		5%	9%	2%	1%	6%	-3%	-5%	-5%	-11%	4%	
Summary - Ambulatory Care Of Campus												
Diabetes (Hinsdale)	370	360	313	355	360	310	234	225	252	192	212	10%
Diabetes (Merrilville)	138		441	512	487	467	256	243	216			N/A
Asthma (Merrilville/Munster)	808		431	496	451	393	554	883	1,168			N/A
Rheumatology (Merrilville)	82		97	117	103	92	117	95	103			N/A
Rheumatology (Hinsdale/Glenview)	141		133	324	316	290	275	354	43			N/A
Behavioral (off campus) **	*incl.*	*incl.*	*incl.*	*incl.*	*incl.*	*incl.*	*incl.*	*incl.*	*incl.*	*3,111*	*2,991*	N/A
Total Off Campus	*1,623*	360	1,415	1,804	1,717	1,552	1,436	1,800	1,782	3,303	3,203	-3%
Percentage Growth		-78%	293%	27%	-5%	-10%	-7%	25%	-1%	85%	-3%	
Summary - Ambulatory On / Off Campus												
Grand Total On / Off Campus	*30,376*	*30,643*	34,398	35,465	35,635	37,407	36,118	34,705	33,061	31,062	32,119	
Percentage Growth		1%	12%	3%	0%	5%	-3%	-4%	-5%	-6%	3%	
On Campus Ancillary - Detail:												
BEH - Behavioral Sciences**	4,324	4,270	5,108	5,188	5,774	6,064	5,286	6,050	5,781	*2,128*	*2,308*	
REH - Rehabilitation*	5,664	5,622	5,898	6,099	5,812	5,983	6,262	5,073	5,315	5,868	5,664	
Other Clinical Non Provider[2]	-	-	-	-	-	-	-	-	-	621	653	
Other * [1] (ENDED FY08)	1,942	2,065	2,010	1,891	2,377	3,152	3,124	2,648	2,622	-	-	
SubTotal-On Campus Ancillary	**11,930**	**11,957**	**13,016**	**13,178**	**13,963**	**15,199**	**14,672**	**13,771**	**13,718**	**8,617**	**8,625**	

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LA RABIDA CHILDREN'S HOSPITAL

Metrics – Workload Volume Summary

Workload Volume Analysis – Room Demand

Clinic - Patient Rooms	Existing	Projected Demand from Analy.	Scenario-3	Scenario-4	Notes
Primary Rooms:					
Exam	*15*	*16*	*16*	*21*	
Procedure	*1*	*2*	*2*	*2*	
Sub-Total	16	18	18	23	
Additional Rooms:					
Triage	*0*	*2*	*2*	*4*	
Consult	*0*	*2*	*2*	*4*	*staff off. NIC*
Sub-Total	0	4	4	8	
Total	16	22	22	31	
Space Benchmark Dept:					
Clinic DGSF	*8,540*	*11,000*	*11,360*	*16,415*	
DGSF / Primary Room	*535*	*610*	*630*	*715*	*Triage/Consult NIC*

Notes:
1. Projected demand - assume demand for 15,000 pediatric multispecialty complex patient visits / year.
2. Visits already adjusted for "no shows" (from billing not scheduling data).
3. Many complex visits have additional consultation by multiple providers (as part of visit).
4. There is some additional growth capacity included in the analysis assumptions in schedule utilization.

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LA RABIDA CHILDREN'S HOSPITAL

Scenario Models

Comparative Space Program Summary

	Existing	"Baseline" Scenario – 4		Master Space Program	New Alternatives: Scenario – 1		New Alternatives: Scenario – 2		New Alternatives: Scenario – 3	
Department	*DGSF*	*Type*	*DGSF*	*DGSF*	*Type*	*DGSF*	*Type*	*DGSF*	*Type*	*DGSF*
Clinic	8,540	New / Renov.	16,415	11,000	New / Renov.	11,570	Renov.	11,000	New / Renov.	9,520 / 1,840
PT / Cast	2,025	New	2,795	2,025	Renov.	2,025	Exist.	2,025	Exist.	2,025
Blood Draw	220	Renov.	485	400	Renov.	400	Renov.	400	Renov.	385
Clinical Lab	1,205	Renov.	1,620	1,500	Exist.	1,205	Exist. / Renov.	955 / 780	Exist. / Renov.	955 / 780
Radiology	460	New	1,220	460	Renov.	460	Exist.	460	Exist.	460
Pharmacy / IV	800	Renov.	1,425	1,425	Renov.	1,425	Renov.	1,225	Renov.	1,225
TOTAL – N / R / E	**13,250**	**23,960**		**16,955**	**17,085**		**16,845**		**17,190**	

Sub-Total New / Renovation	**0**	**23,960**	**-**	**15,880**	**14,360**	**14,210**

Notes: 1. DGSF – department gross square feet (does not include building core elements).

LA RABIDA CHILDREN'S HOSPITAL

Budget – Scenario 1 Summary

Project Description	% Allow.	Area S.F.	Base Cost/ S.F.	Const. Factor	Dept. Factor	Adj. Cost/ S.F.	Cost Basis	Notes
Summary - Base Project Cost:								
Phase-1: Relocate Dominos Off Camp		12,000				$ 156	$ 1,874,800	Admin.Functions Off Site (Interim
Phase-2: Relocate Clinic in Renovatio		9,260				$ 945	$ 8,749,900	Clinic to Finnegan Building
Phase-3: Administration in Renovatior		11,275				$ 375	$ 4,227,900	Reconfigure Pick Building
Total - Base Project Cost		**32,535**				**$ 457**	**$ 14,852,600**	Project Cost + Project Cost / S.F.

1. Total Base Project Cost - does not include *leases* land acquisition or financing cost, verify major medical equipment.
2. Preliminary "Order of Magnitude" square foot cost estimates are accurate + / - 15%

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LA RABIDA CHILDREN'S HOSPITAL

Budget – Scenario 2 Summary

Project Description	% Allow.	Area S.F.	Base Cost/ S.F.	Const. Factor	Dept. Factor	Adj. Cost/ S.F.	Cost Basis	Notes
Summary - Base Project Cost:								
Relocate Clinic to New Site Off Campı		14,250				$ 355	$ 5,061,600	Admin.Functions Off Site (Interir
Pick Building Renovations / Engineer		5,785				$ 535	$ 3,092,700	Upgrades to Lab,Pharm+ Eng.
Total - Base Project Cost		**20,035**				**$ 407**	**$ 8,154,300**	Project Cost ÷ Project Cost / S.F.
Property Acquisition							*$ 1,000,000*	*Estimate, needs verification*

1. Total Base Project Cost - does not include ***leases*** land acquisition or financing cost, verify major medical equipment.
2. Preliminary "Order of Magnitude" square foot cost estimates are accurate + / - 15%

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LA RABIDA
CHILDREN'S
HOSPITAL

Budget – Scenario 3 Summary

Project Description	% Allow.	Area S.F.	Base Cost/ S.F.	Const. Factor	Dept. Factor	Adj. Cost/ S.F.	Cost Basis	Notes
Summary - Project Cost								
Phase-1: Base Clinic Project		13,425				$ 726	$ 9,742,800	Relocate Clinic-New + Renov.
Phase-2: Renovations to Pick Buildin[g]		5,785				$ 535	$ 3,092,700	Expand Lab, Pharm.+ Pick HVAC
Alternate Upgrade-Central Plant Mec[h]		Allow					$ 800,000	Replace chiller + capacity older bldgs.
Total - Base Project Cost + Alt.		**19,210**				**$ 710**	**$ 13,635,500**	Project Cost + Project Cost / S.F.

1. Total Base Project Cost - does not include leases, land acquisition or financing cost, verify major medical equipment.
2. Preliminary "Order of Magnitude" square foot cost estimates are accurate + / - 15%

LA RABIDA CHILDREN'S HOSPITAL

Budget – Scenario 4 *(used for benchmarks)*

Project Description	% Allow.	Area S.F.	Berg. Cost/ S.F.(%)	Bergland Construction Cost	Pro-R. Cost/ S.F.(%)	Pro-Rated Cost Basis	Notes
D1. General Conditions - Initial				$ 274,807		*pro-rated*	
A. Site & Building Demo.	14%		11.1%	$ 1,727,746	13.6%	$ 2,120,286	includes demo.part of Pick
B. Building - Shell & Core	35%	34,250	$ 131	$ 4,472,098	$ 160	$ 5,488,149	expect $160-180 (IDPH CON'
C. Building - Fit-Out	51%	34,250	$ 189	$ 6,465,514	$ 232	$ 7,934,465	includes $2 M. in HVAC
Adj. $ / sf less $1.0 M. Mech.	*38%*		*$ 145*		*$ 202*		*less central plant premium*
Sub-Total				**$ 12,940,165**		**pro-rated**	
D2. General Conditions - Secondary				$ 2,602,704		*pro-rated*	incl. 10% cost est./CM contin
Total - Base Construction Cost		**34,250**	**$ 454**	**$ 15,542,900**	**$ 454**	**$ 15,542,900**	Const.Cost + Const. Cost/S.
1. Design Contingency			5%	$ 775,000	5%	$ 777,100	for SD level New Constructio
Total - Adjusted Construction Cost		**34,250**	**$ 476**	**$ 16,317,900**	**$ 476**	**$ 16,320,000**	Const.Cost + Const. Cost/S.
2. Fees - A/E/ Plan./ Inter.			8.1%	$ 1,318,780	10.5%	$ 1,713,600	
3. Equipment/ Furniture			8.4%	$ 1,375,000	15.0%	$ 2,448,000	equip./furn./art/sign/IS/IT devi
4. IS/IT /Telecom/ Security			0.7%	$ 110,000	2.0%	$ 326,400	IS/IT most.in const.+sec./nur
5. Other-Permits/Moving			2.4%	$ 394,300	2.0%	$ 326,400	Verify asbestos, code items
6. Owner's Contingency			*4.8%*	*$ 930,754*	5.0%	$ 1,056,720	
Total - Base Project Cost		**34,250**	**$ 597**	***$ 20,446,734***	**$ 648**	**$ 22,191,120**	Project Cost + Project Cost/S
Factor - Project Cost/ Base Const.Cost				**132%**		**143%**	

Notes:

1. Total Base Project Cost - does not include land acquisition or financing cost, verify major medical equipment (X-Ray relocation).
2. Preliminary "Order of Magnitude" assemblies cost estimates are accurate + / - 7% (as used in VOA SD project).
3. Preliminary "Order of Magnitude" square foot cost estimates are accurate + / - 15%
4. Source - Bergland Construction Budget 10/23/07 update + soft costs from Mark Renfree (owner cont.adj.for rounding).

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SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Ambulatory Care	6,321	14,400	8,079	Yes

The size of the project was developed through a comprehensive review of the needs of the hospital and its patients. The Hospital engaged health facilities, engineering and architectural code consultants to review its ambulatory clinic needs. A copy of presentation materials prepared by the consultants is included in Attachment 13.

The assumptions listed in the Study included that the space be sized appropriately both in overall department size and in room sizes. Page 20 of the Study contains historical workload numbers. That is followed by an analysis of the rooms needed on page 21. Page 22 provides a comparative space program summary for the clinic and related services although not all of the services listed are included in this project.

In addition to the clinic, the pharmacy and laboratory are being expanded consistent with the recommendations of the consultants.

ATTACHMENT 14

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	Ambulatory Care	31064	34963	34001	Yes
YEAR 2		31064	36012	34001	Yes

Applicant's Historical Utilization number is for FY 2011. The project completion date is December, 2013 which is in applicant's fiscal year 2014. The historical number was projected to increase by 3% per year. Year 2 in the table is FY 2015.

ATTACHMENT 15

Clinical Service Areas Other than Categories of Service

The building being remodeled is approximately 13,000 square feet. It was built almost 60 years and is inadequate by current standards both in size and condition. Mechanical systems are outdated. Multiple clinical and support areas within the existing Pick building require improvements to meet current healthcare standards and code requirements. Wheelchair accessibility is difficult in places.

The project includes additional space for examination rooms, pharmacy, laboratory and related space. Clinical space is being increased by only 3,000 square feet.

The current age, location and size of examination rooms causes operational inefficiencies and does not provide for optimal patient comfort. Providing additional examination rooms as well as a separate triage room and consultation room will improve the patient experience.

Laboratory space is being increased from 900 to 1603 square feet. Pharmacy space is being increased from 672 to 1320 square feet.

The size of the project was developed through a comprehensive review of the needs of the hospital and its patients. The Hospital engaged health facilities, engineering and architectural code consultants to review its ambulatory clinic needs. A copy of presentation materials prepared by the consultants is included in Attachment 13.

The assumptions listed in the Study included that the space be sized appropriately both in overall department size and in room sizes. Page 20 of the Study contains historical workload numbers. That is followed by an analysis of the rooms needed on page 21. Page 22 provides a comparative space program summary for the clinic and related services although not all of the services listed are included in this project.

AVAILABILITY OF FUNDS

a. Cash and Securities

The 2011 audit shows cash of $6.6 million and investments of $65 million. Only $1 million of the Hospital's cash is proposed to be used. The Foundation has agreed to provide $3 million in cash if the Hospital raises at least $3 million in pledges and donations for the project. Minutes of the Foundation's May, 2011 Board meeting approving the contribution are included with this attachment.

b. Pledges

The application proposes to use $5 million of pledges. La Rabida has $3.2 million in pledges that can be used for the project and has a goal of raising an additional $1.8 million.

The capital campaign is focusing on Foundations, Corporations and independent individuals. We expect the remaining $1.8 million in pledges to be in hand by the end of 2012. Most pledges are multi-year payment commitments with the standard term being five years. The hospital will use existing cash and securities to fund the project while the payments are received. In addition to our internal Development staff La Rabida has engaged an outside capital campaign consultant to assist in fundraising. The incremental cost is approximately $100,000. Our fundraising experience has been exceptional, with every major capital campaign project received 100% Board participation. In addition, gifts from Foundations, Corporations and independent individuals have ranged from $1,000 to $500,000.

Any shortfall will be paid from cash and securities.

c. Grants

A $4.6 million grant from the State of Illinois will be used for this project. The Grant Agreement is included in Attachment 39.

d. Other funds and Sources

The balance of the funds, $2.1 million is to be provided through NewMarket tax credit financing. That is discussed on the following page. Any shortfall will be paid from cash and securities.

MINUTES OF COMBINED MEETING OF
THE BOARD OF DIRECTORS OF
LA RABIDA CHILDREN'S FOUNDATION AND
THE INVESTMENT SUBCOMMITTEE OF
LA RABIDA CHILDREN'S HOSPITAL

MAY 4, 2011

The meeting of the Board of Directors of the La Rabida Children's Foundation and the Investment Subcommittee of the La Rabida Children's Hospital commenced at 1:00 p.m. at the offices of Grant Thornton, in Chicago, Illinois.

Attending were: Charles Bobrinskoy, David Copeland and Richard Carr (teleconference), Directors of the Foundation; Dorothy Bossung, member of the Investment Subcommittee of the Hospital; Dana Levenson, Director of both groups; Paula Jaudes, Brenda Wolf and Mark Renfree, representing the Hospital; and James DeZellar and Michael Budd, representing Chicago Equity Partners. Foundation Directors Richard Burridge and Donna Morgan, and Investment Subcommittee member John Eberle were unable to attend the meeting.

Minutes of the Investment Subcommittee meetings of November 3, 2010 and December 16, 2010 were approved. Minutes of the Foundation meeting of November 3, 2010 were also approved.

At the suggestion of other members, Mr. Bobrinskoy arranged a private equity presentation. Special guests Carl Thoma and Lee Mitchell of private equity firm Thoma Bravo joined the meeting. They presented an overview of private equity investing, an overview of their firm, their investment and operating strategy, and their funds performance and track record. Following their presentation and question and answer session, they departed the meeting. Members discussed advantages and disadvantages of various alternative investments, including private equity. It was determined that additional private equity firms would be scheduled for future presentations. Mr. Bobrinskoy would attempt to arrange a presentation by Code Hennessy & Simmons, and Mr. Carr would attempt to arrange another firm.

Representatives from Chicago Equity Partners joined the meeting. Mr. DeZellar reported that the firm had grown to $9 billion in assets and there had been no significant personnel changes. He and Mr. Budd reviewed quarterly investment performance for the Foundation, Hospital and Employee Retirement accounts. All asset allocations were outperforming benchmarks except international funds. Mr. DeZellar and Mr. Budd discussed current economic conditions and portfolio holdings. Following group discussion, Mr. DeZellar and Mr. Budd exited the meeting.

Members discussed asset allocation, consensus was that no change within the stated asset allocation or investment policy was required at this time. Mr. Copeland suggested the Foundation investigate a broader selection of fixed income offerings. He offered to bring in PIMCO for a subsequent presentation.

Dr. Jaudes provided an update on the hospital. She discussed state Medicaid challenges and initiatives to reform the hospital reimbursement model. She also informed the group of low census and discussed the need for outpatient renovation.

