18-032

[ORIGINAL]

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED

SEP 13 2018

HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Little Company of Mary Hospital---Emergency Department Replacement
Street Address:	2800 West 95th Street
City and Zip Code:	Evergreen Park, IL 60805
County: Cook	Health Service Area: VII Health Planning Area: A-04

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Little Company of Mary Hospital and Health Care Centers
Street Address:	2800 West 95th Street
City and Zip Code:	Evergreen Park, IL 60805
Name of Registered Agent:	Sharon Ann Walsh
Registered Agent Street Address:	2800 West 95th Street
Registered Agent City and Zip Code:	Evergreen Park, IL 60805
Name of Chief Executive Officer:	John Hanlon, MD
CEO Street Address:	2800 West 95th Street
CEO City and Zip Code:	Evergreen Park, IL 60805
CEO Telephone Number:	708/229-5000

Type of Ownership of Applicants

- [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 they are 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]

Name:	Jacob M. Axel
Title:	President
Company Name:	Axel & Associates, Inc.
Address:	675 North Court Suite 210 Palatine, IL 60067
Telephone Number:	847/776-7101
E-mail Address:	jacobmaxel@msn.com
Fax Number:	847/776-7004

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

Name:	none
Title:	
Company Name:	
Address:	
Telephone Number:	
E-mail Address:	
Fax Number:	

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:	Brian Piejko, CHFM
Title:	Executive Director of facilities nad Support Services
Company Name:	Little Company of Mary Hospital and Health Care Centers
Address:	2800 West 95th Street Evergreen Park, IL 60805
Telephone Number:	708/229-5000
E-mail Address:	bpiejko@lcmh.org
Fax Number:	708/229-4235

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Little Company of Mary Hospital and Health Care Centers
Address of Site Owner:	2800 West 95th Street Evergreen Park, IL 60805

Street Address or Legal Description of the Site: 2800 West 95th Street Evergreen Park, IL 60805

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, 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:	Little Company of Mary Hospital and Health Care Centers
Address:	2800 West 95th Street Evergreen Park, IL 60805

X	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☐	Limited Liability Company	☐	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 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.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 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 #2006-5 **(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 1110.20 and Part 1120.20(b)]

Part 1110 Classification:

Substantive

X Non-substantive

2. Narrative Description

In the space below, provide 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.

The applicant proposes to replace the hospital's Emergency Department ("ED") through a combination of new construction and the renovation of the existing ED and surrounding areas. The project will be completed in four phases, ensuring that the ED will continue in operation throughout the replacement process. Upon completion, the ED will be reduced from 29 to 25 stations.

The current ED is approximately 35 years old, and in addition to being a site of service, it is a training setting for nursing students.

The payor mix of the ED is anticipated to remain at its 2017 distribution:

Private Insurance	26.7%
Medicare	27.0%
Medicaid	35.3%
Charity Care	9.0%
Other	2.0%

This is a non-substantive project because it does not involve any inpatient service, or an HFSRB-designated "category of service".

PROJECT COST AND SOURCES OF FUNDS

		Reviewable	Non-Reviewable		Total
Project Cost:					
Preplanning Costs		$ 155,000	$ 15,000		$ 170,000
Site Survey and Soil Investigation					
Site Preparation		$ 230,000	$ 40,000		$ 270,000
Off Site Work					
New Construction Contracts		$ 4,631,175	$ 2,378,250		$ 7,009,425
Modernization Contracts		$ 4,041,120	$ 180,000		$ 4,221,120
Contingencies		$ 520,580	$ 227,900		$ 748,480
Architectural/Engineering Fees		$ 870,000	$ 285,000		$ 1,155,000
Consulting and Other Fees		$ 1,775,550	$ 219,450		$ 1,995,000
Movable and Other Equipment (not in construction contracts)		$ 7,005,206	$ 447,141		$ 7,452,347
Net Interest Expense During Construction Period					
Fair Market Value of Leased Space or Equipment					
Other Costs to be Capitalized		$ 1,987,250	$ 245,615		$ 2,232,865
Acquisition of Building or Other Property					
TOTAL USES OF FUNDS		**$ 21,215,881**	**$ 4,038,356**		**$ 25,254,237**
Sources of Funds:					
Cash and Securities		$ 21,215,881	$ 4,038,356		$ 25,254,237
Pledges					
Gifts and Bequests					
Bond Issues (project related)					
Mortgages					
Leases (fair market value)					
Governmental Appropriations					
Grants					
Other Funds and Sources					
TOTAL SOURCES OF FUNDS		**$ 21,215,881**	**$ 4,038,356**		**$ 25,254,237**

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 X No
Purchase Price: $_____
Fair Market Value: $_____

The project involves the establishment of a new facility or a new category of service
☐ Yes X 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

For facilities in which prior permits have been issued please provide the permit numbers.

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☐ Preliminary
X Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): __December 15, 2021_____

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
X Financial Commitment 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 [Section 1130.620(c)]

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

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (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.

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 the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is 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: Little Company of Mary Hospital		**CITY: Evergreen Park**			
REPORTING PERIOD DATES:		**From: January 1, 2017**	**to: December 31, 2017**		
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	208	8,013	40,767	None	208
Obstetrics	17	1,195	2,980	None	17
Pediatrics	20	159	408	None	20
Intensive Care	29	1,126	4,299	None	29
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness	24	602	3,082	None	24
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	298	11,095	51,536	None	298

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives 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 manager 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 is filed on the behalf of _Little Company of Mary Hospital and Health Care Centers_* 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 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 fee required for this application is sent herewith or will be paid upon request.

SIGNATURE

ROBERT M. TARCZA
PRINTED NAME

CFO
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 6th day of SEPTEMBER, 2018

Kimberlee A. Pula
Signature of Notary

Seal

OFFICIAL SEAL
KIMBERLEE A PULA
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/11/22

SIGNATURE

V. BRIDGET SARIKAS
PRINTED NAME

CHIEF ADMINISTRATIVE OFFICER
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 6th day of SEPTEMBER, 2018

Kimberlee A. Pula
Signature of Notary

Seal

OFFICIAL SEAL
KIMBERLEE A PULA
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/11/22

*Insert the 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.

1110.110(a) – Background of the Applicant

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 that the information was 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.

Criterion 1110.110(b) & (d)

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 relevant area, per the applicant's definition.

3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.

4. Cite the sources of the 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 the age and condition of the project site, as well as 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 Board Staff 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 1110.120 - 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 and it shall include the basis used for determining the space and the methodology applied.**

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 and certified by the facility's Medical Director.

    b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.

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

    d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

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**	**MEET STANDARD?**
YEAR 1					
YEAR 2					

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

UNFINISHED OR SHELL SPACE:

not applicable, no shell space included in project

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.

2. The anticipated use of the shell space, specifying the proposed GSF to 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 is 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 ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

M. Criterion 1110.270 - 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
☐		
☐		
☐		

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 31, 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)**

VI. 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]:**

_$25,254,237__	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;
_____	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;
_____	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$25,254,237	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 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 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

not applicable, project funded through internal sources

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.

	Historical 3 Years			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.

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 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.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									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Cost/Square Foot Mod.	Gross Sq. Ft. New	Gross Sq. Ft. Circ.*	Gross Sq. Ft. Mod.	Gross Sq. Ft. Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
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 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

not applicable, non-substantive project

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 38.

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 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. CHARITY CARE INFORMATION

Charity Care information MUST be furnished for ALL projects [1120.20(c)].

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 39.

CHARITY CARE			
	2015	2016	2017
Net Patient Revenue	$208,611,393	$208,415,706	$202,590,300
Amount of Charity Care (charges)	$25,931,097	$27,958,661	$30,424,744
Cost of Charity Care	$4,600,000	$4,903,000	$5,586,000

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

File Number 0642-704-9

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 I am the keeper of the records of the Department of Business Services. I certify that

LITTLE COMPANY OF MARY HOSPITAL AND HEALTH CARE CENTERS, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 15, 1893, 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* 23RD *day of* AUGUST *A.D.* 2018 .

Authentication #: 1823501828 verifiable until 08/23/2019
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

ATTACHMENT 1

LITTLE COMPANY OF MARY
HOSPITAL AND HEALTH CARE CENTERS

The Technology to Heal, the Mission to Care

August 15, 2018

I, Randy Ruther, Chief Financial Officer of Little Company of Mary Hospital do herby attest that Little Company of Mary Hospital owns the property of 2800 West 95th Street in Evergreen Park, IL where the hospital is located.

Signed and sworn to
Before me this 15th
Day of AUGUST 2018.

OFFICIAL SEAL
KIMBERLEE A PULA
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/11/22

ATTACHMENT 2

File Number 0642-704-9

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 I am the keeper of the records of the Department of Business Services. I certify that

LITTLE COMPANY OF MARY HOSPITAL AND HEALTH CARE CENTERS, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON JUNE 15, 1893, 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* 23RD *day of* AUGUST *A.D.* 2018 .

Jesse White

SECRETARY OF STATE

Authentication #: 1823501828 verifiable until 08/23/2019
Authenticate at: http://www.cyberdriveillinois.com

ATTACHMENT 3

ORGANIZATIONAL RELATIONSHIPS

Little Company of Mary Hospital and Health Care Centers (f/k/a Little Company of Mary Hospital, Inc.) is the sole applicant for this Certificate of Need application, is the IDPH license holder, and does not have entity with "final control".

ATTACHMENT 4

FLOODPLAIN REQUIREMENTS

With the signatures on the Certification page of this Certificate of Need application, the applicant attests that the proposed project's site is not located in a FEMA-identified floodplain area, and that the proposed project complies with the requirements of Illinois Executive Order #2006-5.

ATTACHMENT 5

FEMA
(//www.fema.gov/)

FEMA Flood Map Service Center: Search By Address

Navigation

Search

Languages

MSC Home (/portal/)

MSC Search by Address (/portal/search)

MSC Search All Products (/portal/advanceSearch)

MSC Products and Tools (/portal/resources/productsandtools)

- Hazus (/portal/resources/hazus)
- LOMC Batch Files (/portal/resources/lomc)
- Product Availability (/portal/productAvailability)

MSC Frequently Asked Questions (FAQs) (/portal/resources/faq)

MSC Email Subscriptions (/portal/subscriptionHome)

Contact MSC Help (/portal/resources/contact)

Enter an address, place, or coordinates:

2800 West 95th Street Evergreen Park, IL Search

Whether you are in a high risk zone or not, you may need flood insurance (https://www.fema.gov/national-flood-insurance-program) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than $400 per year. Call your insurance agent today and protect what you've built.

Learn more about steps you can take (https://www.fema.gov/what-mitigation) to reduce the risk flood damage.

Search Results—Products for **EVERGREEN PARK, VILLAGE OF**

Show ALL Products » (https:/

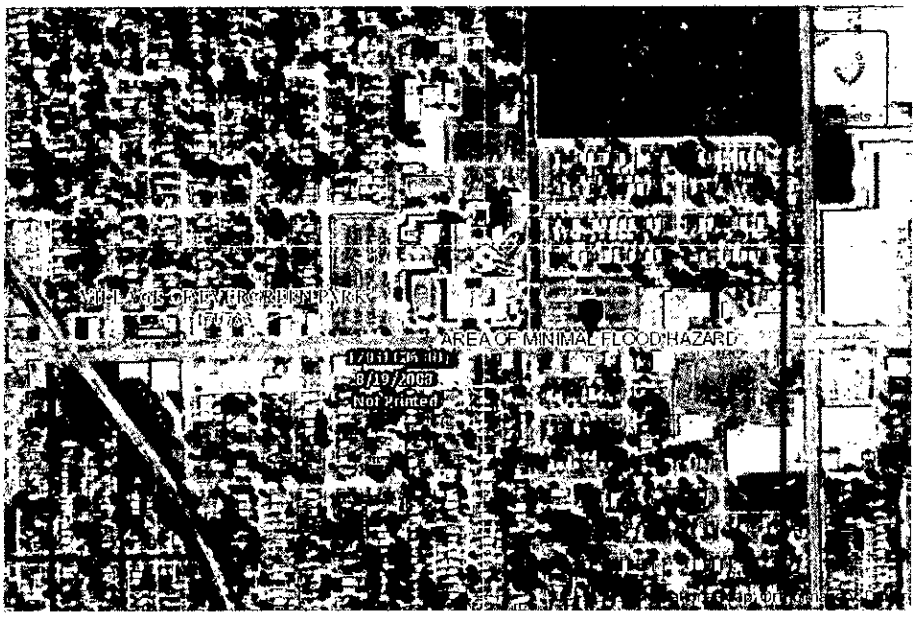
The flood map for the selected area is number 17031C0630J. The flood map for this location has a status of "not printed". This means that the entire area of the panel is in a single flood zone, so FEMA chose to economize and not create a printable image for this location. However, the flood zone data is viewable on the interactive map below and you can print a map for your location using the "FIRMette" button

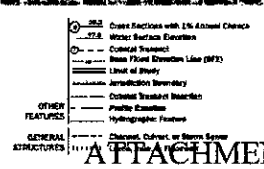
DYNAMIC MAP

PRINT MAP FIRMette

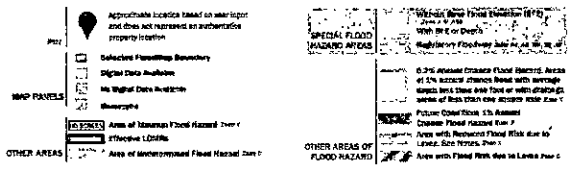
You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette.

