

March 18, 2019

**RECEIVED**

APR 2 2019

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

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

**Re: Project Completion  
Project # 16-054  
Northwestern Medicine Kishwaukee Health & Fitness Center**

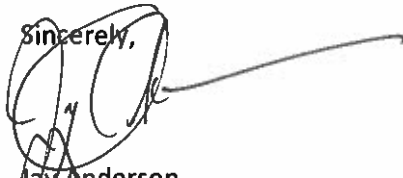
Dear Ms. Avery:

This letter certifies that Project #16-054 has been completed and is in compliance with all terms of the permit, including total project cost, square footage, and services. The final realized cost is \$45,828,222 which is less than the approved permit amount of \$46,392,770. This is the total amount required to complete the project.

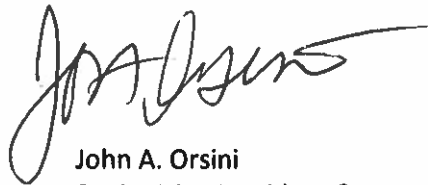
A detailed itemization of expenditures and sources of funds is attached. The entire project cost will be submitted for reimbursement under Titles XVIII and XIX of the Social Security Act. There are no additional or associated costs or capital expenditures related to the project that will be submitted for reimbursement under Title XVIII or XIX.

This letter is intended to complete the project close-out process for this permit. If further information or action is needed, please contact Bridget Orth at 312-926-8650.

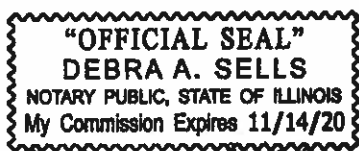
Sincerely,



Jay Anderson  
President, Northwestern Medicine  
Kishwaukee Hospital

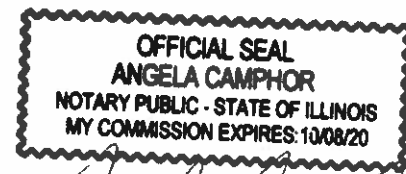


John A. Orsini  
Senior Vice President &  
Chief Financial Officer



*Debra A Sells*

cc: Gina Weldy, Senior Vice President, Administration  
Bridget Orth, Director, Regulatory Planning  
Jan Peterson, Manager, Financial Planning & Construction Finance



*Angela Camphor*  
10/08/2020

Attachments

**Kishwaukee Health & Fitness Center  
Project # 16-054**

**Kishwaukee Hospital Permit Project Expenditures**

**Final Realized Costs**

<u>Category</u>	CON Approved Budget	Project to Date (Final)
<b><u>USE OF FUNDS</u></b>		
1 PREPLANNING COSTS	\$ -	\$ -
2 SITE SURVEY AND SOIL INVESTIGATION	\$ -	\$ -
3 SITE PREPARATION	\$ 1,178,000	\$ 3,930,994
4 OFF SITE WORK	\$ -	\$ -
5 NEW CONSTRUCTION CONTRACTS	\$ 35,522,000	\$ 35,522,000
6 MODERNIZATION CONTRACTS	\$ -	\$ -
7 CONTINGENCIES	\$ 3,183,511	\$ 363,475
8 ARCHITECTURAL/ENGINEERING FEES	\$ 2,520,359	\$ 2,849,434
9 CONSULTING & OTHER FEES	\$ 75,000	\$ 243,665
10 MOVABLE CAPITAL EQUIPMENT (not in construction contracts)	\$ 2,738,800	\$ 2,807,904
11 BOND ISSUANCE EXPENSE (project related)	\$ -	\$ -
12 NET INTEREST EXPENSE DURING CONSTRUCTION (project related)	\$ -	\$ -
14 OTHER COSTS WHICH ARE TO BE CAPITALIZED	\$ 1,175,100	\$ 110,750
<b>GRAND TOTAL</b>	<b>\$ 46,392,770</b>	<b>\$ 45,828,222</b>
<b><u>SOURCE OF FUNDS</u></b>		
16 CASH & SECURITIES	\$ 46,392,770	\$ 45,828,222
18 GIFTS & BEQUESTS	\$ -	\$ -
19 BOND ISSUES (project related)	\$ -	\$ -
25 TOTAL FUNDS	\$ 46,392,770	\$ 45,828,222
CON PERMIT AMOUNT	\$ 46,392,770	\$ 45,828,222
% COMPLETE	100%	