Mr. Renfree presented the minimum annual required distribution calculation. He indicated the 2011 requirement was just under $600,000 but requested the Foundation approve a distribution equal to the Hospital's projected capital needs for fiscal 2012 which was $1,200,000. Members of the Foundation approved the requested distribution.

Mr. Renfree also requested the hospital be reimbursed for expenses of the Foundation paid by the hospital for audit and legal services. Members approved the transfer of $16,693.

Hospital management also discussed a capital campaign for renovating and expanding the outpatient hospital area. They reported the expected cost of $16,000,000 and requested the Foundation make a matching grant for new funds raised for this project. After discussion. Foundation members approved a grant of $3,000,000 to the hospital to be used for matching new capital campaign donations dollar for dollar.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Mark Renfree

Mark Renfree

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Fiscal Year: 2012

Contract # 22580290
Appropriation# 971-48210-4400-0010
Federal Grant # N/A

STATE OF ILLINOIS
DEPARTMENT OF PUBLIC HEALTH

Grant Agreement

The Illinois Department of Public Health or its successor, hereinafter referred to as the "Department" and LaRabida Children's Hospital, hereinafter referred to as the "Grantee" hereby agree as follows:

1. **Authority**:

1.1 The Department is authorized to make this grant pursuant to Section 2310-640 of the Department of Public Health Powers and Duties Law, 20 ILCS 2310-640.

1.2 The sole purpose of this grant is to fund the Grantee's performance of the obligations described herein during the term of this grant. This Hospital Capital Investment Grant may be used only to fund capital projects including to satisfy any building code, safety standard or life safety code, maintain, improve, renovate, expand or construct buildings or structures, maintain, establish or improve medical equipment or health information technology or to maintain or improve patient safety, quality of care or access to care.

1.3 The Grantee represents and warrants that the grant application submitted by the Grantee is in all material aspects true and accurate; that it is authorized to undertake the obligations set forth in this Agreement and that it has obtained or will obtain all permits, licenses or other governmental approvals that may be necessary to perform the grant services.

2. **Services**:

2.1 The Grantee will perform the following obligations and agrees to act in compliance with all state and federal statutes and administrative rules applicable to the provision of this scope of work pursuant to this grant agreement. The grant application submitted by Grantee related to this grant agreement and on file with the Department is hereby incorporated and made a part of this agreement.

2.1.1 The Grantee agrees to undertake the following obligations that will encompass hospital-wide capital projects to address life safety code issues, improve and renovate patient care areas, establish and improve health information technology ("IT") and improve patient safety, quality of care and access to care. For this grant agreement, the scope of work includes the following projects or components thereof:

The addition of approximately 12,000 gross square feet ("gsf") of new space and the renovation of approximately 9,000 gsf of existing space at the hospital. Once the project is complete, the construction and renovation of space will consist of the following: 18 examination rooms, two triage rooms, one procedure room, one consultation room, a renovated laboratory and a renovated pharmacy.

2.2 The Grantee will not use the services of a subcontractor or subgrantee to fulfill any obligations under this agreement without the prior written consent of the Department. All subgrantees shall have an application, including a budget and project deliverables, on file with the grantee and the Department prior to the issuance of any written consent. The Department reserves the right to review all subcontracts and subgrants.

2.3 In connection with the services described in Section 2.1 above, the Department will:

2.3.1 Compensate the Grantee as provided for in Section 4.3 of this agreement.

3. Term:

The period of this grant agreement is July 1, 2011 through June 30, 2013; however, it may be terminated at any time during this period by either party upon written notice to the other party thirty (30) calendar days prior to the actual termination date. Upon termination, the Grantee shall be paid for work satisfactorily completed prior to the date of termination.

4. Compensation:

4.1 The grant funds shall be for an amount of $4,600,000.

4.2 This grant is State funded.

4.3 Upon execution of this Agreement, the Department shall authorize an initial disbursement in the amount of fifty percent (50%) of the total grant award. The balance of the grant award will be paid no earlier than six months from the date the grant agreement is executed.

4.4 The Grantee will perform its obligations in accordance with the budget and scope of work submitted in the grant application and which is on file with the Department.

4.5 Grantee, through its agents, employees and contractors, will provide all equipment, supplies, services and other items of support which are necessary for the effective performance of the obligations, unless the agreement specifically set forth items of support to be provided by the Department.

4.6 Grantee and any subgrantees shall not, in accordance with P.A. 096-1456, expend any grant funds paid from the State of Illinois General Revenue Funds for the following promotional items: calendars, pens, buttons, pins, magnets, and any other similar promotional items. Promotional items also include but are not limited to: gift cards, posters, and stationery.

4.7 Expenditure of Grant Funds; Right to Refund

Payment of the grant amount specified in Section 4.1 shall be made to the Grantee as specified herein. Grant funds provided under this Agreement must be expended only to perform the tasks set forth in Section 2.1 of this agreement and the grant application on file with the Department. In addition to reasons set forth in other sections of this agreement, the Department will require a refund from Grantee if (i) the total grant expenditures are less than the amount vouchered to the Grantee from the Department pursuant to this agreement; or (ii) Grant funds have not been expended or legally obligated by a binding contractual obligation within the grant term. If the Department requires a refund under either of the above circumstances, the Grant funds must be returned to the Department within forty-five (45) days of the end of the grant term or the otherwise effective grant agreement termination date.

4.8 Grant Funds Recovery Act (30 ILCS 705/1, *et seq.*)

This Agreement is subject to all applicable provisions of the Illinois Grant Funds Recovery Act, including the requirement that any Grant Funds not expended or legally obligated at the expiration or termination of the Grant term must be returned to the Department within forty-five (45) days following said expiration or termination. Any interest earned on Grant Funds that is not expended or legally obligated during the Grant term must also be returned to the Department within forty-five (45) days following the expiration or termination of this Agreement. Grantee's failure to comply with any reporting requirements of the Department may result in the termination of this agreement or suspension of payments under this agreement.

5. Notices:

Notices and other communications provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express or other similar and reliable carrier), by e-mail, or by fax showing the date and time of successful receipt. Notices shall be sent to the individuals at the following respective addresses or to such other address as either party may from time to time designate by notice to the other party. Each such notice shall be deemed to have been provided at the time it was actually received. By giving notice, either Party may change the contact information.

to the Department: Illinois Department of Public Health
Center for Rural Health
535 West Jefferson Street, Ground Floor
Springfield, Illinois 62761
Attention: William Dart II

to the Grantee: LaRabida Children's Hospital
6501 South Promontory Drive
Chicago, Illinois 60649
Attention: Brenda Wolf

6. **Public Information Requirements:**

For the duration of the Agreement, the Grantee will prominently acknowledge the participation of the Department in the Project in all press releases, publications and promotional materials presented to the media or otherwise dissemination published concerning the Project. The Grantee must provide the Department with copies of any proposed press releases, publications and promotional materials not less than fifteen (15) days before these materials are disseminated. Grantee will submit copies of any press releases, publications and promotional materials to the Department's Project Manager. The Grantee shall not publish, disseminate or otherwise release any promotional materials without the express written approval by the Department.

The Grantee will provide adequate advance notice pursuant to Section 5 of promotional events such as open houses, dedications, or other planned publicity events; and will also coordinate in the planning of said events. Any materials or displays to be distributed in connection with the promotional event must be submitted to the Department in advance of publication or dissemination and must prominently acknowledge the Department's participation in the event.

7. **Grant Fund Control Requirements:**

7.1 **Audits**

A. Standard Audit: If the Grantee is required to obtain a Standard Audit and provide the Department with a copy of the audit report, the management letter, and the SAS 114 letter within thirty (30) days of the Grantee's receipt of such audit report, but in no event later than nine (9) months following the end of the period for which the audit was performed. The Audit Report is required to be provided to IDPH annually for the life of the grant.

B. Single Audit: If the Grantee is required to have a Single Audit performed in accordance with OMB Circular A-133, the Grantee is required to submit copies of the audit report, the data collection form, the management letter, and the SAS 114 letter, as provided for the in the Single Audit Act and OMB Circular A-133, to the Department within thirty (30) days of the Grantee's receipt of such audit report, but in event later than nine (9) months following the end of the period for which the audit was performed. If no Single Audit is required, the Grantee is to provide IDPH with an annual letter stating a Single Audit was not required.

C. Audit Requirements for State Grants Audited by the Illinois Office of the Auditor General (OAG): Grantees required by the Illinois OAG to obtain a financial audit, compliance examination, or performance audit will be notified by the OAG. The Grantee shall provide the Department with a copy of any financial audit, compliance examination, Single Audit or performance audit along with the accompanying management letter, letter of immaterial findings and the SAS 114 letter within thirty (30) days of the Grantee's receipt of such audit report, but in no event later than nine (9) months following the end of the period for which the audit or examination was performed. The Audit Report is required to be provided to IDPH any year an audit is performed over the life of the grant.

D. Discretionary Audit: The Department may, at any time, and its discretion, request a Grant-Specific Audit or other audit, Management Letter and SAS 114 letter to be delivered within thirty (30) days of the Grantee's receipt of such audit report, but in no event later than nine (9) months following the end of the period for which the audit was performed.

E. Audit Performance: All Audits shall be performed by an independent certified public accountant or accounting firm licensed by the appropriate licensing body in accordance with applicable auditing standards. The grantee will fully comply and cooperate with any and all audits.

7.2 **Reporting Requirements**

In addition to any other documents specified in this Agreement, the Grantee must submit the following reports and information in accordance with the provisions hereof.

A. At a minimum, the grantee shall file a quarterly report with the Department. The quarterly reports shall describe the progress of the program, project, or use and the expenditure of the grant funds provided to the grantee under this Agreement. The Department reserves the right to request revised quarterly reports or clarification to any statements made in such reports.

B. Expenditures and Project Activity Prior to Grant Execution. If the Agreement is executed more than ninety (90) days after the beginning date of the grant term provided in grant agreement, the Grantee must submit a Financial Status Report and a Project Status Report, in a format provided by the Department, accounting for expenditures and project activity incurred from the beginning of the grant term up to the end of the month preceding the date of the Department's execution. If these Reports are required, the Department will not disburse any Grant Funds until the report is submitted to and approved by the Department.

C. Final Financial Status Report The Final Financial Status Report is due within forty-five (45) days following the end date stated in the Notice of Grant Award. **The Grantee should refer to the Grant Instruction Package and the Reports Deliverable Schedule for the specific reporting requirements and due dates.** Grantee must submit the report in the format provided by the Department. This report must summarize expenditure of the Grant Funds and activities completed during the grant term. The Grantee's failure to comply with the this requirement will be considered a material breach of the performance required by this Agreement and may be the basis to initiate proceedings to recover all Grant Funds disbursed to the Grantee. Grantee's failure to comply with this Section shall be considered prima facie evidence of default, and may be admitted as such, without further proof, into evidence before the Department or in any other legal proceeding.

1. Additional Information: Upon request by the Department, the Grantee must, within the time directed by the Department, submit additional written reports regarding the Project, including, but not limited to materials sufficient to document information provided by the Grantee.

2. Submittal of Reports: Submittal of all reports and documentation required under this Agreement should be submitted to the individual as directed by the Department.

3. Failure to Submit Report: In the event Grantee fails to timely submit any reports required under this Agreement, the Department withhold or suspend the distribution of Grant Funds until said reports are filed and approved by the Department.

7.3 **Grant Instructions**

Upon execution of this Grant Agreement, the Grantee will receive a grant instruction package detailing reporting requirements and procedures relating to the Grant. The Grantee is obligated to comply with those requirements and any revisions thereto in accordance with Section 7.2(C) of this Grant Agreement.

7.4 **Fiscal Recording Requirements**

The Grantee's financial management system shall be structured to provide for accurate, current, and complete disclosure of the financial results of the Project funded under this grant program. The Grantee is accountable for all Grant Funds received under this Grant, including those expended for subgrantees. The Grantee shall maintain effective control and accountability over all Grant Funds, equipment, property, and other assets under the grant as required by the Department. The Grantee shall keep records sufficient to permit the tracing of Grant Funds to a level of expenditure adequate to insure that Grant Funds have not been inappropriately expended, and must have internal controls consistent with generally accepted accounting practices adopted by the American Institute of Certified Public Accountants.

7.5 **Due Diligence In Expenditure of Grant Funds**

Grantee shall ensure that Grant Funds are expended in accordance with the following principles: (i) grant expenditures should be made in accordance with generally accepted sound, business practices, arms-length bargaining, applicable federal and state laws and regulations; (ii) grant expenditures should conform to the terms and conditions of this Agreement; (iii) grant expenditures should not exceed the amount that would be incurred by a prudent person under the circumstances prevailing at the time the decision is made to incur the costs; and (iv) grant accounting should be consistent with generally accepted accounting principles.

7.6 **Monitoring**

The grant will be monitored for compliance in accordance with the terms and conditions of the Grant Agreement, together with appropriate programmatic rules, regulations, and/or guidelines that the Department promulgates or implements. The Grantee must permit any agent authorized by the Department, upon presentation of credentials, in accordance by all methods available by law, including full access to and the right to examine any documents, equipment, papers, or records either in hard copy or electronic, of the Grantee involving transactions relating to this grant.

8. **General Provisions:**

8.1 **Availability of Appropriation/Sufficiency of Funds**

This grant is contingent upon and subject to the availability of funds. The Department, at its sole option, may terminate or suspend this grant, in whole or in part, without penalty or further payment being required, if (1) the Illinois General Assembly fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason, (2) the Governor decreases the Department's funding by reserving some or all of the Department's appropriation(s) pursuant to power delegated to the Governor by the Illinois General Assembly; or (3) the Department determines, in its sole discretion or as directed by the Office of the Governor, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. The Grantee will be notified in writing of the failure of appropriation or a reduction or decrease.

8.2 **Audit/Retention of Records (30 ILCS 500/20-65)**

Grantee and its subcontractors shall maintain books and records relating to the performance of the agreement or subcontract and necessary to support amounts charged to the State under the agreement or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Grantee for a period of three (3) years from the later of the date of final payment under the agreement or completion of the agreement, and by the subcontractor for a period of three (3) years from the later of final payment under the term or completion of the subcontract. If federal funds are used to pay agreement costs, the Grantee and its subcontractors must retain its records for five (5) years. Books and records required to be maintained under this section shall be available for review or audit by representatives of: the granting Agency, the Auditor General, the Attorney General, the Executive Inspector General, the Chief Procurement Officer, State of Illinois internal auditors or other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Grantee and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the agreement for which adequate books and records are not available to support the purported disbursement. The Grantee or subcontractors shall not impose a charge for audit or examination of the Grantee's books and records.

If any of the services to be performed under this Agreement are subcontracted and/or if subgrants are issued/awarded for the expenditure of Grant Funds provided under this Agreement, the Grantee shall include in all such subcontractors and subgrants, a provision that the Department, the Attorney General, the Office of Inspector General, and the Auditor General of the State of Illinois, or any of their duty authorized representatives, will have full access to and the right to examine any pertinent books, documents, papers and records of any such subcontractor or subgrantee involving transactions related to this Agreement for a period of three (3) years following the Department's final approval of all required close-outs (financial and/or programmatic), and any such subcontractor shall be governed by the same requirements to which the Grantee is subject under this Agreement.

8.3 **Time is of the Essence**

Time is of the essence with respect to Grantee's performance of this agreement. Grantee shall continue to perform its obligations while any dispute concerning the agreement is being resolved unless otherwise directed by the State.

8.4 **No Waiver of Rights**

Except as specifically waived in writing, failure by a Party to exercise or enforce a right does not waive that Party's right to exercise or enforce that or other rights in the future.

8.5 **Force Majeure**

Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring Party may cancel the agreement without penalty if performance does not resume within thirty (30) days of the declaration.

8.6 **Confidential Information**

Each Party, including its agents and subgrantors, to this agreement may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this agreement. Grantee shall presume all information received from the State or to which it gains access pursuant to this agreement is confidential. Grantee information, unless clearly marked as confidential and exempt from disclosure under the Illinois Freedom of Information Act, shall be considered public. No confidential data collected, maintained, or used in the course of performance of the agreement shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of the agreement or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of the agreement, in whatever form it is maintained, promptly at the end of the agreement, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third-party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.

8.7 **Use and Ownership**

All work performed or supplies created by Grantee under this agreement, whether written documents or data, goods or deliverables of any kind, shall be deemed work for hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed in writing. Grantee hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Grantee may have to such work including any so called "moral rights" in connection with the work. Grantee acknowledges the State may use the work product for any purpose. Confidential data or information contained in such work shall be subject to confidentiality provisions of this agreement.

Equipment and material authorized to be purchased with Grant Funds becomes the property of the Grantee. Grantee will maintain an inventory or property control record for all equipment and material purchased with Grant Funds. During the Grant term, the Grantee must: (1) use equipment and materials acquired with Grant Funds only for the approved Project purposes set forth in Section 2.1; and (2) provide sufficient maintenance on the equipment and materials to permit achievement of the approved Project purposes and maintain, at its own expense, insurance coverage on all equipment and material purchased with Grant Funds, for its full insurable value, against loss, damage and other risks ordinarily insured against by owners or users of similar equipment and material in similar businesses. The Grantee is prohibited from, and may not sell, transfer, encumber (other than original financing) or otherwise dispose of said equipment or material during the grant term without prior written approval of the Department. The Department reserves the right to inspect, at any time, such equipment and materials. All Grantee actions involving equipment and materials shall be in compliance with the applicable state and federal law.

