



## BAKER TILLY

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June 28, 2018

Ms. Kathy Olson  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street – 2<sup>nd</sup> Floor  
Springfield, IL 62761

### Project:

Permit: #14-017- Skokie Hospital (Completion & Final Cost Report)  
Project: Skokie Hospital Modernization and new construction  
Permit Holder: Northshore University Health System, 1301 Central, Evanston, Illinois 60201

### Audit Objectives and Scope:

Baker Tilly Virchow Krause, LLP (Baker Tilly) was engaged by Northshore University Health System to perform an independent certificate of need cost audit on the Skokie Hospital Modernization and New Construction project (CON #14-017). Baker Tilly is an independent auditing firm with no previous history or assignments with NorthShore University Health System. This project was approved by the State Board on April 25, 2014, and involves a major modernization project at Northshore University Health System - Skokie Hospital. Included with this letter is the detailed schedule of expenditures by project cost component and certification of the expenditures and sources of funds. The approved permit amount was \$107,313,363. The final realized cost of this project is \$97,181,098.52, which is \$10,132,264.48 or 9.4% below the approved permit amount.

The objectives of our engagement were to:

- To determine if charges to be reported to the Illinois Health Facilities and Services Review Board are substantiated by appropriate supporting documentation;
- To determine if expenses were properly recorded for the project and CON account category;
- To determine if expenses were properly approved;
- To determine the mathematical accuracy and consistency of invoices;
- To determine that applicable construction progress payments included accurate application for payment documents (i.e., previous payment calculations), were properly notarized, and lien waivers.

### Management's Responsibility:

Management was responsible for the preparation and fair presentation of the attached cost schedule. In addition, Management certifies the following:

- Pursuant to sections 1130.770 of the Illinois Administrative Code, the final realized cost referenced above is the total cost required to complete the project and that there are no additional or associated costs or capital expenditures related to the project which will be submitted for reimbursement under Title XVIII or XIX.
- Pursuant to section I 130.770(d)(4), the project referenced above is in compliance and changes in cost and square footage were approved by the Illinois Health Facilities and Services Review Board under Permit # 14-017.

### Auditor's Responsibility:

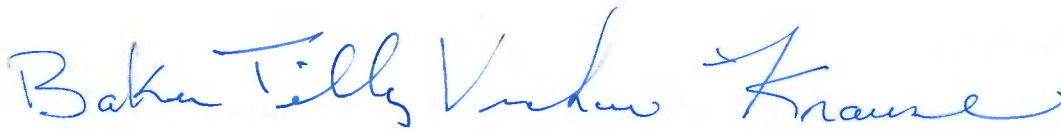
Our responsibility is to express an opinion on the attached schedule based on our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error.

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

### Opinion:

In our opinion, based on our review of \$93,879,426.21 (96.6%) in payments made for the Skokie Hospital Modernization and New Construction Project, we confirm that the \$97,181,098.52 in CON charges to be reported to the Illinois Health Facilities Services Review Board by the June 29, 2018 required submission date, were substantiated by comprehensive and appropriate supporting documentation. Our Audit did not identify any material inconsistencies in expenses incurred, paid and recorded.

Sincerely,

A handwritten signature in blue ink that reads "Baker Tilly Virchow Krause". The signature is written in a cursive, flowing style.

Baker Tilly Virchow Krause, LLP

Project Number: 14-017  
 Project Title: Skokie Hospital Modernization & New Construction  
 Subject: Final Cost Report  
 Permit Holder: Northshore University Health System  
 Date: June 28, 2018

	Projected	Total Costs Incurred as 6/30/2018	Available Balance as of 6/30/2018	Estimated Costs to Completion	Variance From Approved
Preplanning Costs	\$ 400,000	\$ 372,664.61	\$ 27,335.39	\$ -	\$ 27,335.39
Site Survey & Soil Investigation	\$ -	\$ -	\$ -	\$ -	\$ -
Site Preparation	\$ -	\$ -	\$ -	\$ -	\$ -
Off-site Work	\$ -	\$ -	\$ -	\$ -	\$ -
New Construction Contracts	\$ 35,985,772	\$ 36,366,285.66	\$ (380,513.66)	\$ -	\$ (380,513.66)
Modernization Contracts	\$ 42,456,201	\$ 38,963,937.80	\$ 3,492,263.20	\$ -	\$ 3,492,263.20
Contingencies	\$ 3,412,815	\$ -	\$ 3,412,815.00	\$ -	\$ 3,412,815.00
Architectural/Engineering Fees	\$ 6,690,000	\$ 4,341,830.39	\$ 2,348,169.61	\$ -	\$ 2,348,169.61
Consulting and Other Fees	\$ 3,500,000	\$ 4,484,512.15	\$ (984,512.15)	\$ -	\$ (984,512.15)
Movable or Other Equipment	\$ 14,168,575	\$ 12,070,682.91	\$ 2,097,892.09	\$ -	\$ 2,097,892.09
Other Costs to be Capitalized	\$ 700,000	\$ 581,185.00	\$ 118,815.00	\$ -	\$ 118,815.00
<b>Total</b>	<b>\$ 107,313,363</b>	<b>\$ 97,181,098.52</b>	<b>\$ 10,132,264.48</b>	<b>\$ -</b>	<b>\$ 10,132,264.48</b>

Cash and Securities \$ 107,313,363  
 Pledges  
 Gifts and Bequests  
 Bond Issues (project related)  
 Mortgages  
 Leases (fair market value)  
 Governmental Appropriations  
 Grants  
 Other Funds and Sources  
**Total Funds \$ 107,313,353**