# APPLICATION AND CERTIFICATE FOR PAYMENT

TO : Northwestern Memorial Healthcare

PROJECT : NMH Kishwaukee Health and Fitness

APPLICATION NO.: 23

PERIOD TO : 01-31-2019

FROM : Power Construction Company, LLC

ARCHITECT : Plunkett Raysich Architects, LLP

PROJECT NO.: 53210

CONTRACT DATE : 11-16-2016

## CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.

CHANGE ORDER SUMMARY	Additions	Deductions
Change Order approved in previous months by Owner		
TOTAL	39,571,085	0
APPROVED THIS MONTH	0	188,533
Total Job To Date	39,571,085	188,533

1. ORIGINAL CONTRACT SUM .....	\$ 311,830
2. NET CHANGE BY CHANGE ORDERS.....	\$ 39,382,552
3. CONTRACT SUM TO DATE.....	\$ 39,694,382
4. TOTAL COMPLETED & STORED TO DATE.....	\$ 39,694,382
5. RETAINAGE.....	\$ 0
6. TOTAL EARNED LESS RETAINAGE .....	\$ 39,694,382
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (line 6 from prior Certificate).....	\$ 39,261,717
8. CURRENT PAYMENT DUE .....	\$ 432,665
9. BALANCE TO FINISH, INCLUDING RETAINAGE..\$	0

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

State of : Illinois County of: Cook

Subscribed and sworn to before me

This 05th day of February, 2019

Contractor : Power Construction Company, LLC

Notary Public

By: [Signature] Date : 02-05-2019



## ARCHITECT'S CERTIFICATE FOR PAYMENT

AMOUNT CERTIFIED.....\$ 432,665.00

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of Work is in accordance with the Contract Documents, and the Contractor is entitled to the payment of the AMOUNT CERTIFIED.

ARCHITECT :

By: [Signature]

Date : 21-FEB-19

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

**NORTHWESTERN MEMORIAL HEALTHCARE**  
**HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)**  
**NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT**  
**HFSRB PROJECT #16-054**

**SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS**

For the Period from March 15, 2017 through February 28, 2019

NORTHWESTERN MEMORIAL HEALTHCARE  
Chicago, Illinois

HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)  
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT  
HFSRB PROJECT #16-054

SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS

For the Period from March 15, 2017 through February 28, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Northwestern Memorial HealthCare and the  
State of Illinois Health Facilities and Services Review Board:

### **Report on the Schedule**

We have audited the Schedule of Project Costs and Sources of Funds of Northwestern Memorial HealthCare related to the Health Facilities and Services Review Board (HFSRB) Project #16-054 for the period from March 15, 2017 through February 28, 2019 (the Schedule), and the related notes to the Schedule.

### ***Management's Responsibility for the Schedule***

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Schedule based on our audit. 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

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

**Opinion**

In our opinion, the Schedule referred to previously presents fairly, in all material respects, the project costs and sources of funds of Northwestern Memorial HealthCare related to the Health Facilities and Services Review Board Project #16-054 for the period from March 15, 2017 through February 28, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

The accompanying Schedule was prepared to present the project costs and sources of funds for the purpose of complying with the terms of the Health Facilities and Services Review Board permit as described in Note 1 and is not intended to be a complete presentation of Northwestern Memorial HealthCare's financial position. Our opinion is not modified with respect to this matter.

**Restriction on Use**

This report is intended solely for the information and use of the Board of Directors and management of Northwestern Memorial HealthCare and the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

**Crowe LLP**  
Crowe LLP

Simsbury, Connecticut  
March 18, 2019

**NORTHWESTERN MEMORIAL HEALTHCARE  
 HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)  
 NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT  
 HFSRB PROJECT #16-054  
 SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS  
 For the Period from March 15, 2017 through February 28, 2019**

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	Approved Permit Amount	Project Cost	
		Actual Funds Expended	Variance
Costs:			
Site survey and soil investigation	\$ -	\$ -	\$ -
Site preparation	1,178,000	3,930,994	(2,752,994)
Off-site work	-	-	-
New construction contracts	35,522,000	35,522,000	-
Contingencies	3,183,511	363,475	2,820,036
Architectural/engineering fees	2,520,359	2,849,434	(329,075)
Consulting and other fees	75,000	243,665	(168,665)
Movable or other equipment	2,738,800	2,807,904	(69,104)
Bond issuance expense	-	-	-
Net interest expense during construction (project related)	-	-	-
Other costs to be capitalized	<u>1,175,100</u>	<u>110,750</u>	<u>1,064,350</u>
Total project cost	<u>\$ 46,392,770</u>	<u>\$ 45,828,222</u>	<u>\$ 564,548</u>