8.8 **Indemnification and Liability**

The Grantee shall indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of: (a) any breach or violation by Grantee of any of its certifications, representations, warranties, covenants or agreements; (b) any actual or alleged death or injury to any person, damage to any property or any other damage or loss claimed to result in whole or in part from Grantee's negligent performance; or (c) any act, activity or omission of Grantee or any of its employees, representatives, subcontractors or agents. Neither Party shall be liable for incidental, special, consequential or punitive damages.

8.9 **Independent Contractor**

Grantee shall act as an independent contractor and not an agent or employee of, or joint venturer with the State. All payments by the State shall be made on that basis.

8.10 **Solicitation and Employment**

Grantee shall not employ any person employed by the State during the term of this agreement to perform any work under this agreement. Grantee shall give notice immediately to the Agency's director if Grantee solicits or intends to solicit State employees to perform any work under this agreement.

8.11 **Compliance with the Law**

The Grantee, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this agreement. Grantee shall be in compliance with applicable tax requirements and shall be current in payment of such taxes. Grantee shall obtain at its own expense, all licenses and permissions necessary for the performance of this agreement.

8.12 **Background Check**

Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Grantee's and subcontractors officers, employees or agents. Grantee or subagreementor shall reassign immediately any such individual who, in the opinion of the State, does not pass the background checks.

8.13 **Applicable Law**

This agreement shall be construed in accordance with and is subject to the laws and rules of the State of Illinois. The Department of Human Rights' Equal Opportunity requirements (44 Ill. Adm. Code 750) are incorporated by reference. Any claim against the State arising out of this agreement must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any agreement dispute. The State of Illinois does not waive sovereign immunity by entering into this agreement. The official text of cited statutes is incorporated by reference (an unofficial version can be viewed at http://www.ilga.gov/legislation/ilcs/ilcs.asp). In compliance with the Illinois and federal Constitutions, the Illinois Human Rights Act, the U. S. Civil Rights Act, and Section 504 of the federal Rehabilitation Act and other applicable laws and rules the State does not unlawfully discriminate in employment, agreements, or any other activity.

8.14 **Contractual Authority**

The Agency that signs for the State of Illinois shall be the only State entity responsible for performance and payment under the agreement. When the Chief Procurement Officer or authorized designee signs in addition to an Agency, they do so as approving officer and shall have no liability to Grantee. When the Chief Procurement officer or authorized designee signs a master agreement on behalf of State agencies, only the Agency that places an order with the Grantee shall have any liability to Grantee for that order.

8.15 **Modifications and Survival**

Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this agreement officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Grantee's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

8.16 **Performance Record/Suspension**

Upon request of the State, Grantee shall meet to discuss performance or provide agreement performance updates to help ensure proper performance of the agreement. The State may consider Grantee's performance under this agreement and compliance with law and rule to determine whether to continue the agreement, suspend Grantee from doing future business with the State for a specified period of time, or to assess whether Grantee can be considered responsible on specific future agreement opportunities. The Department may immediately suspend a grant agreement after due consideration of any issues affecting the Grantee's performance.

8.17 **Freedom of Information Act**

This agreement and all related public records maintained by, provided to or required to be provided to the State are subject to the Illinois Freedom of Information Act notwithstanding any provision to the contrary that may be found in this agreement.

8.18 **Amendments**

This Agreement may not be amended without prior written approval of both the Grantee and the Department. Any amendments must be executed by both parties no later than 30 days prior to the end of the grant term.

8.19 **Assignment**

The Grantee understands and agrees that this Agreement may not be sold, assigned, or transferred in any manner and that any actual or attempted sale, assignment, or transfer without the prior written approval of the Department shall render this Agreement null, void, and of no further effect.

8.20 **Termination for Cause**

The State may immediately terminate this agreement, in whole or in part, upon notice to the Grantee if: (a) the Grantee commits any illegal act; (b) the State determines that the actions or inactions of the Grantee, its agents, employees or subagreementors have caused, or reasonably could cause, jeopardy to health, safety, or property, (c) the Grantee has notified the State that it is unable or unwilling to perform the agreement or (d) the State has reasonable cause to believe that the Grantee cannot lawfully perform the grant agreement

If Grantee breaches any material term, condition, or provision of this agreement, is in violation of a material provision of this agreement, or the State determines that the Grantee lacks the financial resources to perform the agreement, the State may, upon 15 days prior written notice to the Grantee, cancel this agreement. For termination due to any of the causes contained in this Section, the State retains its rights to seek any available legal or equitable remedies and damages.

8.21 **Termination for Convenience**

The State may, for its convenience and with thirty (30) days prior written notice to Grantee, terminate this agreement in whole or in part and without payment of any penalty or incurring any further obligation to the Grantee. The Grantee shall be entitled to compensation upon submission of invoices and proof of claim for supplies and services provided in compliance with this agreement up to and including the date of termination.

8.22 **Health Insurance Portability and Accountability Act Compliance**

Grantee shall comply with the applicable provisions of the Health Insurance Portability and Accountability Act (HIPAA), including, but not limited to statute, 42 USC 132d, and applicable regulations, 45 CFR 160, 162, and 164, as may be promulgated or amended over time.

8.23 **Entire Agreement**

The Department and the Grantee understand and agree that this Agreement constitutes the entire Agreement between them and that no promises, terms, or conditions not recited or incorporated within this Agreement, including prior Agreements or oral discussions not incorporated within this Agreement, shall be binding upon either the Grantee or the Department.

9. **Taxpayer Status:**

I certify that:

a. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

b. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

c. I am a U.S. person (including a U.S. resident alien).

1. If you are an individual, enter your name and SSN as it appears on your Social Security Card.
2. If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.
3. If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the d/b/a on the business name line and enter the owner's SSN or EIN.
4. If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).
5. For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.

Name: LA RABIDA CHILDREN'S HOSPITAL

Business Name: ______

Taxpayer Identification Number:

Social Security Number ______

or

Employer Identification Number 36-2170143

Legal Status (*check one*):

____ Individual	____ Governmental
____ Sole Proprietor	____ Nonresident alien
____ Partnership	____ Estate or trust
____ Legal Services Corporation	____ Pharmacy (Non-Corp.)
✓ Tax-exempt	____ Pharmacy/Funeral Home/Cemetery (Corp.)
✓ Corporation providing or billing medical and/or health care services	____ Limited Liability Company (select applicable tax classification) ____ D = disregarded entity ____ C = corporation ____ P = partnership
____ Corporation NOT providing or billing medical and/or health care services	

10. **Attestation:**

Grantee certifies under oath that Grantee has read, understands, and agrees to all provisions of this Agreement and that the information contained in the Agreement is true and correct to the best of his/her knowledge, information and belief, that the funds awarded under this grant shall be used only for the purposes described in this Agreement and that the Grantee shall be bound by the same. Grantee acknowledges that the award of Grant Funds under this Agreement is conditioned upon this certification/attestation.

For the Grantee:

Mark Renfree

Grantee Signature

MARK RENFREE

Typed Name

CFO

Title

108642 00

Illinois Department of Human Rights Number (if applicable)

3.12.12

Date

For the Department:

Recommended By

Arthur F. Kohrman

Arthur F. Kohrman, M.D.
Acting Director of Public Health

3/22/12

Execution Date

La Rabida Children's Hospital

Re: New Market Tax Credit Financing

La Rabida Children's Hospital is currently reviewing whether the Outpatient Addition and Renovation project might qualify for federally funded New Market Tax Credit ("NMTC") financing. This is a program created by the Community Renewal Tax Relief Act of 2000 (Internal revenue Code Section 45D), administered by Community Development Financial Institutions ("CDFI") Fund of the Department of Treasury.

Geographically, the project meets the Low Income Community threshold, which requires a census tract with at least 20% poverty or median income under 80% of the area median family income.

The hospital has engaged an independent third party to review whether the project meets all other NMTC terms and conditions. In addition, NMTC funds are very limited, and typically applications far exceed the funding available each year.

If it is determined that the hospital meets all NMTC terms and conditions, and if the project application is accepted, the Hospital would seek to secure at least $2.1 million of NMTC funding, net of fees.

If NMTC funding is not available, the hospital would fund any capital shortfall out of currently available cash on hand.

ATTACHMENT 39

La Rabida Children's Hospital

Financial Report
June 30, 2011

Contents

McGladrey

Independent Auditor's Report on the Financial Statements

To the Board of Trustees of
La Rabida Children's Hospital
Chicago, Illinois

We have audited the accompanying balance sheets of La Rabida Children's Hospital (the Hospital) as of June 30, 2011 and 2010, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Rabida Children's Hospital as of June 30, 2011 and 2010, and the results of its operations and changes in net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
November 16, 2011

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La Rabida Children's Hospital

Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 6,635,521	$ 6,600,776
Short-term investments	-	3,305,218
Accounts receivable, less allowances for uncollectible accounts of $221,248 in 2011 and $262,290 in 2010	2,176,541	2,772,760
Other receivables	1,746,263	1,903,059
Pledges receivable	309,153	262,024
Prepaid expenses and inventories	955,346	863,054
Total current assets	11,822,824	15,706,891
Investments	65,620,897	50,948,114
Pledges Receivable, less current portion	317,617	455,452
Contributed License	3,726,638	3,798,311
Property and Equipment, at cost		
Land improvements	2,080,932	2,073,212
Building and building services	34,419,241	34,232,895
Equipment	15,862,669	11,383,254
Construction-in-progress	105,729	1,063,071
	52,468,571	48,752,432
Accumulated depreciation	(29,017,951)	(26,722,276)
Total property and equipment, net	23,450,620	22,030,156
Beneficial Interest in Assets Held by the Foundation	11,487,531	11,487,531
Interest in Restricted Net Assets of the Foundation	19,420,455	14,162,928
Total assets	$ 135,846,582	$ 118,589,383

See Notes to Financial Statements.

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La Rabida Children's Hospital

Balance Sheets (Continued)
June 30, 2011 and 2010

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 760,493	$ 1,252,976
Accrued payroll and related liabilities	2,487,167	2,370,959
Accrued expenses	4,173,011	1,533,714
Payables to third-party programs	1,030,000	1,888,735
Total current liabilities	8,450,671	7,046,384
Long-Term Liabilities		
Accrued pension obligation	2,793,128	6,798,419
Self-insurance	671,403	688,900
Total long-term liabilities	3,464,531	7,487,319
Commitments and Contingencies (Notes 10 and 14)		
Net Assets		
Unrestricted	93,703,541	79,562,924
Temporarily restricted	29,131,397	23,396,314
Permanently restricted	1,096,442	1,096,442
Total net assets	123,931,380	104,055,680
Total liabilities and net assets	$ 135,846,582	$ 118,589,383

See Notes to Financial Statements.

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La Rabida Children's Hospital

Statements of Operations and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted revenue and other support:		
Net patient service revenue	$ 37,927,482	$ 37,800,138
Medicaid Hospital Assessment revenue	4,798,742	4,798,742
Net assets released from restriction for use in operations	1,224,749	1,333,900
Other revenue	4,143,999	4,012,705
	48,094,972	47,945,485
Expenses:		
Salaries, wages and benefits	29,560,296	26,994,237
Supplies and other expenses	6,472,407	6,344,370
Professional services	5,077,720	3,813,874
Depreciation	2,426,412	1,931,205
Purchased services	3,832,553	3,357,516
Medicaid Hospital Assessment expense	1,994,276	1,994,276
Insurance	845,830	1,279,064
Provision for uncollectible accounts	132,856	345,437
Utilities	598,809	595,377
	50,941,159	46,655,356
Operating (loss) income	(2,846,187)	1,290,129
Other income (expense):		
Unrestricted gifts and bequests	935,111	1,043,567
Investment return	10,473,578	5,092,456
Net loss on disposal of property and equipment	(17,996)	(3,198)
	11,390,693	6,132,825
Revenue in excess of expenses	8,544,506	7,422,954
Other changes in unrestricted net assets:		
Net assets released from restrictions - used for purchase of property, equipment and other	1,054,593	4,610,875
Change in pension obligation	4,541,518	(2,157,930)
Increase in unrestricted net assets	14,140,617	9,875,899
Temporarily restricted net assets:		
Contributions	2,755,445	2,665,742
Investment income from restricted funds	1,453	1,224
Net assets released from restrictions	(2,279,342)	(5,944,774)
Change in interest in net assets of the Foundation	5,257,527	2,057,564
Increase (decrease) in temporarily restricted net assets	5,735,083	(1,220,244)
Increase in net assets	19,875,700	8,655,655
Net assets:		
Beginning of year	104,055,680	95,400,025
End of year	$ 123,931,380	$ 104,055,680

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See Notes to Financial Statements.

La Rabida Children's Hospital

Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	$ 19,875,700	$ 8,655,655
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in interest in net assets of the Foundation	(5,257,527)	(2,057,564)
Depreciation	2,426,412	1,931,205
Provision for uncollectible accounts	132,856	345,437
Net loss on disposal of property and equipment	17,996	3,198
Restricted contributions and investment income	(1,419,058)	(1,696,292)
Change in pension obligation	(4,541,518)	2,157,930
Changes in operating assets and liabilities:		
Accounts receivable, net	463,363	(299,330)
Investments	(11,367,565)	(4,190,702)
Prepaid expenses, inventories, pledges receivable, and other current assets	155,210	3,482,737
Accounts payable and accrued expenses	2,046,482	(1,068,009)
Payables to third-party programs	(858,735)	57,916
Other assets and liabilities	590,403	(82,931)
Net cash provided by operating activities	2,264,019	7,239,250
Cash Flows from Investing Activities		
Purchases of property and equipment, net	(3,648,332)	(4,950,684)
Net cash used in investing activities	(3,648,332)	(4,950,684)
Cash Flows from Financing Activities		
Proceeds from restricted contributions and restricted investment income	1,419,058	1,696,292
Net cash provided by financing activities	1,419,058	1,696,292
Net increase in cash and cash equivalents	34,745	3,984,858
Cash and cash equivalents:		
Beginning of year	6,600,776	2,615,918
End of year	$ 6,635,521	$ 6,600,776
Supplemental Schedule of Non Cash Investing and Financing Activities		
Property and equipment additions included in accounts payable	$ 216,540	$ 485,011

See Notes to Financial Statements.

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Note 1. Description of Organization

La Rabida Children's Hospital (the Hospital), located in Chicago, Illinois, is a not-for-profit, acute care, children's hospital incorporated in Illinois. The Hospital provides inpatient, outpatient, and treatment room services to Chicago metropolitan area children who have chronic illnesses or disabilities or have been abused. The Hospital provides these services without regard to the families' ability to pay.

Certain of the physicians serving the Hospital's patients are employed by the University of Chicago (the University). The Hospital reimburses the University for these Services. See additional discussion in Note 7. Also, certain of the physicians serving the Hospital's patients are employed by Children's Memorial Hospital. The Hospital reimburses Children's Memorial Hospital for these services.

A summary of significant accounting policies follows:

Note 2. Summary of Significant Accounting Policies

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase. The Hospital routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Financial instruments that potentially subject the Hospital to concentrations of credit risk include the Hospital's cash and cash equivalents. The Hospital places its cash and cash equivalents with institutions with high credit quality. However, at certain times, such cash and cash equivalents are in excess of government-provided insurance limits. Management does not believe this presents a significant risk to the Hospital.

Accounts receivable: Patient accounts receivable are stated at net realizable value. The Hospital maintains allowances for uncollectible accounts and estimated losses resulting from a payor's inability to make payments on accounts. The Hospital estimates the allowance for uncollectible accounts based upon management's evaluation of the collectibility of its accounts receivable based on factors such as the length of time the receivable is outstanding, payor class, historical experience, trends in healthcare coverage, and business and economic conditions. Accounts receivable are written off against the allowance for doubtful accounts when they are deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors. The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts. Receivables or payables related to estimated settlements on various payor contracts, primarily Medicaid, are reported as amounts due from or to third-party programs. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Hospital's collection of accounts receivable, cash flows and results of operations.

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Note 2. Summary of Significant Accounting Policies (Continued)

Inventories: Inventories, consisting primarily of medical supplies and drugs, are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

Investments: Investments are recorded at fair value based on quoted market prices. The Hospital has designated its investments as trading securities. Investment income and unrealized and realized gains and losses are included in investment income in the accompanying statements of operations and changes in net assets.

Fair value of financial instruments: Financial instruments consist primarily of cash and cash equivalents, investments, patient accounts receivable, third-party program receivables and accounts payable. The fair value of these instruments approximated their financial statement carrying amount at June 30, 2011 and 2010, because of their short-term maturity. See Note 11 for additional fair value disclosures.

Property and equipment: Property and equipment are carried at cost less accumulated depreciation. Building and equipment are depreciated over the estimated useful lives ranging from three to forty years using the straight-line method with a half-year convention.

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amount from patients, third-party programs, and others for services rendered. The Hospital has agreements with third-party payors that provide for payments to the Hospital 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 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.