Go To NFHL Viewer » (https





ATTACHMENT 5



Share This Page.

ATTACHMENT 5

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

July 20, 2018

Illinois Dept. of Natural Resources
Illinois State Historic Preservation Office
ATTN: Review and Compliance/Old State Capitol
1 Natural Resources Way
Springfield, IL 62702-1271

RE: Proposed Modernization Program
Little Company of Mary Hospital
2800 West 95th Street
Evergreen Park, IL

To Whom It May Concern:

I am in the process of developing a Certificate of Need application, to be filed with the Illinois Health Facilities Services and Review Board, and I am in need of a determination of applicability from your agency.

The project proposes the expansion and renovation of the hospital's emergency department. The expansion will consist of a single floor, extending from the existing emergency department to the south (see Photo #1), replacing an existing canopy. The area to be impact by the project appears to be 1970's construction.

I have enclosed a map of the site and photographs for your review. The photographs are of the following:

- Photo #1: existing ER entrance/canopy from the south (95th St.)
- Photo #2: hospital from the southwest
- Photo #3: hospital from the east
- Photo #4: hospital from north
- Photo #5: view to the south (retail)
- Photo #6: view to the east (residential)
- Photo #7: view to the west (residential)
- Photo #8: view to the northwest (apartment building).

A letter from your office, confirming that the Preservation Act is not applicable to this project would be greatly appreciated.

ATTACHMENT 6

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004

Should you have any questions, I may be reached at the phone number below.

Sincerely,

Jacob M. Axel
President

ATTACHMENT 6

Misc./Other	$ 125,000	
Movable Equipment		$ 7,452,347
Communications systems	$55,800	
Security system	$ 46,400	
Information systems	$74,200	
Equip-related soft costs	$638,000	
Fixed equipment	$519,940	
Gen'l Rad/CT/US	$1,250,000	
Imaging-support	$234,248	
IS/AV Equipmnet	$666,700	
Furniture	$3,250,000	
Misc./other	$500,000	
Installation @ 3%	$ 217,059	
Other costs to be capitalized		$2,232,865
Phasing/weekend premium @ 15%	$1,796,854	
Demolition-interior & exterior	$470,600	
Interim renovations	$ 100,000	
HVAC system commissioning	$17,000	
TOTAL PROJECT COST		**$ 25,254,237**

SOURCES OF FUNDS	
Cash and Securities	$ 25,254,237
TOTAL SOURCES OF FUNDS	**$ 25,254,237**

PROJECT COSTS		
Preplanning Costs		$ 170,000
Eval. Of Alternatives	$50,000	
Need and project scope assmt.	$25,000	
Feasibility assessment	$25,000	
Architect & consultant selection	$20,000	
Misc/other	$50,000	
Site Preparation		$ 270,000
Driveways and walkways	$125,000	
Exterior Signage and lighting	$50,000	
Landscaping	$45,000	
Misc/other	$50,000	
New Construction Contracts per ATTACHMENT 39C		$ 7,009,425
Modernization Contracts per ATTACHMENT 39C		$ 4,221,120
Contingencies		$ 748,480
Const. and modernization contingencies		
Architectural and Engineering Fees		$ 1,155,000
Assessment of alternatives	$ 45,000	
Design services	$ 885,000	
Specifications	$ 45,000	
Governmental agency interaction	$ 40,000	
Inspections/supervision	$ 50,000	
Reimbursemables	$ 40,000	
Misc./other	$ 50,000	
Consulting and Other Fees		$ 1,995,000
CON and permit-related	$ 160,000	
Project management	$ 425,000	
Landscape design	$ 75,000	
Interior signage	$ 80,000	
Civil engineering	$ 325,000	
Agency interaction	$ 120,000	
Interior design	$ 75,000	
Process improvement consultant	$ 80,000	
Equipment planning	$ 100,000	
Legal	$ 30,000	
Insurance	$ 75,000	
Systems testing	$ 50,000	
Commissioning	$ 200,000	
Village planning commission	$ 75,000	

Cost Space Requirements

		Gross Square Feet		Amount of Proposed Total Square Feet			
					That is:		
Dept./Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
Reviewable							
Emergency Department	$ 16,124,070	14,362	22,329	11,435	10,894		
ED Imaging	$ 5,091,811	160	3,700		3,700		160
Total	$ 21,215,881	14,522	26,029	11,435	14,594		160
Non-Reviewable							
Amb. Canopy/Vestibule	$ 1,494,192	1,550	8,000	8,000			1,550
Offices	$ 565,370	360	600		600		360
Security	$ 201,918	120	180	180			120
Public By-Pass	$ 1,211,507		1,635	1,635			
Mechanical	$ 323,068		800	800			
EMS	$ 242,301	160	180	180			160
Total	$ 4,038,356	2,190	11,395	10,795	600		2,190
TOTAL PROJECT	$ 25,254,237	16,712	37,424	22,230	15,194		2,350

34

ATTACHMENT 9

Ms. Courtney Avery
Illinois Health Facilities
And Services review Board
525 West Jefferson
Springfield, IL 62761

Dear Ms. Avery:

In accordance with Review Criterion 1110.230.b, Background of the Applicant, we are submitting this letter assuring the Illinois Health Facilities and Services Review Board that:

1. Little Company of Mary Hospital and Health Care Centers has not had any adverse actions against any facility owned and operated by the applicant during the three (3) year period prior to the filing of this application, and
2. Little Company of Mary Hospital and Health Care Centers authorizes the State Board and Agency access to information to verify documentation or information submitted in response to the requirements of Review Criterion 1110.230.b or to obtain any documentation or information which the State Board or Agency finds pertinent to this application.

If we can in any way provide assistance to your staff regarding these assurances or any other issue relative to this application, please do not hesitate to call me.

Sincerely,

Robert M. Tarr

Date: 6 September, 2018

Notarized: Kimberlee A Pula
9/6/2018

OFFICIAL SEAL
KIMBERLEE A PULA
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/11/22

ATTACHMENT 11

HF115857

Illinois 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.

Nirav D. Shah, M.D., J.D.
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
6/30/2019		0001271

General Hospital

Effective 07/01/2018

Little Company of Mary Hospital
2800 West 95th Street
Evergreen Park, IL 60805

The face of this license has a colored background. Printed by Authority of the State of Illinois • RO: #48240 5M 5/16

ATTACHMENT 1

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

Exp. Date 6/30/2019

Lic Number 0001271

Date Printed 5/15/2018

Little Company of Mary Hospital

2800 West 95th Street
Evergreen Park, IL 60805

FEE RECEIPT NO.

Little Company of Mary Hospital

Evergreen Park, 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

June 11, 2016

Accreditation is customarily valid for up to 36 months.

Craig W. Jones, FACHE
Chair, Board of Commissioners

ID #7344
Print/Reprint Date: 09/26/2016

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 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 ASSOCIATION

ATTACHMENT

The Joint Commission

September 23, 2016

Re: # 7344
CCN: #140179
Program: Hospital
Accreditation Expiration Date: June 11, 2019

Dennis Reilly
President and CEO
Little Company of Mary Hospital
2800 West 95th Street
Evergreen Park, Illinois 60805

Dear Mr. Reilly:

This letter confirms that your June 07, 2016 - June 10, 2016 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on July 28, 2016 and September 19, 2016 and the successful on-site unannounced Medicare Deficiency Follow-up event conducted on July 19, 2016, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of September 19, 2016. We congratulate you on your effective resolution of these deficiencies.

§482.12 Governing Body
§482.24 Medical Record Services
§482.41 Physical Environment
§482.42 Infection Control
§482.51 Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective September 19, 2016. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Burbank Medical Center
4901 West 79th Street, Burbank, IL, 60459

Halsted Medical Center
736 West 95th Street, Chicago, IL, 60628

The Joint Commission

Little Company of Mary Diagnostic Center
12432 South Harlem Avenue, Palos Heights, IL, 60463

Little Company of Mary Hospital and Health Care Centers
2800 West 95th Street, Evergreen Park, IL, 60805

Little Company of Mary Hospital Care Station
5660 West 95th Street, Oak Lawn, IL, 60453

Little Company of Mary Hospital Outpatient Care Center
6700 West 95th Street, Oak Lawn, IL, 60453

Please be assured that The Joint Commission will keep the report confidential, except as required by law or court order. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 5 /Survey and Certification Staff

PURPOSE OF PROJECT

The purpose of the proposed project is to replace Little Company of Mary Hospital's emergency department ("ED") and support areas, which have become dated, and no longer provide a contemporary environment for the treatment of ED patients. As such, the proposed ED will improve the health care and well-being of the population that has traditionally looked to the hospital for its ED needs.

Among the issues to be addressed and corrected by the proposed project are small treatment bays, a lack of patient privacy, insufficient space within the treatment bays for equipment and circulation, insufficient access to imaging services, inadequate family waiting areas, and undersized equipment storage and administrative areas.

The planning area, consistent with HFSRB standards is ten miles, which includes 76 ZIP Code areas surrounding Evergreen Park, including 31 south and southwestern suburban communities and 65 ZIP Code areas in southwestern Chicago. The population of this area is approximately 1.76M. Attached is an identification of the ZIP Code areas located within ten miles of the hospital. During 2017, 82.9% of the patients treated in the ED were residents of the 76 ZIP Code area.

As evidence that Little Company of Mary Hospital's ED attracts the vast majority of its patients from the above-identified planning area, the table on the following page identifies all ZIP Code areas accounting for 1.0%+ of the patients seen in the ED during 2017.

ZIP Code	City	%	Cumulative %
60620	Chicago	25.1%	25.1%
60643	Chicago	11.9%	36.9%
60628	Chicago	7.6%	44.6%
60652	Chicago	6.8%	51.3%
60805	Evergreen Park	6.4%	57.7%
60629	Chicago	4.2%	61.9%
60453	Oak Lawn	4.0%	65.9%
60655	Chicago	4.0%	69.9%
60636	Chicago	3.0%	73.0%
60619	Chicago	3.0%	76.0%
60617	Chicago	1.6%	77.5%
60621	Chicago	1.5%	79.0%
60803	Alsip	1.4%	80.4%
60459	Burbank	1.4%	81.9%
60649	Chicago	1.0%	82.9%
	Others, < 1.0%	17.1%	100.0%

Upon the completion of the project, patients seeking care at the ED will be able to be seen and treated in a more efficient manner. The goal of the project, as presented in this application, is to have the replacement ED fully operational by the project completion date.