	Final Approved Alteration	Sources of Funds	
		Actual Funds Spent	Variance
Cash and securities	\$ 46,392,770	\$ 45,828,222	\$ 564,548
Pledges	-	-	-
Gifts and bequests	-	-	-
Bond issues (project related)	-	-	-
Mortgages/loans	-	-	-
Leases (fair market value)	-	-	-
Government appropriations	-	-	-
Grants	-	-	-
Other funds and sources	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 46,392,770</u>	<u>\$ 45,828,222</u>	<u>\$ 564,548</u>

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See Notes to Schedule of Project Costs and Sources of Funds



NORTHWESTERN MEMORIAL HEALTHCARE  
HEALTH FACILITIES AND SERVICES REVIEW BOARD (HFSRB)  
NORTHWESTERN MEDICINE KISHWAUKEE HEALTH AND FITNESS CENTER PROJECT  
HFSRB PROJECT #16-054  
NOTES TO THE SCHEDULE OF PROJECT COSTS AND SOURCES OF FUNDS  
For the Period from March 15, 2017 through February 28, 2019

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**NOTE 1 - DESCRIPTION OF PROJECT**

Northwestern Memorial HealthCare ("NMHC") was issued a permit to construct a two-story health and fitness center on Northwestern Memorial's Kishwaukee campus, under Illinois' Health Facilities and Services Review Board (HFSRB) Project #16-054 (the Project). The fitness center includes an aquatic center with two pools, locker rooms, and childcare services. The Project also includes physician office space, as well as space for community wellness and education programs along with an auditorium and administrative space.

Work on the project was started in March 2017 and ended on February 28, 2019. The project was approved by the HFSRB at an estimated cost of \$46,392,770. The Schedule of Project Costs and Sources of Funds of Northwestern Memorial HealthCare related to the HFSRB Project #16-054 for the period from March 15, 2017 through February 28, 2019 (the Schedule) has been prepared in accordance with accounting principles generally accepted in the United States of America and is not intended to be a complete presentation of Northwestern Memorial HealthCare's financial position.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: Accounting for the costs on the Schedule was performed in accordance with the accrual basis of accounting.

Use of Estimates: The preparation of the Schedule in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the report amounts of project costs and disclosures over the period covered by the Schedule. Actual project costs could differ from management's estimates.

Project Costs: Costs incurred to construct a replacement facility under the HFSRB Project #16-054 are stated at cost within the Schedule.

Sources of Funds: The sources of funds related to the Project have been obtained from NMHC's cash and securities.

**NOTE 3 - SUBSEQUENT EVENTS**

Northwestern Memorial HealthCare evaluated events and transactions occurring subsequent to February 28, 2019, through March 18, 2019, the date the Schedule was available to be issued.



# Galesburg Cottage Hospital

695 North Kellogg Street

• Galesburg, Illinois 61401

• Telephone: 309-343-8131

**RECEIVED**

April 1, 2019

APR 2 2019

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and  
Services Review Board  
525 West Jefferson  
Springfield, IL 62761

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Ms. Karen Senger  
Division Chief  
Illinois Department of  
Public Health  
525 West Jefferson  
Springfield, IL 62761

Dear Ms. Avery and Ms. Senger:

Please be advised that, effective May 2, 2019, Galesburg Cottage Hospital is suspending admissions to its obstetrics beds, in anticipation of filing a Certificate of Exemption ("COE") application addressing the discontinuation of the category of service.

Should the filing of the anticipated COE application occur later than thirty days following the date on this letter, you will be notified of the status of the category of service and COE application preparation. This suspension of service and the subsequent discontinuation are the result of both low utilization and the hospital's anticipated loss of one of its Medical Staff's two obstetricians.

Should any additional information be needed by either of your offices at this time, please don't hesitate to contact me at (309)345-4567.

Sincerely,

James Flynn  
Chief Executive Officer

Cc: J. Axel