Asset impairment: The Hospital considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying values of assets are appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified.

Charity care: The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. The Hospital's policy is to treat patients in immediate need of medical services without regard to their ability to pay for such services. The Hospital has estimated that charges foregone for charity care for the years ended June 30, 2011 and 2010 were $210,330 and $202,123, respectively.

Self-insurance: The provision for self-insured general and professional liability claims includes estimates of the ultimate costs for claims incurred but not reported. The provision is actuarially determined. The Hospital records expenses up to the amount of the deductible for reported claims.

Net assets: Resources are classified for reporting purposes into three net asset categories as unrestricted, temporarily restricted, and permanently restricted according to the absence or existence of donor-imposed restrictions. Unrestricted net assets are those with no donor-imposed restrictions. Temporarily restricted net assets are those assets, including contributions and accumulated investment returns, whose use has been limited by donors for a specific purpose or time period. Permanently restricted net assets are those for which donors require the principal of the gifts to be maintained in perpetuity and provide a permanent source of income.

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Note 2. Summary of Significant Accounting Policies (Continued)

Contributions: Unrestricted contributions are recorded as other income; restricted contributions are recorded as additions to restricted net asset balances. Unconditional promises to give are reported at fair value at the date the pledge is received. Conditional promises to give are reported at fair value when the conditions on which they depend are substantially met. Contributions of property, plant, and equipment are recorded as temporarily restricted net assets at the fair value as of the date of the contribution. Upon expenditure in accordance with a donor's restrictions and when the asset is placed in service, net assets restricted for capital acquisitions are reported as direct additions to unrestricted assets, and assets restricted for operating purposes are reported as an increase to other operating revenue.

Revenue in excess of expenses: Included in revenue in excess of expenses in the accompanying statements of operations and changes in net assets are all changes in unrestricted net assets, except for net assets released from restriction used for capital purchases and certain changes in the pension obligation.

Operating (loss) income: The statements of operations and changes in net assets include operating (loss) income. Changes in unrestricted net assets, which are excluded from operating (loss) income, include unrestricted gifts and bequests, investment income, gains and losses from sales of property and equipment, and other income and expense which management views as outside of normal patient related activity.

Income taxes: The Hospital is a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and accordingly, no income taxes are provided for in the accompanying financial statements. The Hospital follows the Financial Accounting Standards Board (FASB)-issued guidance for accounting for uncertainty in income taxes. The Hospital files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others may be subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not-for-profit hospitals include such matters as the following: the tax-exempt status of the entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). The Hospital had no UBIT for the years ended June 30, 2011 and 2010. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Forms 990 filed by the Hospital are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Hospital are no longer subject to examination for the tax years 2007 and prior.

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Note 2. Summary of Significant Accounting Policies (Continued)

Pending pronouncements: In August 2010, the FASB issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure*. ASU 2010-23 requires disclosures of charity care based on the health care provider's direct and indirect costs of providing charity care services, the method used to identify or estimate such costs, and funds received to offset or subsidize charity services provided. The disclosures required by ASU 2010-23 are effective for fiscal years beginning after December 15, 2010, and must be applied retrospectively. The Hospital is assessing the impact of the implementation of ASU 2010-23 on the disclosures in its financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954) – Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, ASU 2010-24 provides that the amount of the claims liability should be determined without consideration of insurance recoveries. The provisions of ASU 2010-24 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Entities must apply the provisions of ASU 2010-24 by recording a cumulative-effect adjustment to opening unrestricted net assets as of the beginning of the period of adoption. Retrospective application of the provisions of ASU 2010-24 is permitted. The Hospital is assessing the impact of the implementation of ASU 2010-24 on its financial statements.

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts.

For nonpublic entities such as the Hospital, the provisions of ASU 2011-07 are effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods. The Hospital is assessing the impact of the implementation of ASU 2011-07 on its financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation with no effect on net assets.

Note 3. Net Patient Service Revenue

Approximately 89 percent and 87 percent of the Hospital's net patient service revenue in fiscal 2011 and fiscal 2010, respectively, was earned under the Medicaid program. Reimbursement under this program is based on fixed per diem rates for inpatient services and discounted fee-for-service rates for outpatient services. Periodically, the Medicaid program performs audits of outpatient services provided by the Hospital, which result in retroactive adjustment of reimbursement previously received. The Hospital's net patient service revenue increased approximately $763,000 and decreased approximately $60,000 in fiscal 2011 and fiscal 2010, respectively, due to revised estimates consisting primarily of retroactive third-party adjustments for years that are subject to audits, reviews, and investigations. Management believes the established allowances are adequate for any adjustments that may result from such audits. These amounts, which are based on historical experience, are included as payables to third-party programs in the accompanying balance sheets.

Reimbursement to the Hospital also includes add-on amounts to compensate the Hospital for its high Medicaid utilization. Continuation of certain of these add-on amounts is contingent upon annual approval by the State of Illinois Medicaid program. In fiscal 2011 and fiscal 2010, the Hospital received $16,381,973 and $15,882,690, respectively, of Medicaid add-on payments. These add-on amounts are included in net patient service revenue in the accompanying statements of operations and changes in net assets.

The Centers for Medicare and Medicaid Services (CMS) has renewed the State of Illinois' Hospital Assessment Program (the Program) through the State's fiscal year ending June 30, 2014. The Hospital recognized Illinois hospital assessment revenue in the amount of $4,798,742 in fiscal 2011 and 2010, and assessment expense in the amount of $1,994,276 in fiscal 2011 and 2010, for a net annual benefit of $2,804,466 in fiscal 2011 and 2010. The Hospital had no other receivables or accrued liabilities at June 30, 2011 and 2010, related to the Program.

Note 4. Investments

The composition of investments and short-term investments stated at market value is as follows as of June 30:

	2011	2010
Cash and cash equivalents	$ 2,656,577	$ 5,897,574
U.S. Treasury notes	7,371,334	855,478
U.S. Treasury bonds	777,169	290,769
U.S. Government Agency notes and bonds	7,449,633	4,680,314
Federal home loan mortgage corporation pool	633,445	926,029
Federal national mortgage association pool	7,034,665	4,638,453
Yankee bond	-	21,162
Domestic corporate bonds	2,477,466	8,238,205
Corporate collateralized mortgage obligations	315,652	1,048,074
Collateralized mortgage-backed securities	173,315	199,363
Domestic large cap stocks	26,771,160	19,835,966
Domestic mid cap stocks	5,046,575	4,897,159
Emerging markets mutual fund	4,597,685	2,520,242
Real estate investment trusts	316,221	204,544
Total investments	$ 65,620,897	$ 54,253,332

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Note 4. Investments (Continued)

The composition of total investment return, as reported in the statements of operations and changes in net assets, is as follows for the years ended June 30:

	2011	2010
Interest and dividend income	$ 1,398,779	$ 1,505,370
Unrealized gains on investments, net	4,760,259	2,736,435
Realized gains on investments, net	4,314,540	850,651
Investment income	10,473,578	5,092,456
Restricted investment income	1,453	1,224
Total investment return	$ 10,475,031	$ 5,093,680

Investment management fees totaled $162,259 and $101,688 for 2011 and 2010, respectively, and are reported in Investment return in the accompanying statements of operations and changes in net assets.

Note 5. Contributed License

The land used by the Hospital at East 65th Street and Lake Michigan is provided under an agreement with the City of Chicago Park District for a nominal annual rental that is significantly less than market value. The Hospital has recorded an asset related to the difference between the fair value of the property and the rental amount that is accreted into the statements of operations and changes in net assets over the term of the license agreement, which extends through 2063. At June 30, 2011 and 2010, the net amounts of $3,726,638 and $3,798,311, respectively, are reflected as a contributed license in the accompanying balance sheets.

Note 6. Pledges Receivable

Outstanding pledges from various corporations, foundations, and individuals were as follows as of June 30:

	2011	2010
Pledges due:		
In less than one year	$ 309,153	$ 262,024
In one to five years	616,541	822,573
	925,694	1,084,597
Allowances for uncollectible pledges and discounts	(298,924)	(367,121)
	$ 626,770	$ 717,476

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Note 7. Related-Party Transactions

The University of Chicago

Under an agreement between the Hospital and the University, the University provides medical and research personnel and certain other services. The University's costs of providing the medical personnel and certain other services are reimbursed by the Hospital. The total of such services provided by the University and expensed by the Hospital was $4,040,396 and $3,777,433 in fiscal 2011 and fiscal 2010, respectively, included in purchased services in the accompanying statements of operations and changes in net assets. Amounts due to the University amounted to $3,141,758 and $604,532 as of June 30, 2011 and 2010, respectively, included in accrued expenses in the accompanying balance sheets. The University also performs certain billing services for the Hospital.

Physician contracts

The Hospital procures certain physician services from the University. Each physician is an employee of the University and is appointed for a term ranging from one to five years. Physician compensation is determined annually and consists of a base salary, a term allowance, and, in some cases, an administrative supplement. The term allowance component is subject to adjustment by the University with 30 days' notice should financial conditions warrant. Should the Hospital terminate the services of a University physician prior to the expiration of the appointment term, and should this termination create a financial obligation for the University, the Hospital has an obligation to reimburse the University for such cost.

La Rabida Children's Foundation

La Rabida Children's Foundation (the Foundation) was established to help support the construction, building, remodeling, and other legitimate purposes or functions of the Hospital and Hospital-related organizations and to promote and encourage charitable, educational, and scientific activities of other charitable organizations in the Hospital's community.

The Foundation's Board of Directors currently consists of six members, two of whom were selected by the Hospital. The number of directors selected by the Hospital cannot exceed 40 percent of the total Foundation Board membership. As such, the Foundation has not been consolidated into the accompanying financial statements. However, the Hospital recognizes a beneficial interest in assets held by the Foundation and an interest in the restricted net assets of the Foundation.

For the years ended June 30, 2011 and 2010, $1,200,000 and $1,300,000, respectively, of the Foundation's funds, as determined by the Foundation's Board of Directors, were distributed to the Hospital. Unrestricted donations from trusts naming the Hospital as the beneficiary have historically been contributed to the Foundation as these funds are received by the Hospital. These contributions increase the Hospital's beneficial interest in assets held by the Foundation. In addition, fees of $16,693 and $24,485 in fiscal 2011 and fiscal 2010 for accounting and legal services were paid for by the Hospital and reimbursed by the Foundation.

The Hospital provides certain administrative support from time to time to the Foundation. Such services are not considered material and are not reflected within these financial statements.

In addition to the University and the Foundation, certain members of the Hospital's Board of Directors are owners or officers of professional services firms that the Hospital transacts business with, including legal, banking, construction and insurance services. The gross value of these services was $413,514 and $3,419,656 for the years ended June 30, 2011 and 2010, respectively.

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Note 8. Pension Plan

The Hospital sponsors a noncontributory, defined-benefit pension plan (the Plan) for all employees. Pension benefits vest after five years of service. The Hospital's funding policy has been to contribute at a rate that is intended to produce a reasonable level of plan assets and ensure that the regulations of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, are met.

Information regarding the benefit obligation and assets of the Plan as of and for the years ended June 30 is as follows:

	2011	2010
Accumulated benefit obligation	$ (19,931,531)	$ (19,005,019)
Changes in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 22,113,438	$ 17,530,509
Service cost	1,223,209	924,414
Interest cost	1,187,869	1,128,697
Actuarial (gain) loss	(1,890,992)	2,940,667
Benefits paid	(451,420)	(410,849)
Projected benefit obligation, end of year	22,182,104	22,113,438
Change in plan assets:		
Fair value of plan assets, beginning of year	15,315,019	12,589,517
Actual return on plan assets	3,525,377	1,636,351
Employer contributions	1,000,000	1,500,000
Benefits paid	(451,420)	(410,849)
Fair value of plan assets, end of year	19,388,976	15,315,019
Funded status, end of year	$ (2,793,128)	$ (6,798,419)

The underfunded status of the Plan as of June 30, 2011 and 2010, is recognized in the accompanying balance sheets as long-term accrued pension obligation.

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic pension cost as of June 30:

	2011	2010
Unrecognized actuarial losses	$ 965,846	$ 5,508,774
Unrecognized prior service credit	(2,868)	(4,278)
Accumulated other loss	$ 962,978	$ 5,504,496

The estimated net actuarial loss and prior service credit that will be amortized as a component of net periodic benefit cost during fiscal year 2012 are $0 and $1,410, respectively.

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Note 8. Pension Plan (Continued)

Changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30 include:

	2011	2010
Net actuarial (gains)/losses arising during the year	$ (4,265,630)	$ 2,288,392
Less: Prior service credit amortized during the year	(1,410)	(1,410)
Less: Actuarial losses amortized during the year	277,298	131,872
	$ (4,541,518)	$ 2,157,930

Net periodic benefit cost, included in salaries, wages and benefits expense in the accompanying statements of operations and changes in net assets, consists of the following for the years ended June 30:

	2011	2010
Service cost	$ 1,223,209	$ 924,414
Interest cost	1,187,869	1,128,697
Expected return on plan assets	(1,150,739)	(983,076)
Amortization of unrecognized prior service credit	(1,410)	(1,410)
Amortization of actuarial losses	277,298	131,872
Net periodic benefit cost	$ 1,536,227	$ 1,200,497

The weighted-average assumptions used in determining the actuarial present value of the projected benefit obligation are as follows as of June 30:

	2011	2010
Discount rate	5.67%	5.45%
Rate of compensation increase	3.00%	4.00%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30 are as follows:

	2011	2010
Discount rate	5.45%	6.55%
Rate of compensation increase	4.00%	4.00%
Expected long-term return on plan assets	7.50%	7.50%

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Note 8. Pension Plan (Continued)

The composition of plan assets at market value is summarized as follows as of June 30:

	2011	2010
Equity securities	$ 12,267,026	$ 9,329,481
Fixed income securities	6,452,039	5,340,234
Cash equivalents	669,911	645,304
	$ 19,388,976	$ 15,315,019

The target and actual allocation of plan assets is as follows as of June 30:

	Strategic	Actual Asset Allocation	
Asset Category	Target	2011	2010
Equity securities	65%	64%	61%
Fixed income securities	35%	33%	35%
Cash equivalents	0%	3%	4%

The table below presents the balances of plan assets measured at fair value on a recurring basis, as of June 30, 2011:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 669,911	$ -	$ -	$ 669,911
U.S. Treasury notes	1,360,881	-	-	1,360,881
U.S. Treasury bonds	244,744	-	-	244,744
Mortgage-backed securities	4,196,845	47,827	-	4,244,672
Corporate bonds	514,797	86,945	-	601,742
Domestic stocks and ADRs	11,234,761	-	-	11,234,761
Emerging markets mutual fund	1,032,265	-	-	1,032,265
	$ 19,254,204	$ 134,772	$ -	$ 19,388,976

The table below presents the balances of plan assets measured at fair value on a recurring basis, as of June 30, 2010:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 645,304	$ -	$ -	$ 645,304
U.S. Treasury notes	204,537	-	-	204,537
U.S. Treasury bonds	132,167	-	-	132,167
Mortgage-backed securities	3,083,173	50,753	-	3,133,926
Corporate bonds	1,815,019	54,585	-	1,869,604
Domestic stocks and ADRs	8,527,043	-	-	8,527,043
Emerging markets mutual fund	802,438	-	-	802,438
	$ 15,209,681	$ 105,338	$ -	$ 15,315,019

Note 8. Pension Plan (Continued)

The objective of the investment allocation strategy is to meet the commitment to plan participants at a reasonable cost to the Hospital. The Plan's assets are to be actively invested to achieve growth through capital appreciation and accumulation and through reinvestment of interest and dividend income.

The expected long-term rate of return on plan assets is based on historic returns of similar asset allocations.

Contributions

The Hospital contributed $1,000,000 and $1,500,000 to its pension plan in fiscal year 2011 and 2010, respectively. Based on the advice of its consulting actuarial management, the Hospital's employer contributions expected to be made in fiscal year 2012 total $1,166,000.

Estimated Future Benefit Payments

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

2012	$ 721,553
2013	804,184
2014	905,601
2015	1,021,757
2016	1,128,315
Years 2017 - 2021	7,641,465

The plan was amended on June 16, 2011, effective July 31, 2011, to partially freeze the plan by discontinuing eligibility of employees hired after July 31, 2011.

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity with income generated by such funds to be used for specific or general purposes as specified by the donor. When a donor stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of operations and changes in net assets as net assets released from restrictions.

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Note 9. Temporarily and Permanently Restricted Net Assets (Continued)

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

	2011	2010
Interest in the Foundation	$ 19,420,455	$ 14,162,928
Capital campaign	2,658,897	2,630,505
City of Chicago license	3,726,638	3,798,311
Child advocacy program	224,805	221,391
General capital	2,410,300	1,724,279
Two North Telemetry	-	321,750
Other operating purposes	690,302	537,150
	$ 29,131,397	$ 23,396,314

Permanently restricted net assets at June 30, 2011 and 2010, are primarily for the Children at Risk Program.