ZIP Codes in a Radius

ZIP: 60805
Radius: 10 Search Clear

About this Tool

- Get the list of ZIP codes within a given radius from entered ZIP Code
- The list will display city, state, county, population, number of businesses and the distance

ZIP	City	State	County	Population	Businesses	Distance
60805	EVERGREEN PARK	IL	COOK	19,821.00	450	0
60456	HOMETOWN	IL	COOK	4,465.00	40	1.681
60655	CHICAGO	IL	COOK	28,269.00	309	1.812
60652	CHICAGO	IL	COOK	41,238.00	477	1.827
60499	BEDFORD PARK	IL	COOK	0.00	8	2.592
60454	OAK LAWN	IL	COOK	0.00	9	2.719
60620	CHICAGO	IL	COOK	67,962.00	536	2.836
60643	CHICAGO	IL	COOK	50,531.00	680	2.998
60453	OAK LAWN	IL	COOK	57,544.00	1290	3.09
60629	CHICAGO	IL	COOK	108,911.00	881	3.748
60803	ALSIP	IL	COOK	23,182.00	706	3.895
60459	BURBANK	IL	COOK	29,209.00	548	3.924
60415	CHICAGO RIDGE	IL	COOK	14,500.00	376	4.121
60636	CHICAGO	IL	COOK	34,541.00	329	4.16
60406	BLUE ISLAND	IL	COOK	26,272.00	392	4.911
60621	CHICAGO	IL	COOK	32,333.00	211	4.984
60628	CHICAGO	IL	COOK	70,442.00	505	5.01
60619	CHICAGO	IL	COOK	64,045.00	579	5.227
60482	WORTH	IL	COOK	11,312.00	225	5.281
60418	CRESTWOOD	IL	COOK	13,282.00	36	5.305
60455	BRIDGEVIEW	IL	COOK	16,688.00	706	5.432
60472	ROBBINS	IL	COOK	4,898.00	15	5.448
60638	CHICAGO	IL	COOK	55,534.00	1255	5.822
60827	RIVERDALE	IL	COOK	29,424.00	204	6.093
60445	MIDLOTHIAN	IL	COOK	13,141.00	619	6.135
60632	CHICAGO	IL	COOK	69,037.00	1231	6.298
60463	PALOS HEIGHTS	IL	COOK	14,056.00	603	6.354
60469	POSEN	IL	COOK	5,895.00	86	6.451
60457	HICKORY HILLS	IL	COOK	14,348.00	350	6.478
60465	PALOS HILLS	IL	COOK	17,941.00	526	6.622
60609	CHICAGO	IL	COOK	53,459.00	972	6.765
60637	CHICAGO	IL	COOK	51,161.00	381	6.793
60458	JUSTICE	IL	COOK	15,275.00	239	7.215
60617	CHICAGO	IL	COOK	76,116.00	769	7.242
60501	SUMMIT ARGO	IL	COOK	11,078.00	263	7.627
60615	CHICAGO	IL	COOK	44,873.00	600	7.67
60649	CHICAGO	IL	COOK	49,994.00	344	7.788
60426	HARVEY	IL	COOK	27,144.00	401	8.031

ATTACHMENT 12

60428	MARKHAM	IL	COOK	12,735.00	153	8.079
60419	DOLTON	IL	COOK	22,505.00	198	8.309
60633	CHICAGO	IL	COOK	12,940.00	148	8.383
60452	OAK FOREST	IL	COOK	28,211.00	452	8.428
60653	CHICAGO	IL	COOK	32,976.00	300	8.442
60402	BERWYN	IL	COOK	59,979.00	888	8.726
60804	CICERO	IL	COOK	67,707.00	948	8.759
60623	CHICAGO	IL	COOK	64,827.00	804	8.813
60525	LA GRANGE	IL	COOK	31,565.00	1368	8.867
60534	LYONS	IL	COOK	10,730.00	274	8.868
60608	CHICAGO	IL	COOK	60,593.00	1371	8.985
60464	PALOS PARK	IL	COOK	9,895.00	266	8.986
60480	WILLOW SPRINGS	IL	COOK	5,549.00	141	9.23
60695	CHICAGO	IL	COOK	0.00	0	9.316
60664	CHICAGO	IL	COOK	0.00	5	9.323
60668	CHICAGO	IL	COOK	0.00	1	9.323
60669	CHICAGO	IL	COOK	0.00	1	9.323
60670	CHICAGO	IL	COOK	0.00	6	9.323
60673	CHICAGO	IL	COOK	0.00	1	9.323
60675	CHICAGO	IL	COOK	0.00	1	9.323
60677	CHICAGO	IL	COOK	0.00	2	9.323
60678	CHICAGO	IL	COOK	0.00	1	9.323
60680	CHICAGO	IL	COOK	0.00	12	9.323
60681	CHICAGO	IL	COOK	0.00	3	9.323
60684	CHICAGO	IL	COOK	0.00	0	9.323
60685	CHICAGO	IL	COOK	0.00	2	9.323
60686	CHICAGO	IL	COOK	0.00	1	9.323
60687	CHICAGO	IL	COOK	0.00	0	9.323
60688	CHICAGO	IL	COOK	0.00	0	9.323
60690	CHICAGO	IL	COOK	0.00	11	9.323
60691	CHICAGO	IL	COOK	0.00	0	9.323
60693	CHICAGO	IL	COOK	0.00	1	9.323
60694	CHICAGO	IL	COOK	0.00	0	9.323
60696	CHICAGO	IL	COOK	0.00	2	9.323
60697	CHICAGO	IL	COOK	0.00	3	9.323
60699	CHICAGO	IL	COOK	0.00	5	9.323
60616	CHICAGO	IL	COOK	49,344.00	1255	9.506
60473	SOUTH HOLLAND	IL	COOK	21,981.00	554	9.866
				1,759,458.00	27,329.00	

ATTACHMENT 12

ALTERNATIVES

The proposed project involves the replacement of the hospital's existing Emergency Department ("ED") through a combination of 1) new construction, 2) the renovation of existing ED space, and 3) the renovation of space adjacent to the existing ED; and the applicants believe that the proposed plan is the most reasonable of the alternatives considered. Those alternatives are discussed below, and all would generally provide the same level of access to ED services, and have similar operating costs.

The first alternative considered was to do nothing. That alternative was dismissed because it would not address the issues discussed in ATTACHMENT 12.

The second alternative considered was the creation of a new ED through new construction adjacent and connected to the hospital. This alternative was viewed as inferior because it would have increased the capital cost by $2-$2.5M, and an adjacent location would not allow reasonable access to other areas of the hospital, making patient transport particularly difficult.

The third alternative considered was to renovate the existing ED, without any expansion. This alternative, while it would have eliminated approximately $5.5M in construction cost, would have resulted in an under-sized ED, and would not address the size-related issues identified in ATTACHMENT 12.

The fourth alternative considered was to develop and ED through the proposed combination of new construction and renovation, but with fewer or more treatment stations than the 25 proposed. The hospital is of the belief that, and as discussed in ATTACHMENT 31, the proposed number of treatment stations is appropriate for the anticipated utilization. Had fewer stations been included in the project, patient access would be compromised as a result of longer waits for care during busy periods. Had more than the proposed 25 stations been included in the project, unnecessary construction-related costs would be incurred. Operating costs could also be impacted by the perceived need for lower or higher staffing levels; and capital costs would be impacted by approximately $400,000 per station eliminated from or added to the proposed 25 stations.

The fifth alternative considered was the construction of a satellite urgent care center, and the "offloading" of a portion of the patient population to that facility. Because the hospital already has such a facility in the service area (Oak Lawn) and because such a high percentage of the ED's patients come from a short distance, that alternative was dismissed.

The final alternative considered was a project similar to that proposed, but without the ED imaging component. This alternative was dismissed because it is not consistent with the goal of providing a contemporary ED. The hospital currently has one small general radiology unit that is used extensively, with in excess of 12,000 uses in 2017. Data on the number of ED patients receiving either a CT or an ultrasound are not available, but anecdotally, the process of transporting a patient out of the ED for an imaging examination lengthens the "time-in to time-out" time significantly and disrupts the imaging department's service to inpatients and scheduled outpatients. Had a decision been made not to include the three imaging modalities in the project, approximately $1.5M in renovation-related costs and $1.5M in equipment costs could have been eliminated from the project.

SIZE

The Emergency Department ("ED"), once replaced, will consist of 25 treatment stations and support space. Eighteen general treatment stations, four behavioral health rooms, two isolation rooms and one room for the evaluation and treatment of sexual abuse patients will be provided. Located within the perimeter of the ED will be an imaging sub-unit, for the exclusive use of ED patients, and consisting of one general radiology unit, one CT unit, and one ultrasound unit.

The space planned, and as identified in the table below, is necessary, not excessive, and consistent with all HFSRB-adopted standards.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Emergency Department	22,329	22,500	-171	YES
General Radiology	1,200	1,300	-100	YES
CT	1,750	1,800	-50	YES
Ultrasound	750	900	-150	YES

As noted in the Narrative Description, the replacement of the ED will be completed in four phases in order to maintain an operating ED. The first phase will involve the new construction component, with phases two-four consisting of the renovation of existing space for the ED, the majority (approximately 11,000sf) of which is currently occupied by the ED. The remainder of the space to be renovated for the expanded ED includes approximately 1,500 sf currently used for diagnostic cardiology, approximately 300 sf currently used for administrative offices, and approximately 1,500 sf of vacant space. The diagnostic cardiology and

administrative offices to be displaced will be re-located to yet-to-be determined vacant spaces within the hospital.

PROJECT SERVICES UTILIZATION

Emergency Department ("ED") utilization at the hospital has remained steady over the past four years, averaging 49,420 visits over that time, with a variance of less than 5% between the years with the highest and lowest utilization. For purposes of this Certificate of Need application, utilization is projected to remain constant, at the four-year average identified above, through the second year following the project's completion.

The hospital's ED, as currently configured, provides 29 treatment stations. The proposed project includes 25 treatment stations.

The projected utilization supports the proposed 25 treatment stations, consistent with the HFSRB's standard of 2,000 visits per treatment room.

Emergency Dept.	Historical Utilization (PATIENTS)	PROJECTED UTILIZATION YEAR 1	PROJECTED UTILIZATION YEAR 2	STATE STANDARD	MET STANDARD?
2016	49,846				
2017	48,017	49,420	49,420	48,001+	YES

ATTACHMENT 15

CLINICAL SERVICE AREAS OTHER THAN CATEGORIES OF SERVICE

Service	# Existing Key Rooms	# Proposed Key Rooms
ED	29	25
Gen'l Radiology	20	20
CT	3	3
Ultrasound	13	14

The proposed project involves four services/types of equipment having HFSRB-adopted utilization targets.

Emergency Department Treatment Stations

The number of Emergency Department ("ED") treatment stations will be reduced from the current complement of 29 to 25 upon the completion of the project.

ED utilization has remained relatively constant over the past four years, ranging between 48,017 and 50,386 patient visits, less than a 5% variance. Utilization is anticipated to remain in that range over the next four years, potentially dipping slightly during construction, and increasing slightly above that level immediately after the completion of construction, due to the "newness" factor. To be conservative, utilization is projected to be the average of the past four years, 49,420 patient visits, during each of the first two years following the project's completion.

The HFSRB's utilization standard for ED stations is 2,000 annual visits, and as such, the project is being planned consistent with that standard.

Imaging

The imaging equipment to be located in the ED will be used exclusively for ED patients, and less than 5% of ED patients requiring one of the imaging modalities provided in the ED will receive their examination elsewhere in the hospital. Further, the rates at which imaging examinations are performed on ED patients are not anticipated to vary from those experienced in 2017.

One piece of equipment for each of the three proposed imaging modalities will be provided. As such, and consistent with past HFSRB practice when a single piece of equipment is provided, the HFSRB-adopted utilization standards are not applicable.

1. General Radiology

The hospital's ED currently has one general radiology unit, and the proposed project will include one unit. During 2017 general radiology procedures were performed on ED patients at the rate of .256 per ED visit. As a result, and based on the projected number of ED visits identified above, 12,652 examinations are projected to be performed on the single general radiology unit during each of the two first years following the project's completion.

2. CT

All ED patients requiring a CT examination are now transported to the imaging department for the procedure. In 2017 13,341 were transported for this modality (36+ per day). Approximately 56% of the CT examinations performed at the hospital in 2017 were performed on ED patients. As a component of the proposed project, one of the three CT units located in the hospital's imaging department will be replaced by one to be located in the ED. During 2017, CT

examinations on ED patients were performed at the rate of .300 examinations per ED patient. As a result, and based on the projected number of ED visits identified above, 14,826 examinations are projected to be performed on the single unit during each of the two first years following the project's completion.