Note 10. General and Professional Liability Insurance

Beginning in 1986, the Hospital insured its professional and general liability coverage, subject to a nominal deductible, through a limited-purpose insurance trust established by the Chicago Hospital Risk Pooling Program (CHRPP) on a claims-made basis. Coverage provided by CHRPP is $1,000,000 per claim with no annual aggregate limitation under its primary trust and $10,000,000 per claim and $20,000,000 in the annual aggregate under its excess trust. Coverage is provided by two funds, an "A" fund and a "B" fund. Each member hospital has its own individual A fund, a form of self-insurance. In addition, the B fund is a pooled account providing coverage to all members. Contributions, losses, reserves, and expenses are allocated to each fund based on varying percentages determined by an actuarial formula. A portion of the excess trust (B fund) is reinsured. Coverage through CHRPP was provided on a claims-made basis.

Effective January 1, 2011, CHRPP ceased offering coverage for new claims, and is now in "run off" mode until all active claims are resolved. As a result, the Hospital has obtained coverage with similar individual and aggregate limits, and a nominal deductible, through the commercial insurance market for calendar 2011. The Hospital has reported an estimate of its incurred, but not reported, claims liability in the accompanying balance sheets at present value based on a 3.18 percent discount rate in 2011 and a rate of 2.97 percent for 2010. The discounted liability for incurred, but not reported, claims was $671,400 and $688,900 at June 30, 2011 and 2010, respectively. The Hospital's annual contribution to CHRPP is based on a report of independent actuaries. Total contributions included in insurance expense in the statements of operations and changes in net assets were $327,466 and $696,443 in 2011 and 2010, respectively. Such contributions are subject to retrospective adjustment, based upon subsequent studies by the independent actuary. In the opinion of management, the final premiums and costs will not vary materially from the provisions recorded in the financial statements.

Note 11. Fair Value Measurements

As defined in FASB-issued guidance on fair value measurements for assets and liabilities measured and reported at fair value, fair value is 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. This guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Note 11. Fair Value Measurements (Continued)

Certain of the Hospital's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments. The three levels of the fair value hierarchy defined by the FASB-issued fair value guidance and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

Level 2. Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets and liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability. Instruments in this category include certain U.S. government agency and sponsored entity debt securities.

Level 3. Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The Hospital has no financial assets or financial liabilities with significant Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 2,656,577	$ -	$ -	$ 2,656,577
U.S. Treasury notes	7,371,334	-	-	7,371,334
U.S. Treasury bonds	777,169	-	-	777,169
U.S. Government Agency notes and bonds	-	7,449,633	-	7,449,633
Federal home loan mortgage corporation pool	-	633,445	-	633,445
Federal national mortgage association pool	-	7,034,665	-	7,034,665
Domestic corporate bonds	2,477,466	-	-	2,477,466
Corporate collateralized mortgage obligations	-	315,652	-	315,652
Collateralized mortgage-backed securities	-	173,315	-	173,315
Domestic large cap stocks	26,771,160	-	-	26,771,160
Domestic mid cap stocks	5,046,575	-	-	5,046,575
Emerging markets mutual fund	4,597,685	-	-	4,597,685
Real estate investment trusts	316,221	-	-	316,221
	$ 50,014,187	$ 15,606,710	$ -	$ 65,620,897

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Note 11. Fair Value Measurements (Continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2010:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 5,897,574	$ -	$ -	$ 5,897,574
U.S. Treasury notes	855,478	-	-	855,478
U.S. Treasury bonds	290,769	-	-	290,769
U.S. Government Agency notes and bonds	-	4,680,314	-	4,680,314
Federal home loan mortgage corporation pool	-	926,029	-	926,029
Federal national mortgage association pool	-	4,638,453	-	4,638,453
Yankee bond	-	21,162	-	21,162
Domestic corporate bonds	8,238,205	-	-	8,238,205
Corporate collateralized mortgage obligations	-	1,048,074	-	1,048,074
Collateralized mortgage-backed securities	-	199,363	-	199,363
Domestic large cap stocks	19,835,966	-	-	19,835,966
Domestic mid cap stocks	4,897,159	-	-	4,897,159
Emerging markets mutual fund	2,520,242	-	-	2,520,242
Real estate investment trusts	204,544	-	-	204,544
	$ 42,739,937	$ 11,513,395	$ -	$ 54,253,332

Following is a description of the Hospital's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices. The fair value of Level 2 securities were determined through evaluated bid prices provided by third party pricing services where quoted market prices were not available.

The carrying value of cash and cash equivalents, accounts receivable, other receivables, pledges receivable and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

Due to the volatility of the stock market, there is a reasonable possibility of changes in fair value and additional gains and losses in the near term subsequent to June 30, 2011.

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Note 12. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party program agreements. The mix of receivable from patients and third-party programs was as follows at June 30:

	2011	2010
Medicaid	79 %	75 %
Blue Cross and managed care programs	12	14
Other payors	7	9
Self-pay patients	2	2
	100 %	100 %

Note 13. Functional Expenses

The Hospital provides general healthcare services to individuals within its geographic location. Expenses related to providing these services are as follows:

	2011	2010
Health care services	$ 42,622,943	$ 39,204,911
General and administrative	7,391,215	6,541,002
Fund-raising activities	927,001	909,443
	$ 50,941,159	$ 46,655,356

Note 14. Commitments and Contingencies

Medicaid Reimbursement: The Governor of Illinois recently signed into law the budget for the State's fiscal year ending June 30, 2012, which delays Medicaid funding to hospitals in the upcoming year. The Medicaid cuts are expected to delay Medicaid payments into the State's fiscal year 2013 to cut spending in the upcoming year. The Hospital is currently an expedited pay hospital which results in payment cycles typically shorter than non-expedited pay hospitals. However, the fiscal 2013 State budget will likely defer all hospital reimbursements for several months. To offset some of the financial impact to hospitals, the State has accelerated provider tax payments and add-on payments. Although the budget is signed, Medicaid funding cut may be revised by a majority vote when the General Assembly meets in the fall, 2011 Veto Session. In addition to delayed Medicaid payments, deep cuts to the Medicaid program are under consideration by the U.S. Congress as it looks to cut federal spending. Such cuts in Medicaid reimbursement, if enacted, could have a significant adverse effect on the Hospital's financial statements.

Litigation: The Hospital is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Hospital's financial statements.

Construction in progress: Construction in progress at June 30, 2011 consists primarily of costs associated with the implementation of a new health care information system. The implementation of the new information system is expected to be completed by the end of fiscal 2012.

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Note 14. Commitments and Contingencies (Continued)

Regulatory environment including fraud and abuse matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The U.S. Department of Justice, other federal agencies and the Illinois Department of Healthcare and Family Services routinely conduct regulatory investigations and compliance audits of health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. The Hospital has settled a Medicaid audit related to the period June 1, 2005 through May 31, 2007, related primarily to pharmacy reimbursement. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made that are expected to have a material effect on the Hospital's financial position or results from operations, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

Illinois Hospital Uninsured Patient Discount Act: The provisions of the Hospital Uninsured Patient Discount Act (the Act) became effective April 1, 2009. The Act requires Illinois hospitals to provide certain mandated discounts from charges to the uninsured in Illinois. Charges are to be discounted to no more than 135 percent of cost. Furthermore, a hospital may not collect more than 25 percent of an uninsured family's gross income in any one year.

Note 15. Subsequent Events

Subsequent events: The Hospital has evaluated subsequent events for potential recognition and/or disclosure through November 16, 2011, the date the financial statements were available to be issued.

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La Rabida Children's Hospital

Financial Report
June 30, 2010

Contents

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

Independent Auditor's Report

To the Board of Trustees of
La Rabida Children's Hospital
Chicago, Illinois

We have audited the accompanying balance sheet of La Rabida Children's Hospital (the Hospital) as of June 30, 2010, and the related statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of La Rabida Children's Hospital for the year ended June 30, 2009 were audited by other auditors whose report, dated November 6, 2009, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of La Rabida Children's Hospital as of June 30, 2010, and the results of its operations and changes in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
November 9, 2010

La Rabida Children's Hospital

Balance Sheets
June 30, 2010 and 2009

		2010		2009
Assets				
Current Assets				
Cash and cash equivalents	$	6,600,776	$	2,615,918
Short-term investments		3,305,218		2,102,144
Accounts receivable, less allowances for uncollectible accounts of $262,290 in 2010 and $176,465 in 2009		2,772,760		2,818,867
Other receivables		1,903,059		4,701,343
Pledges receivable		262,024		824,752
Prepaid expenses and inventories		863,054		671,727
Total current assets		15,706,891		13,734,751
Investments		50,948,114		47,960,486
Pledges Receivable, less current portion		455,452		768,504
Contributed License		3,798,311		3,869,984
Property and Equipment, at cost				
Land improvements		2,073,212		2,073,212
Building and building services		34,232,895		30,393,591
Equipment		11,383,254		10,281,224
Construction-in-progress		1,063,071		859,568
		48,752,432		43,607,595
Accumulated depreciation		(26,722,276)		(25,078,732)
Total property and equipment, net		22,030,156		18,528,863
Beneficial Interest in Assets Held by the Foundation		11,487,531		11,487,531
Interest in Restricted Net Assets of the Foundation		14,162,928		12,105,364
Total assets	$	118,589,383	$	108,455,483

See Notes to Financial Statements.

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La Rabida Children's Hospital

Balance Sheets (Continued)
June 30, 2010 and 2009

	2010	2009
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	**$ 1,252,976**	$ 924,585
Accrued payroll and related liabilities	**2,370,959**	2,066,686
Accrued expenses	**1,533,714**	2,749,376
Payables to third-party programs	**1,888,735**	1,830,819
Total current liabilities	**7,046,384**	7,571,466
Long-Term Liabilities		
Accrued pension obligation	**6,798,419**	4,940,992
Self-insurance	**688,900**	543,000
Total long-term liabilities	**7,487,319**	5,483,992
Commitments and Contingencies (Notes 10 and 14)		
Net Assets		
Unrestricted	**79,562,924**	69,687,025
Temporarily restricted	**23,396,314**	24,616,558
Permanently restricted	**1,096,442**	1,096,442
Total net assets	**104,055,680**	95,400,025
Total liabilities and net assets	**$ 118,589,383**	$ 108,455,483

See Notes to Financial Statements.

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La Rabida Children's Hospital

Statements of Operations and Changes in Net Assets
Years Ended June 30, 2010 and 2009

	2010	2009
Unrestricted revenue and other support:		
Net patient service revenue	$ 37,800,138	$ 37,218,781
Medicaid Hospital Assessment revenue	4,798,742	4,798,742
Net assets released from restriction for use in operations	1,333,900	1,230,638
Other revenue	4,012,705	4,153,668
	47,945,485	47,401,829
Expenses:		
Salaries, wages and benefits	26,994,237	25,751,352
Supplies and other expenses	6,361,870	5,150,668
Professional services	2,656,020	3,498,780
Depreciation	1,931,205	1,776,980
Purchased services	4,515,370	4,155,475
Medicaid Hospital Assessment expense	1,976,776	1,976,776
Insurance	1,279,064	1,156,045
Provision for uncollectible accounts	345,437	(278,910)
Utilities	595,377	563,101
	46,655,356	43,750,267
Operating income	1,290,129	3,651,562
Other income (expense):		
Unrestricted gifts and bequests	1,043,567	2,153,317
Investment gains (losses)	5,092,456	(7,776,925)
Net loss on disposal of property and equipment	(3,198)	(10,644)
	6,132,825	(5,634,252)
Revenue in excess of (less than) expenses	7,422,954	(1,982,690)
Other changes in unrestricted net assets:		
Net assets released from restrictions - used for purchase of property, equipment and other	4,610,875	765,470
Change in pension obligation	(2,157,930)	(3,576,828)
Increase (decrease) in unrestricted net assets	9,875,899	(4,794,048)
Temporarily restricted net assets:		
Contributions	2,665,742	2,847,878
Investment income from restricted funds	1,224	19,849
Net assets released from restrictions	(5,944,774)	(1,903,809)
Change in interest in net assets of the Foundation	2,057,564	(5,752,268)
Decrease in temporarily restricted net assets	(1,220,244)	(4,788,350)
Increase (decrease) in net assets	8,655,655	(9,582,398)
Net assets:		
Beginning of year	95,400,025	104,982,423
End of year	$ 104,055,680	$ 95,400,025

See Notes to Financial Statements.

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La Rabida Children's Hospital

Statement of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	$ **8,655,655**	$ (9,582,398)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in interest in net assets of the Foundation	**(2,057,564)**	5,752,268
Depreciation	**1,931,205**	1,776,980
Provision for uncollectible accounts	**345,437**	(278,910)
Net loss on disposal of property and equipment	**3,198**	10,644
Restricted contributions and investment income	**(1,696,292)**	(2,867,727)
Change in pension obligation	**2,157,930**	3,576,828
Changes in operating assets and liabilities:		
Patient accounts receivable, net	**(299,330)**	942,950
Investments	**(4,190,702)**	483,585
Prepaid expenses, inventories, pledges receivable, and other current assets	**3,482,737**	(3,544,072)
Accounts payable and accrued expenses	**(1,068,009)**	(2,468,571)
Payables to third-party programs	**57,916**	1,072,400
Other assets and liabilities	**(82,931)**	127,741
Net cash provided by (used in) operating activities	**7,239,250**	(4,998,282)
Cash Flows from Investing Activities		
Purchases of property and equipment, net	**(4,950,684)**	(946,313)
Net cash used in investing activities	**(4,950,684)**	(946,313)
Cash Flows from Financing Activities		
Proceeds from restricted contributions and restricted investment income	**1,696,292**	2,867,727
Net cash provided by financing activities	**1,696,292**	2,867,727
Net increase (decrease) in cash and cash equivalents	**3,984,858**	(3,076,868)
Cash and cash equivalents:		
Beginning of year	**2,615,918**	5,692,786
End of year	$ **6,600,776**	$ 2,615,918
Supplemental Schedule of Non Cash Investing and Financing Activities		
Property and equipment additions included in accounts payable	$ **485,011**	$ -

See Notes to Financial Statements.

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Note 1. Description of Organization

La Rabida Children's Hospital (the Hospital), located in Chicago, Illinois, is a not-for-profit, acute care, children's hospital incorporated in Illinois. The Hospital provides inpatient, outpatient, and treatment room services to Chicago metropolitan area children who have chronic illnesses or disabilities or have been abused. The Hospital provides these services without regard to the families' ability to pay.

Certain of the physicians serving the Hospital's patients are employed by the University of Chicago (the University). The Hospital reimburses the University for these services. See additional discussion in Note 7. Also, certain of the physicians serving the Hospital's patients are employed by Children's Memorial Hospital. The Hospital reimburses Children's Memorial Hospital for these services.

A summary of significant accounting policies follows:

Note 2. Summary of Significant Accounting Policies

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase. The Hospital routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Financial instruments that potentially subject the Hospital to concentrations of credit risk include the Hospital's cash and cash equivalents. The Hospital places its cash and cash equivalents with institutions with high credit quality. However, at certain times, such cash and cash equivalents are in excess of government-provided insurance limits. Management does not believe this presents a significant risk to the Hospital.

Accounts receivable: Patient accounts receivable are stated at net realizable value. The Hospital maintains allowances for uncollectible accounts and estimated losses resulting from a payor's inability to make payments on accounts. The Hospital estimates the allowance for uncollectible accounts based upon management's evaluation of the collectibility of its accounts receivable based on factors such as the length of time the receivable is outstanding, payor class, historical experience, trends in healthcare coverage, and business and economic conditions. Accounts receivable are written off against the allowance for doubtful accounts when they are deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors. The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts. Receivables or payables related to estimated settlements on various payor contracts, primarily Medicaid, are reported as amounts due from or to third-party programs. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Hospital's collection of accounts receivable, cash flows and results of operations.

Note 2. Summary of Significant Accounting Policies (Continued)

Inventories: Inventories, consisting primarily of medical supplies and drugs, are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.

Investments: Investments are recorded at fair value based on quoted market prices. The Hospital has designated its investments as trading securities. Investment income and unrealized and realized gains and losses are included in investment income in the accompanying statements of operations and changes in net assets.

Fair value of financial instruments: Financial instruments consist primarily of cash and cash equivalents, investments, patient accounts receivable, third-party program receivables and accounts payable. The fair value of these instruments approximated their financial statement carrying amount at June 30, 2010 and 2009, because of their short-term maturity. See Note 11 for additional fair value disclosures.

Property and equipment: Property and equipment are carried at cost less accumulated depreciation. Building and equipment are depreciated over the estimated useful lives ranging from three to forty years using the straight-line method with a half-year convention.

Net patient service revenue: Net patient service revenue is reported at the estimated net realizable amount from patients, third-party programs, and others for services rendered. The Hospital has agreements with third-party payors that provide for payments to the Hospital 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 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.

Asset impairment: The Hospital considers whether indicators of impairment are present and performs the necessary tests to determine if the carrying values of assets are appropriate. Impairment write-downs are recognized in operating income at the time the impairment is identified.

Charity care: The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. The Hospital's policy is to treat patients in immediate need of medical services without regard to their ability to pay for such services. The Hospital has estimated that charges foregone for charity care for the years ended June 30, 2010 and 2009 were $202,123 and $215,670, respectively.

Self-insurance: The provision for the self-insured general and professional liability claims includes estimates of the ultimate costs for claims incurred but not reported. The provision is actuarially determined. The Hospital records expenses up to the amount of the deductible for reported claims.

Net assets: Resources are classified for reporting purposes into three net asset categories as unrestricted, temporarily restricted, and permanently restricted according to the absence or existence of donor-imposed restrictions. Unrestricted net assets are those with no donor-imposed restrictions. Temporarily restricted net assets are those assets, including contributions and accumulated investment returns, whose use has been limited by donors for a specific purpose or time period. Permanently restricted net assets are those for which donors require the principal of the gifts to be maintained in perpetuity and provide a permanent source of income.

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions: Unrestricted contributions are recorded as other income; restricted contributions are recorded as additions to restricted net asset balances. Unconditional promises to give are reported at fair value at the date the pledge is received. Conditional promises to give are reported at fair value when the conditions on which they depend are substantially met. Contributions of property, plant, and equipment are recorded as temporarily restricted net assets at the fair value as of the date of the contribution. Upon expenditure in accordance with a donor's restrictions and when the asset is placed in service, net assets restricted for capital acquisitions are reported as direct additions to unrestricted assets, and assets restricted for operating purposes are reported as an increase to other operating revenue.

Revenue in excess of (less than) expenses: Included in revenue in excess of (less than) expenses in the accompanying statements of operations and changes in net assets are all changes in unrestricted net assets, except for net assets released from restriction used for capital purchases and certain changes in the pension obligation.

Operating income: The statements of operations and changes in net assets include operating income. Changes in unrestricted net assets, which are excluded from operating income, include unrestricted gifts and bequests, investment income, gains and losses from sales of property and equipment, and other income and expense which management views as outside of normal patient related activity.

Income taxes: The Hospital is a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and accordingly, no income taxes are provided for in the accompanying financial statements. The Hospital adopted the FASB-issued guidance for accounting for uncertainty in income taxes on July 1, 2009. The Hospital files a Form 990 (Return of Organization Exempt from Income Tax) annually. When this return is filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others may be subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to not-for-profit hospitals include such matters as the following: the tax exempt status of the entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). The Hospital had no UBIT for the years ended June 30, 2010 and 2009. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption of the FASB-issued guidance at July 1, 2009 and as of June 30, 2010, there were no unrecognized tax benefits identified and recorded as a liability.

Forms 990 filed by the Hospital are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Hospital are no longer subject to examination for the tax years 2005 and prior.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncement: In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820)- Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which, among other things, provides new guidance on valuing and classifying these investments within the fair value hierarchy. As a practical expedient, the Hospital may now measure these investments on the basis of the net asset value per share of the investment (or its equivalent) if it is calculated in a manner consistent within the fair value measurement standards of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures.* The adoption of this guidance effective December 31, 2009, had no impact on the Hospital's financial statements.

Pending pronouncements: The FASB has issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements,* to provide more and improved disclosures about fair value measurements. This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures.* The ASU requires the following new disclosures:

- Transfers in and out of Levels 1 and 2: A reporting entity must disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
- Activity in Level 3 fair value measurements: In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (*i.e.*, on a gross basis rather than as one net number).

The ASU also clarifies two existing disclosures as follows:

- Level of disaggregation: The disclosures about fair value measurements should be provided for each *class* of assets and liabilities. A *class* is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.
- Disclosures about inputs and valuation techniques: An entity is required to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Also, those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. In the period of and periods after initial adoption, comparative disclosures are required only for periods ending after initial adoption. The adoption of ASU 2010-06 will have no impact of the Hospital's financial position, results of operations, or cash flows. The Hospital is assessing the impact of the implementation of ASU 2010-06 on the disclosures in its financial statements.

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Note 2. Summary of Significant Accounting Policies (Continued)

The FASB has issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions (Topic 958)*. ASU 2010-07 establishes principles and requirements for accounting for mergers and acquisitions by not-for-profits, provides guidance on determining whether a business combination is a merger or an acquisition, describes the carryover method for accounting for a merger, describes the acquisition method of accounting for an acquisition, including how to determine which of the combining entities is the acquirer, and describes required financial statement disclosures. ASU 2010-07 is effective for mergers occurring after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. The Hospital does not expect the adoption of this pronouncement to have a significant impact on its financial statements.

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure*. ASU 2010-23 requires disclosure of charity care based on the health care provider's direct and indirect costs of providing charity care services, the method used to identify or estimate such costs, and funds received to offset or subsidize charity services provided. The disclosures required by ASU 2010-23 are effective for fiscal years beginning after December 15, 2010, and must be applied retrospectively. The Hospital is assessing the impact of the implementation of ASU 2010-23 on the disclosures in its financial statements.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954) – Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, ASU 2010-24 provides that the amount of the claims liability should be determined without consideration of insurance recoveries. The provisions of ASU 2010-24 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Entities must apply the provisions of ASU 2010-24 by recording a cumulative-effect adjustment to opening unrestricted net assets as of the beginning of the period of adoption. Retrospective application of the provisions ASU 2010-24 is permitted. The Hospital is assessing the impact of the implementation of ASU 2010-24 on its financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3. Net Patient Service Revenue

Approximately 87 percent and 89 percent of the Hospital's net patient service revenue in fiscal 2010 and fiscal 2009, respectively, was earned under the Medicaid program. Reimbursement under this program is based on fixed per diem rates for inpatient services and discounted fee-for-service rates for outpatient services. Periodically, the Medicaid program performs audits of outpatient services provided by the Hospital, which result in retroactive adjustment of reimbursement previously received. The Hospital's net patient service revenue decreased approximately $60,000 and $1,000,000 in fiscal 2010 and fiscal 2009, respectively, due to revised estimates consisting primarily of retroactive third-party adjustments for years that are subject to audits, reviews, and investigations. Management believes the established allowances are adequate for any adjustments that may result from such audits. These amounts, which are based on historical experience, are included as payables to third-party programs in the accompanying balance sheets.

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Note 3. Net Patient Service Revenue (Continued)

Reimbursement to the Hospital also includes add-on amounts to compensate the Hospital for its high Medicaid utilization. Continuation of certain of these add-on amounts is contingent upon annual approval by the State of Illinois Medicaid program. In fiscal 2010 and fiscal 2009, the Hospital received $15,882,690 and $16,807,690, respectively, of Medicaid add-on payments. These add-on amounts are included in net patient service revenue in the accompanying statements of operations and changes in net assets.

On January 30, 2009, the Centers for Medicare and Medicaid Services (CMS) renewed the State of Illinois' Hospital Assessment Program (the Program) for the State's fiscal year ended June 30, 2009 through fiscal year ending June 30, 2013. The Hospital recognized Illinois hospital assessment revenue in the amount of $4,798,742 in fiscal 2010 and fiscal 2009, respectively, and assessment expense in the amount of $1,976,776 in fiscal 2010 and fiscal 2009, respectively, for a net annual benefit of $2,821,966. The Hospital has no other receivables or accrued liabilities at June 30, 2010, related to the Program.

Note 4. Investments

The composition of investments and short-term investments stated at market value is as follows as of June 30:

	2010	2009
Cash and cash equivalents	$ 5,897,574	$ 5,326,118
U.S. Treasury notes	855,478	1,535,426
U.S. Treasury bonds	290,769	-
U.S. Government Agency notes and bonds	4,680,314	9,351,544
Federal home loan mortgage corporation pool	926,029	272,106
Federal national mortgage association pool	4,638,453	3,074,632
Yankee bond	21,162	-
Domestic corporate bonds	8,238,205	5,597,450
Corporate collateralized mortgage obligations	1,048,074	794,598
Collateralized mortgage backed securities	199,363	158,294
Domestic large cap stocks	19,835,966	17,041,497
Domestic mid cap stocks	4,897,159	3,961,087
Emerging markets mutual fund	2,520,242	2,862,425
Real estate investment trusts	204,544	87,453
Total investments	$ 54,253,332	$ 50,062,630

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Note 4. Investments (Continued)

The composition of total investment return, as reported in the statements of operations and changes in net assets, is as follows for the years ended June 30:

	2010	2009
Interest and dividend income	$ 1,505,370	$ 1,534,705
Unrealized gains (losses) on investments, net	2,736,435	(760,220)
Realized gains (losses) on investments, net	850,651	(8,551,410)
Investment income (loss)	5,092,456	(7,776,925)
Restricted investment income	1,224	19,849
Total investment return (loss)	$ 5,093,680	$ (7,757,076)

Investment management fees totaled $101,688 and $100,514 for 2010 and 2009, respectively.

Note 5. Contributed License

The land used by the Hospital at East 65th Street and Lake Michigan is provided under an agreement with the City of Chicago Park District for a nominal annual rental that is significantly less than market value. The Hospital has recorded an asset related to the difference between the fair value of the property and the rental amount that is accreted into the statements of operations and changes in net assets over the term of the license agreement, which extends through 2063. At June 30, 2010 and 2009, the net amounts of $3,798,311 and $3,869,984, respectively, are reflected as a contributed license in the accompanying balance sheets.

Note 6. Pledges Receivable

Outstanding pledges from various corporations, foundations, and individuals were as follows as of June 30:

	2010	2009
Pledges due:		
In less than one year	$ 262,024	$ 824,752
In one to five years	822,573	854,784
	1,084,597	1,679,536
Allowances for uncollectible pledges and discounts	(367,121)	(86,280)
	$ 717,476	$ 1,593,256

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Note 7. Related-Party Transactions

The University of Chicago

Under an agreement between the Hospital and the University, the University provides medical and research personnel and certain other services. The University's costs of providing the medical personnel and certain other services are reimbursed by the Hospital. The total of such services provided by the University and expensed by the Hospital was $3,777,433 and $4,102,602 in fiscal 2010 and fiscal 2009, respectively, included in purchased services in the accompanying statements of operations and changes in net assets. Amounts due to the University amounted to $604,532 and $1,765,908 as of June 30, 2010 and 2009, respectively, included in accrued expenses in the accompanying balance sheets. The University also performs certain billing services for the Hospital.

Physician contracts

The Hospital procures certain physician services from the University. Each physician is an employee of the University and is appointed for a term ranging from one to five years. Physician compensation is determined annually and consists of a base salary, a term allowance, and, in some cases, an administrative supplement. The term allowance component is subject to adjustment by the University with 30 days' notice should financial conditions warrant. Should the Hospital terminate the services of a University physician prior to the expiration of the appointment term, and should this termination create a financial obligation for the University, the Hospital has an obligation to reimburse the University for such cost.

La Rabida Children's Foundation

La Rabida Children's Foundation (the Foundation) was established to help support the construction, building, remodeling, and other legitimate purposes or functions of the Hospital and Hospital-related organizations and to promote and encourage charitable, educational, and scientific activities of other charitable organizations in the Hospital's community.

The Foundation's Board of Directors currently consists of six members, two of whom were selected by the Hospital. The number of directors selected by the Hospital cannot exceed 40 percent of the total Foundation Board membership. As such, the Foundation has not been consolidated into the accompanying financial statements. However, the Hospital recognizes a beneficial interest in assets held by the Foundation and an interest in the restricted net assets of the Foundation.

For the years ended June 30, 2010 and 2009, $1,300,000 and $1,500,000, respectively, of the Foundation's funds, as determined by the Foundation's Board of Directors, were distributed to the Hospital. Unrestricted donations from trusts naming the Hospital as the beneficiary have historically been contributed to the Foundation as these funds are received by the Hospital. These contributions increase the Hospital's beneficial interest in assets held by the Foundation. In addition, fees of $24,485 and $8,032 in fiscal 2010 and fiscal 2009 for accounting and legal services were paid for by the Hospital and reimbursed by the Foundation.

The Hospital provides certain administrative support from time to time to the Foundation. Such services are not considered material and are not reflected within these financial statements.

In addition to the University and the Foundation, certain members of the Hospital's Board of Directors are owners or officers of professional services firms that the Hospital transacts business with, including legal, banking, construction and insurance services. The gross value of these services was $3,419,656 and $399,097 for the years ended June 30, 2010 and 2009, respectively.

Note 8. Pension Plan

The Hospital sponsors a noncontributory, defined-benefit pension plan (the "Plan") for all employees. Pension benefits vest after five years of service. The Hospital's funding policy has been to contribute at a rate that is intended to produce a reasonable level of plan assets and ensure that the regulations of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, are met.

Information regarding the benefit obligation and assets of the Plan as of and for the years ended June 30 is as follows:

	2010	2009
Accumulated benefit obligation	$ (19,005,019)	$ (14,942,451)
Changes in projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 17,530,509	$ 15,590,589
Service cost	924,414	874,068
Interest cost	1,128,697	1,098,302
Actuarial loss	2,940,667	335,434
Benefits paid	(410,849)	(367,884)
Projected benefit obligation, end of year	22,113,438	17,530,509
Change in plan assets:		
Fair value of plan assets, beginning of year	12,589,517	14,122,495
Actual return (loss) on plan assets	1,636,351	(2,165,094)
Employer contributions	1,500,000	1,000,000
Benefits paid	(410,849)	(367,884)
Fair value of plan assets, end of year	15,315,019	12,589,517
Funded status, end of year	$ (6,798,419)	$ (4,940,992)

The underfunded status of the Plan as of June 30, 2010 and 2009, is recognized in the accompanying balance sheets as long-term accrued pension obligation.

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic pension cost as of June 30:

	2010	2009
Unrecognized actuarial losses	$ (5,508,774)	$ (3,353,254)
Unrecognized prior service credit	4,278	5,688
	$ (5,504,496)	$ (3,347,566)

The estimated net actuarial loss and prior service credit that will be amortized as a component of net periodic benefit cost during fiscal year 2011 are $277,298 and $1,410, respectively.

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Note 8. Pension Plan (Continued)

Changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30 include:

	2010	2009
Net actuarial losses arising during the year	$ (2,288,392)	$ (3,575,418)
Prior service credit amortized during the year	(1,410)	(1,410)
Actuarial losses amortized during the year	131,872	-
	$ (2,157,930)	$ (3,576,828)

Net periodic benefit cost, included in salaries, wages and benefits expense in the accompanying statements of operations and changes in net assets, consists of the following for the years ended June 30:

	2010	2009
Service cost	$ 924,414	$ 874,068
Interest cost	1,128,697	1,098,302
Expected return on plan assets	(983,076)	(1,074,890)
Amortization of unrecognized prior service credit	(1,410)	(1,410)
Amortization of actuarial losses	131,872	-
Net periodic benefit cost	$ 1,200,497	$ 896,070

The weighted-average assumptions used in determining the actuarial present value of the projected benefit obligation are as follows as of June 30:

	2010	2009
Discount rate	5.45%	6.55%
Rate of compensation increase	4.00%	4.00%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30 are as follows:

	2010	2009
Discount rate	6.55%	7.17%
Rate of compensation increase	4.00%	5.00%
Expected long-term return on plan assets	7.50%	7.50%

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Note 8. Pension Plan (Continued)

The composition of plan assets at market value is summarized as follows as of June 30:

	2010	2009
Equity securities	$ 9,329,481	$ 7,875,458
Fixed income securities	5,340,234	4,245,390
Cash equivalents	645,304	468,669
	$ 15,315,019	$ 12,589,517

The target and actual allocation of plan assets is as follows as of June 30:

	Strategic	Actual Asset Allocation	
Asset Category	Target	2010	2009
Equity securities	65%	61%	65%
Fixed income securities	35%	35%	33%
Cash equivalents	0%	4%	2%

The table below presents the balances of plan assets measured at fair value on a recurring basis, as of June 30, 2010:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 645,304	$ -	$ -	$ 645,304
U.S. Treasury notes	-	204,537	-	204,537
U.S. Treasury bonds	-	132,167	-	132,167
Federal home loan mortgage corporation pool	-	1,106,257	-	1,106,257
Federal national mortgage association pool	-	1,673,912	-	1,673,912
Domestic corporate bonds	-	1,869,604	-	1,869,604
Collateralized mortgage backed securities	-	353,757	-	353,757
Domestic large cap stocks	6,616,897	-	-	6,616,897
Domestic mid cap stocks	1,910,146	-	-	1,910,146
Emerging markets mutual fund	802,438	-	-	802,438
	$ 9,974,785	$ 5,340,234	$ -	$ 15,315,019

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Note 8. Pension Plan (Continued)

The objective of the investment allocation strategy is to meet the commitment to plan participants at a reasonable cost to the Hospital. The Plan's assets are to be actively invested to achieve growth through capital appreciation and accumulation and through reinvestment of interest and dividend income.

The expected long-term rate of return on plan assets is based on historic returns of similar asset allocations.

Contributions

The Hospital contributed $1,500,000 and $1,000,000 to its pension plan in fiscal year 2010 and 2009, respectively. Based on the advice of its consulting actuarial management, the Hospital's employer contributions expected to be made in fiscal year 2011 total $1,000,000.