3. Ultrasound

Ultrasound examination procedures are currently being performed on ED patients both via a portable unit brought to the ED and by transporting the patient to the imaging department. Data is not available to identify specifically what percentage of ED patients needing an ultrasound examination receive the examination in the ED. However, the ED staff estimates that approximately 70% of the ED patients needing an ultrasound exam are currently receiving that exam in the ED, using portable equipment.

The proposed project includes the providing of a room for a permanent ultrasound unit. This fixed site location will improve patient privacy and free up areas designated for other purposes that are now used for portable ultrasound procedures. With a fixed site unit, it is anticipated that virtually all ED patients requiring an ultrasound examination will receive it in the ED. During 2017 ultrasound examinations were performed on ED patients at the rate of .084 per ED visit. As a result, and based on the projected number of ED visits identified above, 4,151 examinations are projected to be performed on the single unit during each of the two first years following the project's completion.

Little Company of Mary Hospital and Health Care Centers

Consolidated Financial Report
June 30, 2017

ATTACHMENT 35

Contents

Independent auditor's report	1-2
Financial statements	
Consolidated balance sheets	3
Consolidated statements of operations	4
Consolidated statements of changes in net assets	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-27
Supplementary information	
Consolidating balance sheet information – 2017	28
Consolidating statement of operations information – 2017	29
Consolidating statement of changes in net assets information – 2017	30
Consolidating balance sheet information – 2016	31
Consolidating statement of operations information – 2016	32
Consolidating statement of changes in net assets information – 2016	33

ATTACHMENT 35

RSM

RSM US LLP

Independent Auditor's Report

To the Board of Directors
Little Company of Mary Hospital and
Health Care Centers

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Little Company of Mary Hospital and Health Care Centers (the Hospital), which comprise the consolidated balance sheets as of June 30, 2017 and 2016, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Little Company of Mary Hospital and Health Care Centers as of June 30, 2017 and 2016, and the results of their operations, their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and changes in net assets of the individual companies and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
September 26, 2017

Little Company of Mary Hospital and Health Care Centers

Consolidated Balance Sheets
June 30, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	$ 9,945,276	$ 11,782,412
Assets limited as to use, internally designated under self-insurance program	3,400,000	9,950,000
Patient accounts receivable, less allowance for uncollectible accounts of $2,988,000 in 2017 and $2,743,000 in 2016	25,343,963	26,822,753
Prepaid expenses and other	9,823,670	7,718,831
Total current assets	48,512,909	56,273,996
Assets limited as to use, net of amounts to meet current obligations:		
Internally designated for capital replacement and expansion	619,678,874	582,104,398
Internally designated under self-insurance program	72,503,364	71,705,504
Trustee held for capital replacement and expansion	63	4,881,809
Other long-term investments	3,713,498	4,495,655
Total assets limited as to use	695,895,799	663,187,366
Property and equipment:		
Land and land improvements	19,590,737	19,466,656
Buildings	273,887,352	269,381,306
Furniture and equipment	98,101,008	90,587,923
Construction in progress	2,920,343	5,759,549
	394,499,440	385,195,434
Less accumulated depreciation	(162,039,078)	(162,919,542)
Total property and equipment, net	232,460,362	222,275,892
Pension asset	37,404,981	11,598,032
Total assets	$ 1,014,274,051	$ 953,335,286
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 5,021,038	$ 6,303,871
Accrued expenses and other current liabilities	20,480,478	19,253,386
Due to third-party payors	32,746,504	31,435,650
Current portion of long-term debt	4,800,000	4,590,000
Current portion of insurance reserves	3,400,000	9,950,000
Total current liabilities	66,448,020	71,532,907
Noncurrent liabilities:		
Long-term debt, less current portion	195,845,320	200,605,275
Insurance reserves, less current portion	70,230,837	70,205,964
Total noncurrent liabilities	266,076,157	270,811,239
Total liabilities	332,524,177	342,344,146
Commitments and contingencies (Notes 2 and 14)		
Net assets:		
Unrestricted	676,903,863	606,063,532
Temporarily restricted	3,196,011	3,277,608
Permanently restricted	1,650,000	1,650,000
Total net assets	681,749,874	610,991,140
Total liabilities and net assets	$ 1,014,274,051	$ 953,335,286

See notes to consolidated financial statements.

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidated Statements of Operations
Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted revenues, gains and other support:		
Patient service revenue (net of contractual allowances and discounts)	$ 209,991,718	$ 209,826,049
Provision for bad debts	(7,401,418)	(1,410,343)
Net patient service revenue	202,590,300	208,415,706
Other revenue	7,543,826	8,671,151
Total revenue	210,134,126	217,086,857
Expenses:		
Salaries, wages and employee benefits	113,714,341	110,264,662
Supplies and drugs	34,599,841	33,676,310
Professional fees	15,980,328	19,279,718
Depreciation and amortization	14,016,425	13,614,377
Interest and other financing costs	2,422,266	1,809,303
Insurance	5,522,052	1,043,599
Utilities	2,897,864	3,000,828
Maintenance and repairs	7,154,326	6,906,785
Linens	1,144,897	1,337,576
Other	29,396,506	27,817,679
Total expenses	226,848,846	218,750,837
Operating loss	(16,714,720)	(1,663,980)
Nonoperating gains (losses):		
Investment income	24,251,685	27,563,318
Realized gain (loss) on investments	9,314,342	(4,369,377)
Net unrealized gain (loss) on investments	43,719,483	(11,828,591)
Loss on early extinguishment of debt	-	(1,624,250)
Other, net	1,228,590	1,978,918
Total nonoperating gains	78,514,100	11,720,018
Excess of revenue over expenses	$ 61,799,380	$ 10,056,038

See notes to consolidated financial statements.

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted net assets:		
Excess of revenue over expenses	$ 61,799,380	$ 10,056,038
Pension-related changes other than net periodic pension cost	24,289,889	(16,627,029)
Net asset transfers	(15,629,740)	(9,433,583)
Transfers from permanently restricted net assets	164,274	170,959
Net assets released from restriction used for capital	114,979	793
Other	101,549	197,852
Increase (decrease) in unrestricted net assets	70,840,331	(15,634,970)
Temporarily restricted net assets:		
Restricted contributions and investment return	1,721,306	317,800
Net asset transfer	-	(380,720)
Net assets released from restrictions and used for operations and capital purposes	(1,802,903)	(2,410,703)
Decrease in temporarily restricted net assets	(81,597)	(2,473,623)
Permanently restricted net assets:		
Investment return	164,274	170,959
Transfers to unrestricted net assets	(164,274)	(170,959)
Change in permanently restricted net assets	-	-
Increase (decrease) in net assets	70,758,734	(18,108,593)
Net assets:		
Beginning of year	610,991,140	629,099,733
End of year	$ 681,749,874	$ 610,991,140

See notes to consolidated financial statements.

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidated Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating and nonoperating activities:		
Change in net assets	$ 70,758,734	$ (18,108,593)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating and nonoperating activities:		
Net asset transfers	15,629,740	9,433,583
Pension-related changes other than net periodic pension cost	(24,289,889)	16,627,029
Provision for depreciation and amortization	14,016,425	13,614,377
Loss on early extinguishment of debt	-	1,624,250
Loss on disposal of property and equipment	293,585	35,926
Provision for self-insured risks	4,897,000	311,138
Provision for bad debts	7,401,418	1,410,343
Amortization of debt issuance cost	40,045	65,539
Changes in operating assets and liabilities:		
Assets limited as to use	(28,250,155)	(16,362,504)
Patient accounts receivable	(5,922,628)	1,162,721
Due to third-party payors	1,310,854	1,612,683
Prepaid expenses and other assets	(2,104,839)	(1,178,892)
Accounts payable, accrued expenses and other current liabilities	540,410	217,144
Other liabilities	(11,422,127)	(2,154,576)
Net cash provided by operating and nonoperating activities	42,898,573	8,310,168
Cash flows from investing activities:		
Purchases of property and equipment, net	(25,090,631)	(23,486,166)
Net cash used in investing activities	(25,090,631)	(23,486,166)
Cash flows from financing activities:		
Repayments of long-term debt	(4,590,000)	(76,589,178)
Proceeds from issuance of long-term debt	-	102,000,000
Payments for early extinguishment of debt	-	(1,624,250)
Payment of debt issuance cost	-	(335,431)
Net asset transfers	(15,055,078)	(9,433,583)
Net cash (used in) provided by financing activities	(19,645,078)	14,017,558
Net decrease in cash and cash equivalents	(1,837,136)	(1,158,440)
Cash and cash equivalents:		
Beginning of year	11,782,412	12,940,852
End of year	$ 9,945,276	$ 11,782,412
Supplemental schedule of noncash investing and financing activities:		
Purchases of property and equipment in accounts payable	$ 966,636	$ 1,562,787
Equity transfer to affiliated entity of interest in certain joint venture assets	574,662	-

See notes to consolidated financial statements.

ATTACHMENT 35

Note 1. Nature of Organization and Significant Accounting Policies

Organization and nature of business: Little Company of Mary Hospital and Health Care Centers (the Hospital) is a health care organization dedicated to providing health care services, including acute inpatient and outpatient services, to the southwest side of metropolitan Chicago.

The Hospital is an affiliate of the American Province of Little Company of Mary Sisters (the Province). The Hospital's Board of Directors is elected by certain members of the Provincial Council of the Province.

The Hospital is the sole corporate member of Little Company of Mary Foundation (the Foundation). As a result, the accompanying consolidated financial statements include the amounts of the Foundation. The purpose of the Foundation is to provide encouragement and financial support for the mission of the Hospital. The Foundation and the Hospital are considered financially interrelated organizations.

Significant accounting policies are as follows:

Principles of consolidation: The accompanying consolidated financial statements include the accounts and transactions of the Hospital, the Foundation, LCM Health Partners (formerly known as Southwest Health Systems, Inc.), and Mary Cap Insurance, Inc. (Mary Cap). All significant intercompany transactions in these consolidated financial statements have been eliminated.

In addition to the Foundation, the Hospital consolidates LCM Health Partners and Mary Cap, as the Hospital has 100 percent ownership in these entities.

Accounting policies: The Hospital 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 accounting principles generally accepted in the United States of America (U.S. 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 consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Although estimates are considered to be fairly stated at the time that estimates are made, actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable and amounts due from/to third-party payors, insurance reserves, and the pension asset. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the consolidated financial statements.

Cash and cash equivalents: Investments that are not limited as to use with an original maturity of three months or less at the time of acquisition are recorded as cash equivalents.

Throughout the year, the Hospital may have amounts on deposit with financial institutions in excess of those insured by the Federal Deposit Insurance Corporation (FDIC).

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Patient accounts receivable and allowance for uncollectible accounts: The collection of receivables from third-party payors and patients is the Hospital's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. 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 allowances or discounts provided to third-party payors.

Patient accounts receivable are stated at net realizable value. The Hospital evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, major payor sources of revenue, historical collection experience, and trends in health care insurance programs to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. For receivables associated with services provided to patients who have third-party payor coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts. For receivables from self-pay patients, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. These allowances are recorded on an estimated basis and are adjusted as needed in future periods. Accounts receivable are charged to the allowance for uncollectible accounts when they are deemed uncollectible.

The allowance for uncollectible accounts as a percentage of accounts receivable increased to 10.5 percent at June 30, 2017 from 9.2 percent at June 30, 2016, primarily due to a decrease in the proportion of Hospital patients who qualify for discounts under the Hospital's charity care program. The Hospital's allowance for uncollectible accounts receivable for self-pay patients increased to 34.3 percent from 28.2 percent of self-pay accounts receivable at June 30, 2017 and 2016, respectively, due to a decrease in the proportion of patients who qualify for discounts under the Hospital's charity program.

Inventories: Inventories are stated at the lower of cost (based on first-in, first-out method) or market. Inventories consist mainly of medical supplies.

Investments and assets limited as to use: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment return is included in the excess of revenue over expenses unless the return is restricted by donor or law.