Estimated Future Benefit Payments

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

2011	$ 660,253
2012	740,892
2013	841,422
2014	933,803
2015	1,041,036
Years 2016 - 2020	7,266,408

Note 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity with income generated by such funds to be used for specific or general purposes as specified by the donor. When a donor stipulation expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of operations and changes in net assets as net assets released from restrictions.

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

	2010	2009
Interest in the Foundation	$ 14,162,928	$ 12,105,364
Capital campaign	2,630,505	2,901,139
City of Chicago land lease	3,798,311	3,869,984
Child advocacy program	221,391	329,121
General capital	1,724,279	4,554,803
Two North Telemetry	321,750	400,000
Other operating purposes	537,150	456,147
	$ 23,396,314	$ 24,616,558

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Note 9. Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets at June 30, 2010 and 2009, are primarily for the Children at Risk Program.

Note 10. General and Professional Liability Insurance

Beginning in 1986, the Hospital insured its professional and general liability coverage, subject to a nominal deductible, through a limited-purpose insurance trust established by the Chicago Hospital Risk Pooling Program (CHRPP) on a claims-made basis. Current coverage provided by CHRPP is $1,000,000 per claim with no annual aggregate limitation under its primary trust and $10,000,000 per claim and $20,000,000 in the annual aggregate under its excess trust. Coverage is provided by two funds, an "A" fund and a "B" fund. Each member hospital has its own individual A fund, a form of self-insurance. In addition, the B fund is a pooled account providing coverage to all members. Contributions, losses, reserves, and expenses are allocated to each fund based on varying percentages determined by an actuarial formula. A portion of the excess trust (B fund) is reinsured.

Coverage through CHRPP is provided on a claims-made basis. Therefore, the Hospital has reported an estimate of its incurred, but not reported, claims liability in the accompanying balance sheets at present value based on a 2.97 percent discount rate in 2010 and a rate of 5.22 percent for 2009. The discounted liability for incurred, but not reported, claims was $688,900 and $543,000 at June 30, 2010 and 2009, respectively. The Hospital's annual contribution to CHRPP is based on a report of independent actuaries. Total contributions included in insurance expense in the statements of operations and changes in net assets were $696,443 and $623,207 in 2010 and 2009, respectively. Such contributions are subject to retrospective adjustment, based upon subsequent studies by the independent actuary. In the opinion of management, the final premiums and costs will not vary materially from the provisions recorded in the financial statements.

In June of 2010, CHRPP notified its current and former members that they had resolved to discontinue the issuance of hospital professional and comprehensive general liability coverage and commence a voluntary "run-off" of its claim portfolio effective January 1, 2011. CHRPP presented a "run-off" plan to the Department of Insurance on October 12, 2010, and expects review and approval on or before December 1, 2010. The Hospital is currently in the process of securing alternative general and professional liability insurance to be effective January 1, 2011.

Note 11. Fair Value Measurements

As defined in FASB-issued guidance on fair value measurements for assets and liabilities measured and reported at fair value, fair value is 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. This guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Hospital's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income and equity instruments. The three levels of the fair value hierarchy defined by the FASB-issued fair value guidance and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Note 11. Fair Value Measurements (Continued)

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

Level 2. Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets and liabilities in non-active markets or pricing models whose inputs are observable for substantially the full term of the asset or liability. Instruments in this category include certain U.S. government agency and sponsored entity debt securities.

Level 3. Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. The Hospital has no financial assets or financial liabilities with significant Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2010:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 5,897,574	$ -	$ -	$ 5,897,574
U.S. Treasury notes	-	855,478	-	855,478
U.S. Treasury bonds	-	290,769	-	290,769
U.S. Government Agency notes and bonds	-	4,680,314	-	4,680,314
Federal home loan mortgage corporation pool	-	926,029	-	926,029
Federal national mortgage association pool	-	4,638,453	-	4,638,453
Yankee bond	-	21,162	-	21,162
Domestic corporate bonds	-	8,238,205	-	8,238,205
Corporate collateralized mortgage obligations	-	1,048,074	-	1,048,074
Collateralized mortgage backed securities	-	199,363	-	199,363
Domestic large cap stocks	19,835,966	-	-	19,835,966
Domestic mid cap stocks	4,897,159	-	-	4,897,159
Emerging markets mutual fund	2,520,242	-	-	2,520,242
Real estate investment trusts	204,544	-	-	204,544
	$ 33,355,485	$ 20,897,847	$ -	$ 54,253,332

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Note 11. Fair Value Measurements (Continued)

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis was determined using the following inputs at June 30, 2009:

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	$ 5,326,118	$ -	$ -	$ 5,326,118
U.S. Treasury notes	-	1,535,426	-	1,535,426
U.S. Treasury bonds	-	-	-	-
U.S. Government Agency notes and bonds	-	9,351,544	-	9,351,544
Federal home loan mortgage corporation pool	-	272,106	-	272,106
Federal national mortgage association pool	-	3,074,632	-	3,074,632
Domestic corporate bonds	-	5,597,450	-	5,597,450
Corporate collateralized mortgage obligations	-	794,598	-	794,598
Collateralized mortgage backed securities	-	158,294	-	158,294
Domestic large cap stocks	17,041,497	-	-	17,041,497
Domestic mid cap stocks	3,961,087	-	-	3,961,087
Emerging markets mutual fund	2,862,425	-	-	2,862,425
Real estate investment trusts	87,453	-	-	87,453
	$ 29,278,580	$ 20,784,050	$ -	$ 50,062,630

Following is a description of the Hospital's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices. The fair value of Level 2 securities were determined through evaluated bid prices provided by third party pricing services where quoted market prices were not available.

The carrying value of cash and cash equivalents, accounts receivable, other receivables, pledges receivable and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

Due to the volatility of the stock market, there is a reasonable possibility of changes in fair value and additional gains and losses in the near term subsequent to June 30, 2010.

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Note 12. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party program agreements. The mix of receivable from patients and third-party programs was as follows at June 30:

	2010	2009
Medicaid	75 %	77 %
Blue Cross and managed care programs	14	14
Other payors	9	5
Self-pay patients	2	4
	100 %	100 %

Note 13. Functional Expenses

The Hospital provides general healthcare services to individuals within its geographic location. Expenses related to providing these services are as follows:

	2010	2009
Healthcare services	$ 39,204,911	$ 36,082,613
General and administrative	6,541,002	6,593,756
Fund-raising activities	909,443	1,073,898
	$ 46,655,356	$ 43,750,267

Note 14. Commitments and Contingencies

Litigation: The Hospital is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Hospital's financial statements.

Construction in progress: Construction in progress at June 30, 2010 consists primarily of costs associated with the implementation of a new health care information system. The implementation of the new information system is expected to be completed by the end of fiscal 2012. At June 30, 2010, commitments totaling approximately $3,512,000 had been entered into related to the aforementioned project for which $1,063,071 had been paid.

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Note 14. Commitments and Contingencies (Continued)

Regulatory environment including fraud and abuse matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The U.S. Department of Justice, other federal agencies and the Illinois Department of Healthcare and Family Services routinely conduct regulatory investigations and compliance audits of health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. The Hospital is in the process of settling a Medicaid audit related to the period June 1, 2005 through May 31, 2007, related primarily to pharmacy reimbursement. As of June 30, 2010 and 2009, the Hospital has recorded a reserve related to this audit. The range of exposure is up to approximately $3.8 million. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made that are expected to have a material effect on the Hospital's financial position or results from operations, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

Illinois Hospital Uninsured Patient Discount Act: The provisions of the Hospital Uninsured Patient Discount Act (the Act) became effective April 1, 2009. The Act requires Illinois hospitals to provide certain mandated discounts from charges to the uninsured in Illinois. Charges are to be discounted to no more than 135 percent of cost. Furthermore, a hospital may not collect more than 25 percent of an uninsured family's gross income in any one year.

Patient Protection and Affordable Care and Reconciliation Act: On March 23, 2010, President Barack Obama signed into law the most sweeping healthcare reform legislation since the advent of Medicare. The law promises to expand insurance coverage to an additional 32 million Americans, reduce the growth of Medicare expenditures, dramatically reform insurance markets, and continue the march toward value-based payment. The Reconciliation Act amends various provisons of the Patient Protection and Affordable Care Act and adds some new provisions that were not included originally.

Note 15. Subsequent Events

Subsequent events: The Hospital has evaluated subsequent events for potential recognition and/or disclosure through November 9, 2010, the date the financial statements were available to be issued.

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La Rabida Children's Foundation

Financial Report
December 31, 2009

Contents

McGladrey & Pullen, LLP
Certified Public Accountants

McGladrey

Independent Auditor's Report

To the Board of Directors
La Rabida Children's Foundation

We have audited the accompanying statement of financial position of La Rabida Children's Foundation (Foundation), as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Foundation for the year ended December 31, 2008 were audited by other auditors whose report, dated January 8, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of La Rabida Children's Foundation as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
August 3, 2010

La Rabida Children's Foundation

Statements of Financial Position
December 31, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 171,273	$ 198,692
Interest receivable	90,400	87,986
Investments	27,950,296	23,875,303
Total assets	$ 28,211,969	$ 24,161,981
Liabilities and Net Assets		
Due to La Rabida Children's Hospital	$ 11,666,500	$ 11,666,500
Net Assets		
Unrestricted	559,106	559,106
Temporarily restricted	15,986,363	11,936,375
Total net assets	16,545,469	12,495,481
Total liabilities and net assets	$ 28,211,969	$ 24,161,981

See Notes to Financial Statements.

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La Rabida Children's Foundation

Statements of Activities
Years Ended December 31, 2009 and 2008

	2009	2008
Unrestricted net assets:		
Contributions received	$ -	$ 83,327
Net assets released from restriction	1,500,000	1,200,000
Distribution to La Rabida Children's Hospital	(1,500,000)	(1,200,000)
Change in unrestricted net assets	-	83,327
Temporarily restricted net assets:		
Investment return	5,549,988	(7,756,583)
Net assets released from restriction	(1,500,000)	(1,200,000)
Change in temporarily restricted net assets	4,049,988	(8,956,583)
Increase (decrease) in net assets	4,049,988	(8,873,256)
Net assets:		
Beginning of year	12,495,481	21,368,737
End of year	$ 16,545,469	$ 12,495,481

See Notes to Financial Statements.

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La Rabida Children's Foundation

Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 4,049,988	$ (8,873,256)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Realized losses, net	1,905,217	1,725,586
Change in unrealized gains and losses on investments	(6,788,672)	7,026,329
Net change in interest receivable	(2,414)	21,127
Net change in due from La Rabida Children's Hospital	-	189,669
Net change in due to La Rabida Children's Hospital	-	76,954
Net cash (used in) provided by operating activities	(835,881)	166,409
Cash Flows from Investing Activities		
Purchase of investments	(28,169,617)	(30,738,435)
Proceeds from sale of investments	28,978,079	30,361,065
Net cash provided by (used in) investing activities	808,462	(377,370)
Decrease in cash and cash equivalents	(27,419)	(210,961)
Cash and cash equivalents:		
Beginning of year	198,692	409,653
End of year	$ 171,273	$ 198,692

See Notes to Financial Statements.

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Note 1. Purpose of Foundation

La Rabida Children's Foundation (Foundation) was established in 1983 as a result of the reorganization of certain activities of La Rabida Children's Hospital (Hospital), located in Chicago, Illinois. The Foundation's Board of Directors currently consists of six members, two of which are also on the Board of the Hospital. The number of Foundation directors also on the Hospital Board cannot exceed 40% of the Foundation's Board.

The Foundation's purpose is to help support construction, building, remodeling, and other legitimate purposes or functions of the Hospital and Hospital-related organizations and to promote and encourage charitable, educational, and scientific activities of other charitable organizations in the Hospital's community. In the event of dissolution or liquidation of the Foundation, any assets then remaining shall be distributed to the Hospital, except that if the Hospital has also dissolved or liquidated or is in the process of doing so, such assets shall be distributed among other Section 501(c)(3) organizations as the directors shall determine.

Note 2. Summary of Significant Accounting Policies

Accounting policies: The Foundation follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of operations, and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the *FASB Accounting Standards Codification*™, sometimes referred to as the Codification or ASC. The Codification is effective for the Foundation's year ended December 31, 2009.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ from those estimates.

Cash and cash equivalents: All investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

Investments: Investments are reported at fair value. The Foundation has adopted the provisions of the FASB guidance on fair value measurements, which provides a framework for measuring fair value of certain assets and liabilities, and expands disclosures about fair value measurements. See Note 3 for these disclosures. Realized and unrealized gains and losses on investments are included in the Foundation's statements of activities.

Temporarily restricted net assets: Temporarily restricted net assets are those whose use is limited by a donor to a specific purpose or time period. All temporarily restricted net assets are restricted for the benefit of La Rabida Children's Hospital. When temporarily restricted net assets are distributed to the Hospital, they are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair values. Noncash or in-kind contributions are recorded in the financial statements at their fair values at the date the contributions are received.

Note 2. Summary of Significant Accounting Policies (Continued)

Pending accounting pronouncements: The FASB has issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements,* to provide more and improved disclosures about fair value measurements. This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. In the period of and periods after initial adoption, comparative disclosures are required only for periods ending after initial adoption. Management does not anticipate the adoption of ASU No. 2010-06 will have a material effect on the Foundation's financial statements.

The Foundation adopted the provisions of the *Accounting for Uncertainty in Income Taxes* section of the Income Taxes Topic of the FASB Accounting Standards Codification on January 1, 2009. For the year ended December 31, 2009, management has determined that there are no uncertain income tax positions.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events: The Foundation has evaluated subsequent events for potential recognition and/or disclosure through August 3, 2010, the date the financial statements were available to be issued.

Note 3. Fair Value Measurement

The Foundation has adopted the provisions of the FASB guidance on fair value measurements, which provides a framework for measuring fair value of certain assets and liabilities, and expands disclosures about fair value measurements. This guidance 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. This guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Foundation's financial assets are measured at fair value on a recurring basis, including money market, fixed income and equity instruments measured at fair value are as follows:

<u>Level 1</u>. Quoted prices (unadjusted) in active markets for identical assets as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

<u>Level 2</u>. Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap agreements.

<u>Level 3</u>. Pricing inputs include those that are significant to the fair value of the financial asset and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

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Note 3. Fair Value Measurement (Continued)

The fair value of financial assets measured at fair value on a recurring basis was determined using the following inputs at December 31, 2009 and 2008:

	December 31, 2009			
	(Level 1)	(Level 2)	(Level 3)	Total
U.S. government and agency issues	$ -	$ 3,591,008	$ -	$ 3,591,008
U.S. corporate obligations	-	2,983,357	-	2,983,357
Collateralized corporate mortgage obligations	-	522,707	-	522,707
Domestic large cap stocks	11,206,667	-	-	11,206,667
Domestic mid cap stocks	3,502,713	-	-	3,502,713
International equity mutual funds	5,987,930	-	-	5,987,930
Real estate investment trusts	155,914	-	-	155,914
	$ 20,853,224	$ 7,097,072	$ -	$ 27,950,296

	December 31, 2008			
	(Level 1)	(Level 2)	(Level 3)	Total
Fixed income securities	$ -	$ 8,841,564	$ -	$ 8,841,564
Marketable equity securities	15,033,739	-	-	15,033,739
	$ 15,033,739	$ 8,841,564	$ -	$ 23,875,303

Note 4. Investments

Investments at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Common stock	$ 14,709,380	$ 9,854,892
Mutual funds	5,987,930	5,123,262
Real estate investment trusts	155,914	55,585
Fixed income:		
U.S. government and agency issues	3,591,008	6,501,131
U.S. corporate obligations	2,983,357	2,111,853
Collateralized mortgage obligations	522,707	228,580
Total investments	$ 27,950,296	$ 23,875,303

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Note 4. Investments (Continued)

The composition of investment return was as follows for the years ended December 31, 2009 and 2008:

	2009	2008
Interest and dividend income	$ 731,875	$ 1,058,944
Change in unrealized gains and losses	6,788,672	(7,026,329)
Realized losses on investments	(1,905,217)	(1,725,586)
Investment management and custody fees	(65,342)	(63,612)
Total investment return	$ 5,549,988	$ (7,756,583)

Note 5. Tax Status

On August 1, 1983, the Internal Revenue Service ruled that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. There have been no amendments since this time that would affect the tax status of the Foundation. The Foundation files Forms 990 in the U.S. Federal jurisdiction and the State of Illinois. The Foundation is no longer subject to examination by the Internal Revenue Service for years before 2006.

Note 6. Related-Party Transactions

The Foundation contributed $1,500,000 and $1,200,000 to the Hospital in 2009 and 2008, respectively. The Hospital provides certain administrative support from time to time to the Foundation at no charge. The value of such services is not considered material by the Foundation.

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La Rabida Children's Foundation

Financial Report
December 31, 2010

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Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
La Rabida Children's Foundation

We have audited the accompanying statements of financial position of La Rabida Children's Foundation (Foundation), as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Rabida Children's Foundation as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
August 10, 2011

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La Rabida Children's Foundation

Statements of Financial Position
December 31, 2010 and 2009

		2010		2009
Assets				
Cash and cash equivalents	$	344,782	$	171,273
Interest receivable		69,046		90,400
Investments		30,163,794		27,950,296
Total assets	$	30,577,622	$	28,211,969
Liabilities and Net Assets				
Due to La Rabida Children's Hospital	$	11,666,500	$	11,666,500
Net Assets				
Unrestricted		559,106		559,106
Temporarily restricted		18,352,016		15,986,363
Total net assets		18,911,122		16,545,469
Total liabilities and net assets	$	30,577,622	$	28,211,969

See Notes to Financial Statements.