Investments limited as to use include investments set aside by the Board of Directors for future capital replacement and expansion and for the Hospital's self-insurance program over which the Board of Directors retains control and may at its discretion subsequently designate to be used for other purposes. Investments limited as to use also include investments trustee held for self-insurance. These are considered trading securities.

Joint venture: The Hospital has a joint venture arrangement with Southwest Hospitals MRI, Inc. which includes a 50 percent interest in the entity. This investment is accounted for on the equity method and is included in other long-term investments in the accompanying consolidated balance sheets. The operations of Southwest Hospitals MRI were discontinued effective October 28, 2016, and this entity is in the process of liquidating.

Deferred costs: Deferred bond issuance costs are amortized using the straight-line method over the period of time that the bonds are expected to be outstanding. These costs are presented as a reduction of long-term debt.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost. Provisions for depreciation of property and equipment are computed using the straight-line method based upon the estimated useful lives of the assets, ranging from 2 to 40 years.

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

Insurance reserves: Insurance reserves represent the provision for accrued professional liability which includes estimates of the ultimate costs of claims incurred but not reported and is actuarially determined.

Net assets: The Hospital classifies its net assets into three categories, which are unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of the Hospital and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Hospital and/or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction. Assets released from restrictions that are used for the purchase of fixed assets or capital purposes are reported in the consolidated statements of operations and changes in net assets as additions to unrestricted net assets. Assets released from restrictions that are used for operating purposes are reported in the consolidated statements of operations and changes in net assets as other operating revenue.

Permanently restricted net assets are subject to donor-imposed stipulations that the corpus be maintained permanently by the Hospital.

Net asset transfers: During the years ended June 30, 2017 and 2016, the Hospital made net asset transfers to the Province of $15,120,397 and $9,670,054, respectively. During the year ended June 30, 2017, the Hospital also made an equity transfer to Little Company of Mary Affiliated Services for $574,662 which represented the Hospital's interest in the land and building of Southwest Hospitals MRI. Little Company of Mary Affiliated Services is a subsidiary of the Province.

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the related net assets are released from donor restrictions when the donated or acquired long-lived assets are placed in service.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments, and per procedure payments. Net patient service revenue is reported at the estimated net realizable amounts from third-party payors, patients, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined.

Operating loss: The consolidated statements of operations include operating loss. Changes in unrestricted net assets, which are excluded from operating loss, include investment income, most realized and unrealized investment gains and losses, and loss on early extinguishment of debt. Realized gains and losses on the sale of self-insurance investments are included in operating loss. Other nonoperating gains (losses) primarily consists of income from donated services, meaningful use incentive payments and gains (losses) on fixed asset disposals.

Excess of revenue over expenses: The consolidated statements of operations include excess of revenue over expenses which represents the results of operations. Changes in unrestricted net assets that are excluded from excess of revenue over expenses include transfers to related organizations, contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purpose of acquiring such assets) and certain pension changes.

Income taxes: The Hospital and the Foundation have received determination letters from the Internal Revenue Service stating that they are exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Hospital adopted the FASB-issued guidance for accounting for uncertainty in income taxes on July 1, 2007. The Hospital and the Foundation each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are 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 health systems include such matters as the following: the tax-exempt status of each entity, the continued tax-exempt status of bonds issued by the obligated group, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business income (UBI). UBI is reported on Form 990-T, as appropriate. The benefit of a tax position is recognized in the consolidated 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 would be reflected as a liability for unrecognized tax benefits in the accompanying consolidated 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, 2007, and since that date through June 30, 2017, there were no unrecognized tax benefits identified and recorded as a liability.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Forms 990 and 990-T filed by the Hospital and the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990-T filed by the Hospital and the Foundation are no longer subject to examination for the years 2013 and prior.

Recent accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for the Hospital's June 30, 2019 consolidated financial statements. The Hospital has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. Entities will be required to measure these investments at fair value at the end of each reporting period and recognize changes in fair value in net income (excess of revenue over expenses). This guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. The guidance is effective for the Hospital's June 30, 2020 consolidated financial statements. During the year ended June 30, 2016, the Hospital elected to early adopt the amendment that no longer requires disclosure of the fair market value of financial instruments that are not measured at fair value and, as such, these disclosures are not included herein. The Hospital is currently evaluating the impact of the adoption of the remaining provisions of ASU 2016-01 on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The new standard is effective for the Hospital's June 30, 2020 consolidated financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Hospital is currently evaluating the effect of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The ASU will be effective for the Hospital's June 30, 2019 consolidated financial statements. Early application is permitted. Retrospective application is required for many provisions of this guidance. The Hospital is currently evaluating the effect of the new standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Hospital's June 30, 2020, consolidated financial statements. Early adoption is permitted.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Hospital is currently evaluating the effect of the new standard on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force),* which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Hospital's June 30, 2020, consolidated financial statements. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Hospital is currently evaluating the effect of the new standard on the consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The amendments in the ASU are intended to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost by reporting the service cost component in the same line item as other compensation costs while the other components are presented separately from the service cost component and outside a subtotal of income from operations. ASU 2017-07 will be effective for the Hospital's June 30, 2020 consolidated financial statements. Early adoption is permitted. The Hospital is currently evaluating the effect of the new standard on the consolidated financial statements.

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

Subsequent events: The Hospital has evaluated subsequent events for potential recognition and/or disclosure through September 26, 2017, the date the consolidated financial statements were issued.

Note 2. Net Patient Service Revenue

Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at standard charges for services and the amounts reimbursed by Medicare, Medicaid, Blue Cross, and other third-party payors; and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined. Net patient service revenue for the years ended June 30, 2017 and 2016 was increased by the effect of favorable third-party payor settlements and changes in allowance estimates of approximately $702,000 and $3,059,000, respectively. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: The Hospital is paid for inpatient acute care and outpatient care services rendered to Medicare program beneficiaries under prospectively determined rates per discharge (Prospective Payment Systems). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital's classification of patients under Prospective Payment Systems and the appropriateness of the patients' admissions are subject to audit. The Hospital is reimbursed for cost reimbursable items, such as Medicare patient bad debts, at tentative rates with final settlement determined after submission of annual reimbursement reports by the Hospital and audits by the Medicare Administrative Contractor. The Hospital's Medicare cost reports have been audited through the fiscal year ended June 30, 2013.

Note 2. Net Patient Service Revenue (Continued)

Medicaid: The Hospital is reimbursed at prospectively determined rates for each Medicaid inpatient discharge. Outpatient services are reimbursed based on established fee screens. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment levels and rates, based on the amount of funding available to the Medicaid program.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Governmental agencies routinely conduct random regulatory investigations and compliance audits of health care organizations. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Illinois Medicaid reform: On June 16, 2014, the Governor of Illinois signed legislation to reform Illinois Medicaid. The legislation codifies Medicaid rate reform and payment system changes proposed by the Illinois Department of Healthcare and Family Services (HFS). It includes protections to prevent future rate reductions by HFS and a transition period of four years until June 30, 2018. It extended the current and enhanced Medicaid Hospital Tax Assessment Program through June 30, 2018, and includes new funding to hospitals which will be used to attract additional Federal matching funds.

Medicaid Hospital Tax Assessment Program: The Hospital participates in the State of Illinois hospital tax assessment program which is administered by the Illinois Department of Public Aid. The provider assessment program payments are in effect for the state fiscal years ending each June 30. The laws and regulations authorizing this program have been extended through June 30, 2018. For the years ended June 30, 2017 and 2016, the Hospital has recorded $12,227,137 and $12,227,776, respectively, in assessment revenue (reported in patient service revenue) and $10,448,413 and $10,450,320, respectively, in assessment tax expense (reported in other expense).

At June 30, 2017 and 2016, there were no advanced provider tax payments received or prepaid assessment tax payments made.

Affordable Care Act Supplemental Payments: In January 2015, the Centers for Medicare and Medicaid Services (CMS) approved the State of Illinois' request for a new supplemental payment to hospitals for services provided to newly eligible Medicaid beneficiaries (access payments) under the Affordable Care Act (ACA), retroactive to March 1, 2014. Payments are made to eligible hospitals on an approximately four-month lag basis. During the years ended June 30, 2017 and 2016, the Hospital recorded $2,700,713 and $2,912,274, respectively, of these supplemental payments in patient service revenue. As of June 30, 2017 and 2016, the Hospital recorded receivables for supplemental payments of $941,668 and $836,533, respectively, included in other current assets.

Note 2. Net Patient Service Revenue (Continued)

ACA access payments were extended in June 2016 for adults in managed care organizations, retroactive to January 1, 2016. For the year ended June 30, 2017, the Hospital has recorded $4,567,538 in extended supplemental payments in patient service revenue and $1,630,170 in additional assessment expense reported in other expense. Of the amounts recorded during the year ended June 30, 2017, $1,461,983 of revenue relate to the period from January 1, 2016 through June 30, 2016. As of June 30, 2017, the Hospital recorded receivables for extended supplemental payments of $251,929, included in other current assets.

Blue Cross: Substantially all of the Hospital's reimbursement from Blue Cross is derived from two managed care contracts, which reimburse the Hospital under a cost-based reimbursement agreement with Blue Cross. The Hospital's Blue Cross cost reports have been audited through the fiscal year ended June 30, 2016.

Other: The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes discounts from established charges and prospectively determined per diem, per case and per procedure rates.

Note 3. Concentrations of Credit Risk

The Hospital's concentration of credit risk related to accounts receivable is limited due to the diversity of payors and patients. The mix of net receivables from patients and third-party payors, before consideration of the allowance for uncollectible accounts, at June 30, 2017 and 2016, was as follows:

	2017	2016
Medicare (including Medicare Advantage)	24 %	22 %
Medicaid (including Medicaid managed care)	22	16
Blue Cross	14	16
Other managed care	22	23
Self-pay	12	12
Other	6	11

The mix of the Hospital's patient service revenue (net of contractual allowances and discounts) from patients and third-party payors, before the provision for bad debts, for the years ended June 30, 2017 and 2016, was as follows:

	2017	2016
Medicare (including Medicare Advantage)	42 %	39 %
Medicaid (including Medicaid managed care)	18	16
Blue Cross	29	32
Other managed care	7	8
Self-pay	3	2
Other	1	3

ATTACHMENT 35

Note 4. Community Service and Care to the Indigent

The Hospital provides care to patients who meet certain criteria without charge or at amounts less than established rates. Community service and care to the indigent provided by the Hospital are excluded from net patient service revenue. In addition, the Hospital, in furtherance of its commitment to its mission, incurs significant time and commits significant resources to meet otherwise unfulfilled needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. These programs, which are oriented to the economically disadvantaged, medically underserved, or elderly, as well as to the community at large, include health screening and assessments, prevention, prenatal and nutritional services, and care for children. The cost of providing charity care was approximately $5,586,000 and $4,903,000 for the years ended June 30, 2017 and 2016, respectively. The cost of providing charity care is estimated based on the total cost-to-charge ratio derived from the Hospital's Medicare cost report, applied to the uncompensated charges associated with providing charity care to patients.

Note 5. Investments and Assets Limited as to Use

The composition of investments classified as assets limited as to use at June 30, 2017 and 2016, consists of the following:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Funds invested in stock	$ 265,876,268	$ 375,877,499	$ 265,927,998	$ 336,821,364
Funds invested in fixed income	222,794,270	215,791,271	226,127,009	220,710,293
Funds in other investments	82,650,239	106,235,573	91,021,317	108,474,614
Cash equivalents	112,454	112,454	4,994,092	4,994,092
	$ 571,433,231	$ 698,016,797	$ 588,070,416	$ 671,000,363

Investment return for the years ended June 30, 2017 and 2016, consists of the following:

	2017	2016
Dividend and interest income	$ 26,308,265	$ 29,760,157
Net realized gain (loss) on sales of investments	9,314,342	(4,369,377)
Net change in unrealized gain on investments	43,719,483	(11,828,591)
	$ 79,342,090	$ 13,562,189
Reported as:		
Investment return - nonoperating	$ 77,285,510	$ 11,365,350
Investment return in other revenue - operating	1,732,972	1,985,612
Investment return on temporarily restricted net assets	159,334	40,268
Investment return on permanently restricted net assets	164,274	170,959
	$ 79,342,090	$ 13,562,189

Note 6. Fair Value Measurements

ASC 820, Fair Value Measurement, requires disclosures about instruments measured at fair value. The Hospital follows ASC 820, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial statements.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent.

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 following table presents the financial instruments carried at fair value as of June 30, 2017, by caption on the consolidated balance sheets by ASC 820 valuation hierarchy defined above (in thousands):

	June 30, 2017						
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Other	Carrying Value
Assets							
Internally designated investments - capital replacement and expansion:							
Bonds - Domestic Mutual Fund	$ 179,055 (a)	$ -	$ -	$ 179,055	$ -	$ -	$ 179,055
Bonds - International Mutual Fund	7,925 (a)	-	-	7,925	-	-	7,925
Balanced Mutual Fund	103,801 (a)	-	-	103,801	-	-	103,801
Equities - Domestic	262,957 (a)	-	-	262,957	-	35,221 (b)	298,178
Equities - International	30,608 (a)	-	-	30,608	-	-	30,608
Cash	-	-	-	112	-	-	112
	584,346	-	-	584,458	-	35,221	619,679
Internally designated investments - self-insurance program:							
Bonds - Domestic	-	-	-	-	-	25,940 (b)	25,940
Bonds - International	2,872 (a)	-	-	2,872	-	-	2,872
Equities - Domestic	42,505 (a)	-	-	42,505	-	-	42,505
Equities - International	4,586 (a)	-	-	4,586	-	-	4,586
	49,963	-	-	49,963	-	25,940	75,903
Total investments	634,309	-	-	634,421	-	61,161	695,582
Other long-term investments	2,434 (c)	-	-	2,434	1,279 (c)	-	3,713
Total	$ 636,743	$ -	$ -	$ 636,855	$ 1,279	$ 61,161	$ 699,295

(a) Fair value for mutual funds, short-term investments, and government obligations is based on the active markets and is valued on a daily basis.

(b) Fair value of the investment is estimated using the net asset value per share as a practical expedient. This information is provided monthly by JP Morgan. There are no unfunded commitments and the investments can be redeemed daily without notice, other than the equity investments internally designated for capital replacement and expansion, which require a 30 day redemption notice.

(c) Other long-term investments are a combination of equity and fixed income investments in mutual funds and commingled investments. The equity method investment is the Hospital's ownership in Southwest Hospitals MRI, Inc., as to which the Hospital's percentage ownership is applied to the total equity of Southwest Hospitals MRI, Inc. as of June 30, 2017.

ATTACHMENT 35

Note 6. Fair Value Measurements (Continued)

The following table presents the financial instruments carried at fair value as of June 30, 2016, by caption on the consolidated balance sheet by ASC 820 valuation hierarchy defined above (in thousands):

	June 30, 2016						
	Level 1	Level 2	Level 3	Fair Value	Equity Method	Other	Carrying Value
Assets							
Internally designated investments - capital replacement and expansion:							
Bonds - Domestic Mutual Fund	$ 185,288 (a)	$ -	$ -	$ 185,288	$ -	$ -	$ 185,288
Bonds - International Mutual Fund	9,568 (a)	-	-	9,568	-	-	9,568
Balanced Mutual Fund	98,235 (a)	-	-	98,235	-	-	98,235
Equities - Domestic	234,596 (a)	-	-	234,596	-	28,786 (b)	263,382
Equities - International	25,519 (a)	-	-	25,519	-	-	25,519
Cash	-	-	-	112	-	-	112
	553,206	-	-	553,318	-	28,786	582,104
Internally designated investments - self-insurance program:							
Bonds - Domestic	-	-	-	-	-	30,195 (b)	30,195
Bonds - International	3,541 (a)	-	-	3,541	-	-	3,541
Equities - Domestic	43,434 (a)	-	-	43,434	-	-	43,434
Equities - International	4,486 (a)	-	-	4,486	-	-	4,486
	51,461	-	-	51,461	-	30,195	81,656
Trustee held for capital replacement and expansion	4,882	-	-	4,882	-	-	4,882
Total investments	609,549	-	-	609,661	-	58,981	668,642
Other long-term investments	2,359 (c)	-	-	2,359	2,137 (c)	-	4,496
Total	$ 611,908	$ -	$ -	$ 612,020	$ 2,137	$ 58,981	$ 673,138

(a) Fair value for mutual funds, short-term investments, and government obligations is based on the active market and is valued on a daily basis.

(b) Fair value of the investment is estimated using the net asset value per share as a practical expedient. This information is provided monthly by JP Morgan. There are no unfunded commitments and the investments can be redeemed daily without notice, other than the equity investments internally designated for capital replacement and expansion, which require a 30 day redemption notice.

(c) Other long-term investments are a combination of equity and fixed income investments in mutual funds and commingled investments. The equity method investment is the Hospital's ownership in Southwest Hospitals MRI, Inc., as to which the Hospital's percentage ownership is applied to the total equity of Southwest Hospitals MRI, Inc. as of June 30, 2016.

The Hospital has no liabilities that are recorded at fair value on a recurring basis.

The Hospital's investments are exposed to various kinds and levels of risk. Equity mutual funds expose the Hospital to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets. Performance risk is the risk associated with a company's operating performance. Fixed income securities expose the Hospital to interest rate risk, credit risk, and liquidity risk. As interest rates change, the value of many fixed income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell given securities. Liquidity risk tends to be higher for equities related to small capitalization companies. Due to the volatility of the capital markets, there is a reasonable possibility of changes in fair value, resulting in additional gains and losses in the near term.

Note 7. Investment in Nonconsolidated Affiliate

The Hospital holds a 50 percent interest in Southwest Hospitals MRI, Inc., a not-for-profit corporation that provides diagnostic imaging services. The Hospital's interest in this entity was approximately $1,279,000 and $2,137,000 at June 30, 2017 and 2016, respectively, and is included in other long-term investments in the accompanying consolidated balance sheets. The Hospital's interest in this entity's net gain (loss) for the years ended June 30, 2017 and 2016 was approximately $178,000 and $(57,000), respectively, included in other operating revenue in the accompanying consolidated statements of operations. Unaudited financial information relating to this entity as of and for the years ended June 30, 2017 and 2016, is as follows:

	2017	2016
Assets	$ 2,548,662	$ 4,336,231
Liabilities	-	62,224
Net income (loss)	356,635	(113,329)

The operations of Southwest Hospitals MRI were discontinued effective October 28, 2016, and this entity is in the process of liquidating.

Note 8. Long-Term Debt

Long-term debt consists of the following at June 30, 2017 and 2016:

	2017	2016
Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2008 A and B, 1.31% and 0.75% (weighted-average rate during 2017 and 2016, respectively), maturing in varying annual installments through 2035	$ 99,475,000	$ 104,065,000
Illinois Finance Authority Revenue Bonds, Series 2015, Variable Rate Direct Note Obligation,1.08% and 0.83% (weighted average rate during 2017 and 2016, respectively), maturing in varying annual installments through 2045	102,000,000	102,000,000
	201,475,000	206,065,000
Less unamortized debt issuance costs	829,680	869,725
Less current portion	4,800,000	4,590,000
Long-term debt	$ 195,845,320	$ 200,605,275

Under the terms of the long-term debt arrangements, certain specified payments are required for bond redemption, interest payments, and asset replacement. The terms of certain long-term debt agreements require, among other things, the maintenance of various financial ratios and limitations on additional indebtedness and pledging of assets.

Note 8. Long-Term Debt (Continued)

On August 18, 2015, the Hospital refunded the outstanding Illinois Finance Authority Revenue Bonds, Series 2010 of $38,745,000 and the JP Morgan Credit Agreement debt of $33,434,178, with Illinois Finance Authority Revenue Bonds, Series 2015 of $102,000,000. The Series 2015 bonds are in a Private Placement Mode for an initial three-year period and bear interest at a variable rate. The Hospital incurred a loss in fiscal year 2016 on refinancing on the transaction of $1,624,250 due to the 5 percent optional call premium.

Scheduled payments of long-term debt are as follows:

Years ending June 30:	
2018	$ 4,800,000
2019	5,000,000
2020	5,215,000
2021	5,435,000
2022	5,675,000
Thereafter	175,350,000
	$ 201,475,000

Cash paid for interest amounted to $1,841,739 and $1,929,919 in 2017 and 2016, respectively. Interest capitalized amounted to $138,670 and $148,467 in 2017 and 2016, respectively.

The Hospital has two reimbursement agreements, which expire in July 2018, with a bank, under the terms of which the bank agreed to make liquidity loans to the Hospital in the amount necessary to purchase the Series 2008 Variable Rate Demand Revenue Bonds if not remarketed. The maximum amount of the liquidity loan would be the combined principal ($99,475,000 at June 30, 2017) plus accrued interest. The liquidity loan would be priced at the Base Rate, which is the higher of: i) 8.0 percent; ii) prime rate plus 2.5 percent; iii) Fed Funds plus 2.5 percent; or iv) 150 percent of the yield on the 30-year U.S. Treasury bond prime rate plus 1.00 percent for the first 60 days, Base Rate plus 1.00 percent for days 61-180 and Base Rate plus 2.00 percent thereafter.

The Hospital has promised to repay to the bank 1/13 of the principal component of each liquidity advance in quarterly installments with the final installment in an amount equal to the entire then outstanding principal amount on the third anniversary of the date the advance is made. The initial installment will not be due until the first business day of the next month following the 365th day after a liquidity advance is made (whether at the maturity of the reimbursement agreement or before). No liquidity advances were outstanding at June 30, 2017 and 2016.

At June 30, 2017 and 2016, the Hospital had a letter of credit agreement with a financial institution in the amount of $200,000 with regard to Mary Cap. No amounts were drawn on the letter of credit at June 30, 2017 and 2016.

Note 9. Endowment

U.S. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds.

The Hospital's endowment consists of two donor-restricted endowment funds established for nursing education and campus transformation. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for donor-specified periods.

Management of the Hospital has interpreted the Illinois State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently net restricted assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Hospital and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Hospital
7. The investment policies of the Hospital

Donor-restricted endowment funds are included in other long-term investments. The endowment net asset composition by type of fund consisted of the following as of June 30, 2017 and 2016:

	Permanently Restricted	
	2017	2016
Donor-restricted endowment funds	$ 1,650,000	$ 1,650,000

ATTACHMENT 35

Note 9. Endowment (Continued)

Changes in endowment net assets for the years ended June 30, 2017 and 2016, consisted of the following:

	Permanently Restricted	
	2017	2016
Endowment net assets, beginning of year	$ 1,650,000	$ 1,650,000
Investment return:		
Investment income	48,758	34,661
Net appreciation (realized and unrealized)	115,516	136,298
Total investment return	164,274	170,959
Other changes:		
Transfers to temporarily restricted net assets	(164,274)	(170,959)
Endowment net assets, end of year	$ 1,650,000	$ 1,650,000

The Hospital has adopted an investment policy for endowment assets that attempts to provide a stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Hospital relies on asset allocation diversification to achieve a total return strategy in which investment returns are obtained through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of investment management costs, that corresponds to the appropriate benchmark indexes. Actual returns in any given year may vary from this amount.

Note 10. Employee Pension Plan

The Hospital and Little Company of Mary Hospital of Indiana, Inc. d/b/a Memorial Hospital and Health Care Center (Memorial Hospital), affiliated and controlled by the Province, participate in a single defined-benefit pension plan named The Little Company of Mary Hospital Pension Plan (the Plan). The defined-benefit plan was curtailed, and no new participants were permitted as of January 1, 2007. As of December 31, 2012, the defined-benefit plan was frozen at current service levels. Employees can elect to participate in a matching defined-contribution plan that was established as of January 1, 2007. The Hospital recorded defined-contribution matching expense of approximately $1,548,000 and $1,453,000 for the years ended June 30, 2017 and 2016, respectively.