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La Rabida Children's Foundation

Statements of Activities
Years Ended December 31, 2010 and 2009

	2010	2009
Unrestricted net assets:		
Net assets released from restriction	$ 1,300,000	$ 1,500,000
Distribution to La Rabida Children's Hospital	(1,300,000)	(1,500,000)
Change in unrestricted net assets	-	-
Temporarily restricted net assets:		
Investment return	3,665,653	5,549,988
Net assets released from restriction	(1,300,000)	(1,500,000)
Change in temporarily restricted net assets	2,365,653	4,049,988
Increase in net assets	2,365,653	4,049,988
Net assets:		
Beginning of year	16,545,469	12,495,481
End of year	$ 18,911,122	$ 16,545,469

See Notes to Financial Statements.

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La Rabida Children's Foundation

Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Increase in net assets	$ 2,365,653	$ 4,049,988
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Realized (gains) losses, net	(1,958,600)	1,905,217
Change in unrealized gains and losses on investments	(1,015,819)	(6,788,672)
Net change in interest receivable	21,354	(2,414)
Net cash used in operating activities	(587,412)	(835,881)
Cash Flows from Investing Activities		
Purchases of investments	(23,519,590)	(28,169,617)
Proceeds from sale of investments	24,280,511	28,978,079
Net cash provided by investing activities	760,921	808,462
Increase (decrease) in cash and cash equivalents	173,509	(27,419)
Cash and cash equivalents:		
Beginning of year	171,273	198,692
End of year	$ 344,782	$ 171,273

See Notes to Financial Statements.

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Note 1. Purpose of Foundation

La Rabida Children's Foundation (Foundation) was established in 1983 as a result of the reorganization of certain activities of La Rabida Children's Hospital (Hospital), located in Chicago, Illinois. The Foundation's Board of Directors currently consists of six members, two of which are also on the Board of the Hospital. The number of Foundation directors also on the Hospital Board cannot exceed 40% of the Foundation's Board.

The Foundation's purpose is to help support construction, building, remodeling, and other legitimate purposes or functions of the Hospital and Hospital-related organizations and to promote and encourage charitable, educational, and scientific activities of other charitable organizations in the Hospital's community. In the event of dissolution or liquidation of the Foundation, any assets then remaining shall be distributed to the Hospital, except that if the Hospital has also dissolved or liquidated or is in the process of doing so, such assets shall be distributed among other Section 501(c)(3) organizations as the directors shall determine.

Note 2. Summary of Significant Accounting Policies

Accounting policies: The Foundation follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of operations, and cash flows. References to Generally Accepted Accounting Principles (GAAP) in these footnotes are to the *FASB Accounting Standards Codification™*, sometimes referred to as the Codification or ASC.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ from those estimates.

Cash and cash equivalents: All investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

Investments: Investments are reported at fair value. The Foundation has adopted the provisions of the FASB guidance on fair value measurements, which provides a framework for measuring fair value of certain assets and liabilities, and expands disclosures about fair value measurements. See Note 3 for these disclosures. Realized and unrealized gains and losses on investments are included in the Foundation's statements of activities.

Due to La Rabida Children's Hospital: In prior years, the Hospital transferred to the Foundation certain monies for which the Hospital is the beneficiary. The amounts transferred, which were not considered to be equity transactions, are reported as a liability due to the Hospital.

Temporarily restricted net assets: Temporarily restricted net assets are those whose use is limited by a donor to a specific purpose or time period. All temporarily restricted net assets are restricted for the benefit of La Rabida Children's Hospital. When temporarily restricted net assets are distributed to the Hospital, they are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair values. Noncash or in-kind contributions are recorded in the financial statements at their fair values at the date the contributions are received.

(6)

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements: In January 2010, the FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements,* to provide more and improved disclosures about fair value measurements. This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures.* The ASU requires the following new disclosures:

- Transfers in and out of Levels 1 and 2: A reporting entity must disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
- Activity in Level 3 fair value measurements: In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (*i.e.*, on a gross basis rather than as one net number).

The ASU also clarifies two existing disclosures as follows:

- Level of disaggregation: The disclosures about fair value measurements should be provided for each *class* of assets and liabilities. A *class* is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.
- Disclosures about inputs and valuation techniques: An entity is required to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Also, those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about activity in Level 3 fair value measurements. The disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. In the period of and periods after initial adoption, comparative disclosures are required only for periods ending after initial adoption. The adoption of ASU 820 had no impact on the Foundation's financial statements.

The Foundation adopted the provisions of the *Accounting for Uncertainty in Income Taxes* section of the Income Taxes Topic of the FASB Accounting Standards Codification on January 1, 2009. For the years ended December 31, 2010 and 2009, management has determined that there are no uncertain income tax positions.

Subsequent events: The Foundation has evaluated subsequent events for potential recognition and/or disclosure through August 10, 2011, the date the financial statements were available to be issued.

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Note 3. Fair Value Measurement

The Foundation has adopted the provisions of the FASB guidance on fair value measurements, which provides a framework for measuring fair value of certain assets and liabilities, and expands disclosures about fair value measurements. This guidance 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. This guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the Foundation's financial assets are measured at fair value on a recurring basis, including money market, fixed income and equity instruments measured at fair value are as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

Level 2. Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap agreements.

Level 3. Pricing inputs include those that are significant to the fair value of the financial asset and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The Foundation values its investments based on information provided by the investment custodian which are based on quoted market prices for identical or similar securities.

The fair value of financial assets measured at fair value on a recurring basis was determined using the following inputs at December 31, 2010 and 2009:

	December 31, 2010			
	(Level 1)	(Level 2)	(Level 3)	Total
U.S. government and agency issues	$ 788,860	$ 5,713,874	$ -	$ 6,502,734
U.S. corporate obligations	-	978,249	-	978,249
Collateralized corporate mortgage obligations	-	533,189	-	533,189
Domestic large cap stocks	10,337,395	-	-	10,337,395
Domestic mid cap stocks	4,069,703	-	-	4,069,703
Exchange traded equity index funds	1,663,821	-	-	1,663,821
American depository receipts	20,160	-	-	20,160
International equity mutual funds	5,927,798	-	-	5,927,798
Real estate investment trusts	130,745	-	-	130,745
	$ 22,938,482	$ 7,225,312	$ -	$ 30,163,794

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Note 3. Fair Value Measurement (Continued)

	December 31, 2009			
	(Level 1)	(Level 2)	(Level 3)	Total
U.S. government and agency issues	$ -	$ 3,591,008	$ -	$ 3,591,008
U.S. corporate obligations	-	2,983,357	-	2,983,357
Collateralized corporate mortgage obligations	-	522,707	-	522,707
Domestic large cap stocks	11,206,667	-	-	11,206,667
Domestic mid cap stocks	3,502,713	-	-	3,502,713
International equity mutual funds	5,987,930	-	-	5,987,930
Real estate investment trusts	155,914	-	-	155,914
	$ 20,853,224	$ 7,097,072	$ -	$ 27,950,296

Note 4. Investments

Investments at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Common stock	$ 14,427,258	$ 14,709,380
International equity mutual funds	5,927,798	5,987,930
Exchange traded equity index funds	1,663,821	-
Real estate investment trusts	130,745	155,914
Fixed income:		
U.S. government and agency issues	6,502,734	3,591,008
U.S. corporate obligations	978,249	2,983,357
Collateralized corporate mortgage obligations	533,189	522,707
Total investments	$ 30,163,794	$ 27,950,296

The composition of investment return was as follows for the years ended December 31, 2010 and 2009

	2010	2009
Interest and dividend income	$ 761,749	$ 731,875
Change in unrealized gains and losses	1,015,819	6,788,672
Realized gains (losses) on investments	1,958,600	(1,905,217)
Investment management and custody fees	(70,515)	(65,342)
Total investment return	$ 3,665,653	$ 5,549,988

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Note 5. Tax Status

On August 1, 1983, the Internal Revenue Service ruled that the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. There have been no amendments since this time that would affect the tax status of the Foundation. The Foundation files Forms 990 in the U.S. Federal jurisdiction and the State of Illinois. The Foundation is no longer subject to examination by the Internal Revenue Service for years before 2007.

Note 6. Related-Party Transactions

The Foundation contributed $1,300,000 and $1,500,000 to the Hospital in 2010 and 2009, respectively. The Hospital provides certain administrative support from time to time to the Foundation at no charge. The value of such services is not considered material by the Foundation.

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LA RABIDA CHILDREN'S HOSPITAL

		FY11	FY10	FY09	FY15
	Current Ratio	1.40	2.23	1.81	1.57
	Current Assets	$ 11,822,824	$ 15,706,891	$ 13,734,751	$ 11,000,000
/	Current Liabilities	$ 8,450,671	$ 7,046,384	$ 7,571,466	$ 7,000,000
	Net Margin Percentage	17.77%	15.48%	-4.18%	-3.47%
	Revenue in Excess of Expenses	$ 8,544,506	$ 7,422,954	$ (1,982,690)	$ (1,562,125)
/	Net Revenue	$ 48,094,972	$ 47,945,485	$ 47,401,829	$ 45,000,000
	Percent Debt to Total Capitaization	0.00%	0.00%	0.00%	0.00%
	Interest Bearing Debt	$ -	$ -	$ -	$ -
/	Total Liabilities and Net Assets	$ 135,846,582	$ 118,589,383	$ 108,455,483	$ 134,000,000
	Projected Debt Service Coverage	NA	NA	NA	NA
	Revenue in Excess of Expenses	$ 8,544,506	$ 7,422,954	$ (1,982,690)	$ (1,562,125)
+	Depreciation Expense	$ 2,426,412	$ 1,931,205	$ 1,776,980	$ 2,843,000
+	Interest Expense	$ -	$ -	$ -	$ -
/	Current Portion LT Debt	$ -	$ -	$ -	$ -
+	Interest Expense	$ -	$ -	$ -	$ -
	Days Cash on Hand	544	497	458	533
	Cash	$ 6,635,521	$ 6,600,776	$ 2,615,918	$ 5,000,000
+	Marketable Securities	$ -	$ 3,305,218	$ 2,102,144	$ -
+	Unrestricted Investments	$ 65,620,897	$ 50,948,114	$ 47,960,486	$ 65,000,000
/	Total Expenses	$ 50,941,159	$ 46,655,356	$ 43,750,267	$ 50,819,498
-	Depreciation Expense	$ 2,426,412	$ 1,931,205	$ 1,776,980	$ 2,843,000
/	Days	365	365	365	365
	Cushion Ratio	NA	NA	NA	NA
	Cash	$ 6,635,521	$ 6,600,776	$ 2,615,918	$ 5,000,000
+	Short Term Investments	$ -	$ 3,305,218	$ 2,102,144	$ -
+	Unrestricted LT Investments	$ 65,620,897	$ 50,948,114	$ 47,960,486	$ 65,000,000
/	Principal	$ -	$ -	$ -	$ -
+	Interest	$ -	$ -	$ -	$ -

*assuming no New Market Tax Credit financing

ATTACHMENT 41

LA RABIDA CHILDREN'S FOUNDATION

		2010	2009	2008	2015
Current Ratio		NA	NA	NA	NA
	Current Assets	$ 413,828	$ 261,673	$ 286,678	$ 400,000
/	Current Liabilities	$ -	$ -	$ -	$ -
Net Margin Percentage		NA	NA	NA	NA
	Revenue in Excess of Expenses	$ 2,365,653	$ 4,049,988	$ (8,956,583)	$ 1,000,000
/	Net Revenue	$ -	$ -	$ -	$ -
Percent Debt to Total Capitaization		0.00%	0.00%	0.00%	0.00%
	Interest Bearing Debt	$ -	$ -	$ -	$ -
/	Total Liabilities and Net Assets	$ 30,577,622	$ 28,211,969	$ 24,161,981	$ 30,000,000
Projected Debt Service Coverage		NA	NA	NA	NA
	Revenue in Excess of Expenses	$ 2,365,653	$ 4,049,988	$ (8,956,583)	$ 1,000,000
+	Depreciation Expense	$ -	$ -	$ -	$ -
+	Interest Expense	$ -	$ -	$ -	$ -
/	Current Portion LT Debt	$ -	$ -	$ -	$ -
+	Interest Expense	$ -	$ -	$ -	$ -
Days Cash on Hand		NA	NA	NA	NA
	Cash	$ 344,782	$ 171,273	$ 198,692	$ 400,000
+	Marketable Securities	$ -	$ -	$ -	$ -
+	Unrestricted Investments	$ -	$ -	$ -	$ -
/	Total Expenses	$ -	$ -	$ -	$ -
-	Depreciation Expense	$ -	$ -	$ -	$ -
/	Days	365	365	365	365
Cushion Ratio		NA	NA	NA	NA
	Cash	$ 344,782	$ 171,273	$ 198,692	$ 400,000
+	Short Term Investments	$ -	$ -	$ -	$ -
+	Unrestricted LT Investments	$ -	$ -	$ -	$ -
/	Principal	$ -	$ -	$ -	$ -
+	Interest	$ -	$ -	$ -	$ -

ATTACHMENT 41

COST AND GROSS SQUARE FEET BY DEPARTMENT

Explanation of Additional Cost Items

This project involves both a building addition and modernization. A number of costs are listed below would not be required as part of a project that was only modernization or only an addition. The additional foundation work is required by the project location.

Maintenance Upgrades for Existing Pick Building

Tuck pointing	$40,000
Roof—replacement membrane	$105,000
Replace existing windows	$35,000
Total	$180,000

Additional Mechanical Costs due to Systems Replacement and Controlled Phasing between existing Building and Addition

Chiller Replacement	$185,000
Integrated Controllers to run different systems together	$130,000
Addition of returns needed to maintain positive medical air pressure in certain clinic areas and requirements to support these operations	$400,000
Total	$715,000

Foundation Work

Auger cast piles and a deep foundation system due to soil conditions and proximity to the lake

$265,000

TOTAL FOR THESE ITEMS **$1,060,000**

ATTACHMENT 42

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Square Foot		Gross Square Feet		Construction Costs		
DEPARTMENT	New	Modern	New	Modern	New	Modern	Total Costs
Outpatient Clinical	$660.29	$255.23	3172	3149	$2,094,453	$803,716	$2,898,169
Non-clinical	$625.97	$267.36	9523	8556	$5,961,136	$2,287,498	$5,961,136
Total	**$634.55**	**$264.09**	**12,695**	**11,705**	**$8,055,589**	**$3,091,214**	**$11,146,803**
Contingency	$63.45	$39.61	12,695	11,705	$805,559	$463,682	$1,269,241
TOTAL	**$698.00**	**$303.71**	**12,695**	**11,705**	**$8,861,148**	**$3,554,896**	**$12,416,044**

ATTACHMENT 42

La Rabida Children's Hospital

April 12, 2012

Illinois Health Facilities and Services Review Board

To Whom It May Concern:

I attest that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

Please contact me if you have any questions.

Sincerely,

Mark Renfree

Mark Renfree
Chief Financial Officer and Vice President Administration
La Rabida Children's Hospital
6501 South Promontory Drive
Chicago, IL 60649
773-753-8630

OFFICIAL SEAL
TRACY GONZALES
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:12/07/14

Subscribed and Sworn to before me
this 12th day of April, 2012.

Tracy Gonzales
Notary Public

OPERATING COSTS PER EQUIVALENT PATIENT DAY

Salaries	Benefits	Supplies	Grand Total
$2,878,728	$748,469	$3,147,609	$6,774,806

Equivalent Patient Days	9944
Operating Costs per Equivalent Patient Day	$681

ATTACHMENT 42

TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

Capital Costs FY2015	$3,096,412
Equivalent Patient Days	9944
Capital Costs per Equivalent Patient Days	$311

ATTACHMENT 42

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	**2011**	**2010**	**2009**
Inpatient	6	7	5
Outpatient	531	507	555
Total	**537**	**514**	**560**
Charity (cost in dollars)			
Inpatient	$21,033	$20,212	$21,567
Outpatient	189,297	181,911	194,103
Total	**$210,330**	**$202,123**	**$215,670**
MEDICAID			
Medicaid (# of patients)	**2011**	**2010**	**2009**
Inpatient	774	728	906
Outpatient	26,386	27,205	27,733
Total	27,160	27,933	28,639

Medicaid (revenue)	2011	2010	2009
Inpatient	$24,552,666	$13,667,393	$32,892,816
Outpatient	15,042,268	4,317,455	5,908,118
Total	$39,594,934	$17,984,848	$38,800,934

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	2011	2010	2009
Net Patient Revenue	$37,927,482	$37,800,138	$37,218,781
Amount of Charity Care (charges)	$229,123	$538,776	$208,336
Cost of Charity Care	$210,330	$202,123	$215,670

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.