Each hospital's employee and employer contributions, investment earnings, trust expenses, and benefit payments to participants are separately tracked and invested in two plan trust accounts. The net periodic pension cost under ASC 715, *Compensation – Retirement Benefits*, is allocated to each participating hospital based on the actual liabilities, normal cost, expected benefit payments, and tracked assets of each hospital. The fair value of assets and amortization of unrecognized amounts is allocated separately, which determines the liability and asset experience for the employees in each location. The amounts recognized on the consolidated balance sheets for each hospital reflect the allocated pension cost and contributions for each hospital. The total assets of the Plan are available to pay benefits for any participant in the Plan. If either participating hospital were to dissolve, the total plan assets would be available to pay the benefits for any participant of the Plan.

Note 10. Employee Pension Plan (Continued)

A measurement date of June 30 is utilized. All amounts are based on the Hospital's allocated assets and liabilities.

Included in unrestricted net assets at June 30, 2017 and 2016, are unrecognized losses of $8,144,926 and $32,434,815, respectively, which have not yet been recognized in net periodic pension cost. The actuarial losses included in unrestricted net assets that are expected to be recognized in the net periodic pension cost during the year ending June 30, 2018, are $251,033.

A summary of the changes in the projected benefit obligation and plan assets and the resulting funded status of the Plan for the years ended June 30, 2017 and 2016, is as follows:

	2017	2016
Change in projected benefit obligation:		
Benefit obligation at beginning of year:	$ 176,073,557	$ 161,245,457
Interest cost	5,956,410	6,754,029
Actuarial (gains) losses	(8,552,919)	16,494,681
Benefits paid	(7,552,751)	(8,420,610)
Projected benefit obligation at end of year	$ 165,924,297	$ 176,073,557
Accumulated benefit obligation	$ 165,924,297	$ 176,073,557
Change in plan assets:		
Plan assets at fair value at beginning of year:	$ 187,671,589	$ 187,588,931
Actual return on plan assets	23,651,106	8,933,677
Benefits paid	(7,552,751)	(8,420,610)
Expenses paid	(440,666)	(430,409)
Plan assets at fair value at end of year	$ 203,329,278	$ 187,671,589
Funded status - pension asset	$ 37,404,981	$ 11,598,032

All benefits paid under the Plan were paid from the Plan's assets.

Note 10. Employee Pension Plan (Continued)

A summary of changes in the funded status of the Plan, pension liability, and net pension credit as of and for the years ended June 30, 2017 and 2016, is as follows:

	2017	2016
Projected benefit obligation funded status (recognized asset)	$ 37,404,981	$ 11,598,032
Unrecognized net actuarial losses	8,144,926	32,434,815
Prepaid pension expense	45,549,907	44,032,847
ASC 715 adjustments to unrestricted net assets	8,144,926	32,434,815
Amounts recognized in consolidated balance sheets	$ 37,404,981	$ 11,598,032
Net pension credit comprises the following:		
Service cost	$ 150,000	$ 150,000
Interest cost	5,956,410	6,754,029
Expected return of plan assets	(10,549,008)	(10,225,152)
Amortization of unrecognized actuarial loss	2,925,538	1,439,536
Net pension credit	$ (1,517,060)	$ (1,881,587)

The Hospital does not plan to contribute any funds to plan assets during fiscal year 2018 from employer assets. Expected associate benefit payments are $8,911,000 in fiscal year 2018; $9,171,000 in fiscal year 2019; $9,659,000 in fiscal year 2020; $10,084,000 in fiscal year 2021; $10,404,000 in fiscal year 2022; and $53,615,000 for fiscal year 2023 through fiscal year 2027.

Assumptions used to measure the benefit obligation and cost as of and for the years ended June 30, 2017 and 2016, are as follows:

Obligation:		
Discount rate	3.72 %	3.47 %
Expected return on plan assets	6.00	6.00
Rate of compensation increase	N/A	N/A
Benefit cost:		
Discount rate	3.47 %	4.30 %
Expected return on plan assets	6.00	6.00
Rate of compensation increase	N/A	N/A

In October 2015, the Society of Actuaries provided a new mortality improvement scale MP-2015 to be used with the RP-2006 mortality table. These tables were used to measure the benefit obligation as of June 30, 2017 and June 30, 2016.

Note 10. Employee Pension Plan (Continued)

The Hospital's target and actual pension asset allocations are as follows:

Asset Category	Target Range	2017	2016
Equity securities	45.0 - 65.0 %	66.2 %	64.4 %
Debt securities	40.0 - 60.0	33.3	35.2
Cash equivalents	-	0.5	0.4
	100.0 %	100.0 %	100.0 %

Within the equity portfolio, investments are diversified among capitalization and style. As of June 30, 2017, domestic equities account for 59 percent of the total plan assets, as follows: 46 percent for large capitalization securities, 8 percent for mid-capitalization, and 5 percent for small capitalization securities. Up to 10 percent of the total portfolio may be invested in equity markets outside of the United States. Debt securities are utilized to minimize the Plan's total investment return risks.

Fair value methodologies are consistent with the inputs described in Note 6.

The tables below present the balances of pension assets measured at fair value on a recurring basis, as of June 30, 2017 and 2016:

	June 30, 2017				
	Level 1	Level 2	Level 3	Other	Total
Cash equivalents	$ 1,018,666	$ -	$ -	$ -	$ 1,018,666
Equity funds:					
U.S.	119,262,237	-	-	-	119,262,237
International	15,406,115	-	-	-	15,406,115
Other mutual funds	2	-	-	-	2
Fixed income funds:					
U.S.	3,352,670	-	-	56,257,353 (a)	59,610,023
International	8,032,235	-	-	-	8,032,235
Total	$ 147,071,925	$ -	$ -	$ 56,257,353	$ 203,329,278

	June 30, 2016				
	Level 1	Level 2	Level 3	Other	Total
Cash equivalents	$ 751,778	$ -	$ -	$ -	$ 751,778
Equity funds:					
U.S.	108,000,657	-	-	-	108,000,657
International	12,829,916	-	-	-	12,829,916
Other mutual funds	3	-	-	-	3
Fixed income funds:					-
U.S.	-	-	-	61,648,018 (a)	61,648,018
International	4,441,217	-	-	-	4,441,217
Total	$ 126,023,571	$ -	$ -	$ 61,648,018	$ 187,671,589

(a) Fair value of the investment is estimated using the net asset value per share as a practical expedient. This information is provided monthly by JP Morgan. There are no unfunded commitments and the investments can be redeemed daily without notice.

Note 10. Employee Pension Plan (Continued)

To develop the long-term rate of return on plan assets assumption, the Hospital utilized the proprietary expected return/risk tool developed by its actuary. This tool utilizes the plan's investment allocation and current capital market expectations. At year-end the current bond yield was 4.3 percent for a long credit strategy and a portfolio of domestic and international diversified equities shows average annual ten-year returns near 6.9 percent. The analysis allows the Hospital to justify the overall return assumption of 6.0 percent for the Plan's assets as of June 30, 2017.

Note 11. Insurance and Litigation

The Hospital is self-insured for general public liability and professional liability claims up to certain specific limits arising from incidents occurring after August 15, 1977. In addition, umbrella coverage has been purchased from Mary Cap to provide coverage in excess of the self-insured limits. Expense relating to the general public liability and professional liability risks amounted to approximately $5,249,000 and $761,000 during the years ended June 30, 2017 and 2016, respectively. The Hospital is funding its self-insured risks in an internally designated fund based on a report of consulting actuaries.

The Hospital's insurance reserves represent the present value of the estimated liability for asserted and unasserted professional malpractice and patient general liability claims. The undiscounted amounts of these claims were approximately $86,114,000 and $93,905,000 at June 30, 2017 and 2016, respectively. The discount rates used in computing the present value of these claims was 5.09 percent and 5.10 percent at June 30, 2017 and 2016, respectively. Amounts earned on investments of the self-insurance program are included in other revenue.

Note 12. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	2017	2016
Health care reform - Operations	$ 322,097	$ 907,364
Other - Operations	2,873,914	2,370,244
	$ 3,196,011	$ 3,277,608

During the years ended June 30, 2017 and 2016, temporarily restricted net assets were released from restriction for the following purposes:

	2017	2016
Operating purposes	$ 1,687,924	$ 2,409,910
Capital expenditures	114,979	793
	$ 1,802,903	$ 2,410,703

Note 13. Functional Expenses

The operating expenses included in the consolidated statements of operations are primarily related to the following:

	2017	2016
Health care-related services	$ 206,013,725	$ 202,988,529
General and administrative	19,553,676	14,519,256
Fundraising	1,281,445	1,243,052
	$ 226,848,846	$ 218,750,837

Note 14. Commitments and Contingencies

Medicare and Medicaid Reimbursement – Significant cuts to both the Medicare and Medicaid programs are under consideration by the U.S. Congress as it looks to cut federal spending. Such cuts in Medicare and Medicaid reimbursement, if enacted, could have an adverse effect on the Hospital's financial position, results of operations and cash flows.

Litigation – In addition to professional liability claims, the Hospital is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of these lawsuits cannot be predicted with certainty, management is of the opinion that the ultimate disposition of such matters will not have a material adverse effect on the Hospital's financial position or results of operations.

Regulatory Investigations – The U.S. Department of Justice, other federal agencies and the Illinois Department of Public Aid routinely conduct regulatory investigations and compliance audits of health care providers. The Hospital is subject to these regulatory efforts. Management is currently unaware of any regulatory matters which may have a material effect on the Hospital's financial position, results of operations and cash flows.

Construction in Progress – The Hospital is committed to updating its medical facilities, which are expected to be completed in future years. Various areas throughout the Hospital including the South Pavilion are to be renovated during the next year. Through June 30, 2017, $13,990,236 of these costs have been incurred. The estimated cost of remaining commitments is $10,083,261.

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. 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 refunds for patient services previously billed and paid. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries that are expected to have a material adverse effect on the Hospital have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Note 14. Commitments and Contingencies (Continued)

CMS Recovery Audit Contractor Program – Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS implemented the RAC program in Illinois in 2010. Management does not believe that Medicare RAC audits will have a material effect on the Hospital's results of operations or cash flows. At June 30, 2017 and 2016, the Hospital has recorded a reserve for estimated amounts that will be repaid under the RAC program based on the Hospital's RAC program experience to date.

Property and Sales Tax Exemption – On June 14, 2012, the Governor of Illinois signed into law legislation that governs property and sales tax exemption for not-for-profit hospitals. The law, which was codified in Section 15-86 of the Illinois *Property Tax Code* and Section 3-8 of the *Service Occupation Tax Act*, took effect on the date it was signed. Under the law, in order to maintain its property and sales tax exemption, the value of specified services and activities of a not-for-profit hospital must equal or exceed the estimated value of the hospital's property tax liability, as determined under a formula in the law. The specified services are those that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services, and include: the cost of free or discounted services provided pursuant to the hospital's financial assistance policy; other unreimbursed costs of addressing the health needs of low-income and underserved individuals; direct or indirect financial or in-kind subsidies of State and local governments; the unreimbursed cost of treating Medicaid and other means-tested program recipients; the unreimbursed cost of treating dual-eligible Medicare/Medicaid patients; and other activities that the Illinois Department of Revenue determines relieve the burden of government or address the health of low-income or underserved individuals.

On January 5, 2016, the Fourth District Appellate Court of Illinois ruled that Section 15-86 of the Illinois *Property Tax Code* is unconstitutional. This decision was appealed to the Illinois Supreme Court, which on March 23, 2017, vacated the Fourth District Appellate Court's ruling, citing a lack of jurisdiction, and remanded the case to circuit court for reconsideration. However, in its decision the Illinois Supreme Court did not rule on the constitutionality of Section 15-86 of the Illinois *Property Tax Code*, and additional legal challenges to this law may occur. Management continues to believe that the Hospital meets the requirements under the law to maintain its property and sales tax exemption; however, such requirements may change based on the outcome of such future legal challenges.

Note 15. Subsequent Events

The Hospital is currently evaluating a potential affiliation with other health systems. As of the date the accompanying consolidated financials were issued, a final decision regarding affiliation had not been made.

In conjunction with the potential affiliation, on August 30, 2017, the Hospital's Fiduciary Committee voted to terminate the Hospital's portion of the defined benefit pension plan. The effective date of termination has not yet been determined. Although management is still assessing the future effect on the Hospital's financial statements of a plan termination, settlement accounting will require recognition of any previously unrecognized net actuarial gains/losses. See Note 10 for additional information related to the defined benefit pension plan.

Little Company of Mary Hospital and Health Care Centers

Consolidating Balance Sheet Information
June 30, 2017

	Hospital	Foundation	LCM Health Partners	Mary Cap	Intercompany and Other Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 8,732,064	$ 95,924	$ 943,714	$ 173,574	$ -	$ 9,945,276
Assets limited as to use, internally designated under self-insurance program	3,400,000	-	-	-	-	3,400,000
Patient accounts receivable, less allowance for uncollectible accounts of $2,988,000	24,958,919	-	385,044	-	-	25,343,963
Prepaid expenses and other	11,136,908	472,312	750,000	-	(2,535,550)	9,823,670
Total current assets	48,227,891	568,236	2,078,758	173,574	(2,535,550)	48,512,909
Assets limited as to use, net of amounts to meet current obligations:						
Internally designated for capital replacement and expansion	618,195,834	1,483,040	-	-	-	619,678,874
Internally designated under self-insurance program	72,503,364	-	-	-	-	72,503,364
Trustee held for capital replacement and expansion	63	-	-	-	-	63
Other long-term investments	5,196,538	1,650,000	-	-	(3,133,040)	3,713,498
Total assets limited as to use	695,895,799	3,133,040	-	-	(3,133,040)	695,895,799
Property and equipment :						
Land and land improvements	19,590,737	-	-	-	-	19,590,737
Buildings	273,887,352	-	-	-	-	273,887,352
Furniture and equipment	97,929,557	171,451	-	-	-	98,101,008
Construction in progress	2,920,343	-	-	-	-	2,920,343
	394,327,989	171,451	-	-	-	394,499,440
Less accumulated depreciation	(161,922,222)	(116,856)	-	-	-	(162,039,078)
Total property and equipment, net	232,405,767	54,595	-	-	-	232,460,362
Pension asset	37,404,981	-	-	-	-	37,404,981
Total assets	$ 1,013,934,438	$ 3,755,871	$ 2,078,758	$ 173,574	$ (5,668,590)	$ 1,014,274,051
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	$ 5,713,946	$ 1,787,914	$ 54,728	$ -	$ (2,535,550)	$ 5,021,038
Accrued expenses and other current liabilities	21,300,237	-	2,190,159	123,122	(3,133,040)	20,480,478
Due to third-party payors	32,746,504	-	-	-	-	32,746,504
Current portion of long-term debt	4,800,000		-	-	-	4,800,000
Current portion of insurance reserves	3,400,000	-	-	-	-	3,400,000
Total current liabilities	67,960,687	1,787,914	2,244,887	123,122	(5,668,590)	66,448,020
Noncurrent liabilities:						
Long-term debt, less current portion	195,845,320	-	-	-	-	195,845,320
Insurance reserves, less current portion	70,230,837	-	-	-	-	70,230,837
Total noncurrent liabilities	266,076,157	-	-	-	-	266,076,157
Total liabilities	334,036,844	1,787,914	2,244,887	123,122	(5,668,590)	332,524,177
Net assets:						
Unrestricted	677,018,436	1,104	(166,129)	50,452	-	676,903,863
Temporarily restricted	2,879,158	316,853	-	-	-	3,196,011
Permanently restricted	-	1,650,000	-	-	-	1,650,000
Total net assets	679,897,594	1,967,957	(166,129)	50,452	-	681,749,874
Total liabilities and net assets	$ 1,013,934,438	$ 3,755,871	$ 2,078,758	$ 173,574	$ (5,668,590)	$ 1,014,274,051

18

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidating Statement of Operations Information
Year Ended June 30, 2017

	Hospital	Foundation	LCM Health Partners	Mary Cap	Intercompany and Other Eliminations	Consolidated
Unrestricted revenues, gains and other support:						
Patient service revenue (net of contractual allowances and discounts)	$ 199,779,296	$ -	$ 10,212,422	$ -	$ -	$ 209,991,718
Provision for bad debts	(7,401,418)	-	-	-	-	(7,401,418)
Net patient service revenue	192,377,878	-	10,212,422	-	-	202,590,300
Other revenue	4,956,949	729,346	1,857,531	-	-	7,543,826
Total revenue	197,334,827	729,346	12,069,953	-	-	210,134,126
Expenses:						
Salaries, wages and employee benefits	113,148,942	565,399	-	-	-	113,714,341
Supplies and drugs	34,568,402	31,439	-	-	-	34,599,841
Professional fees	15,913,499	31,491	-	35,338	-	15,980,328
Depreciation and amortization	14,007,848	8,577	-	-	-	14,016,425
Interest and other financing costs	2,422,266	-	-	-	-	2,422,266
Insurance	5,522,052	-	-	-	-	5,522,052
Utilities	2,897,864	-	-	-	-	2,897,864
Maintenance and repairs	7,129,080	25,246	-	-	-	7,154,326
Linens	1,144,897	-	-	-	-	1,144,897
Other	16,561,142	619,292	12,208,322	7,750	-	29,396,506
Total expenses	213,315,992	1,281,444	12,208,322	43,088	-	226,848,846
Operating loss	(15,981,165)	(552,098)	(138,369)	(43,088)	-	(16,714,720)
Nonoperating gains:						
Investment income	24,120,939	87,205	-	43,541	-	24,251,685
Realized gain on investments	9,314,342	-	-	-	-	9,314,342
Net unrealized gain on investments	43,483,080	236,403	-	-	-	43,719,483
Other, net	1,228,590	-	-	-	-	1,228,590
Total nonoperating gains	78,146,951	323,608	-	43,541	-	78,514,100
Excess (deficiency) of revenue over expenses	$ 62,165,786	$ (228,490)	$ (138,369)	$ 453	$ -	$ 61,799,380

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidating Statement of Changes in Net Assets Information
Year Ended June 30, 2017

	Hospital	Foundation	LCM Health Partners	Mary Cap	Intercompany and Other Eliminations	Consolidated
Unrestricted net assets:						
Excess (deficiency) of revenue over expenses	$ 62,165,786	$ (228,490)	$ (138,369)	$ 453	$ -	$ 61,799,380
Pension-related changes other than net periodic pension cost	24,289,889	-	-	-	-	24,289,889
Net asset transfers	(15,695,059)	65,319	-	-	-	(15,629,740)
Transfer from permanently restricted net assets	-	164,274	-	-	-	164,274
Net assets released from restriction used for capital	114,979	-	-	-	-	114,979
Other	101,549	-	-	-	-	101,549
Increase (decrease) in unrestricted net assets	70,977,144	1,103	(138,369)	453	-	70,840,331
Temporarily restricted net assets:						
Restricted contributions and investment return	1,981,778	1,663,791	-	-	(1,924,263)	1,721,306
Net asset transfer	-	(1,924,263)	-	-	1,924,263	-
Net assets released from restrictions and used for operations and capital purposes	(1,802,903)	-	-	-	-	(1,802,903)
Increase (decrease) in temporarily restricted net assets	178,875	(260,472)	-	-	-	(81,597)
Permanently restricted net assets:						
Investment return	-	164,274	-	-	-	164,274
Transfer to unrestricted net assets	-	(164,274)	-	-	-	(164,274)
Change in permanently restricted net assets	-	-	-	-	-	-
Increase (decrease) in net assets	71,156,019	(259,369)	(138,369)	453	-	70,758,734
Net assets:						
Beginning of year	608,741,575	2,227,326	(27,760)	49,999	-	610,991,140
End of year	$ 679,897,594	$ 1,967,957	$ (166,129)	$ 50,452	$ -	$ 681,749,874

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidating Balance Sheet Information
June 30, 2016

	Hospital	Foundation	SW Health Systems	DME	Mary Cap	Intercompany and Other Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents	$ 11,067,890	$ 200,668	$ 308,494	$ -	$ 205,260	$ -	$ 11,782,412
Assets limited as to use, internally designated under self-insurance program	9,950,000	-	-	-	-	-	9,950,000
Patient accounts receivable, less allowance for uncollectible accounts of $2,743,000	26,399,074	-	423,679	-	-	-	26,822,753
Prepaid expenses and other	8,326,268	565,531	978,337	-	-	(2,151,305)	7,718,831
Total current assets	55,743,332	766,199	1,710,510	-	205,260	(2,151,305)	56,273,996
Assets limited as to use, net of amounts to meet current obligations:							
Internally designated for capital replacement and expansion	580,944,965	1,159,433	-	-	-	-	582,104,398
Internally designated under self-insurance program	71,705,504	-	-	-	-	-	71,705,504
Trustee held for capital replacement and expansion	4,881,809	-	-	-	-	-	4,881,809
Other long-term investments	5,655,088	1,650,000	-	-	-	(2,809,433)	4,495,655
Total assets limited as to use	663,187,366	2,809,433	-	-	-	(2,809,433)	663,187,366
Property and equipment :							
Land and land improvements	19,466,656	-	-	-	-	-	19,466,656
Buildings	269,381,306	-	-	-	-	-	269,381,306
Furniture and equipment	90,416,472	171,451	-	-	-	-	90,587,923
Construction in progress	5,759,549	-	-	-	-	-	5,759,549
	385,023,983	171,451	-	-	-	-	385,195,434
Less accumulated depreciation	(162,811,263)	(108,279)	-	-	-	-	(162,919,542)
Total property and equipment, net	222,212,720	63,172	-	-	-	-	222,275,892
Pension asset	11,598,032	-	-	-	-	-	11,598,032
Total assets	$ 952,741,450	$ 3,638,804	$ 1,710,510	$ -	$ 205,260	$ (4,960,738)	$ 953,335,286
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	$ 7,043,698	$ 1,411,478	$ -	$ -	$ -	$ (2,151,305)	$ 6,303,871
Accrued expenses and other current liabilities	20,169,288	-	1,738,270	-	155,261	(2,809,433)	19,253,386
Due to third-party payors	31,435,650	-	-	-	-	-	31,435,650
Current portion of long-term debt	4,590,000	-	-	-	-	-	4,590,000
Current portion of insurance reserves	9,950,000	-	-	-	-	-	9,950,000
Total current liabilities	73,188,636	1,411,478	1,738,270	-	155,261	(4,960,738)	71,532,907
Noncurrent liabilities:							
Long-term debt, less current portion	200,605,275	-	-	-	-	-	200,605,275
Insurance reserves, less current portion	70,205,964	-	-	-	-	-	70,205,964
Total noncurrent liabilities	270,811,239	-	-	-	-	-	270,811,239
Total liabilities	343,999,875	1,411,478	1,738,270	-	155,261	(4,960,738)	342,344,146
Net assets:							
Unrestricted	606,041,292	1	(27,760)	-	49,999	-	606,063,532
Temporarily restricted	2,700,283	577,325	-	-	-	-	3,277,608
Permanently restricted	-	1,650,000	-	-	-	-	1,650,000
Total net assets	608,741,575	2,227,326	(27,760)	-	49,999	-	610,991,140
Total liabilities and net assets	$ 952,741,450	$ 3,638,804	$ 1,710,510	$ -	$ 205,260	$ (4,960,738)	$ 953,335,286

ATTACHMENT 25

Little Company of Mary Hospital and Health Care Centers

Consolidating Statement of Operations Information
Year Ended June 30, 2016

	Hospital	Foundation	SW Health Systems	DME	Mary Cap	Intercompany and Other Eliminations	Consolidated
Unrestricted revenues, gains and other support:							
Patient service revenue (net of contractual allowances and discounts)	$ 198,486,586	$ -	$ 11,339,463	$ -	$ -	$ -	$ 209,826,049
Provision for bad debts	(1,410,343)	-	-	-	-	-	(1,410,343)
Net patient service revenue	197,076,243	-	11,339,463	-	-	-	208,415,706
Other revenue	5,942,642	532,623	2,164,469	-	31,417	-	8,671,151
Total revenue	203,018,885	532,623	13,503,932	-	31,417	-	217,086,857
Expenses:							
Salaries, wages and employee benefits	109,678,917	588,156	-	(2,411)	-	-	110,264,662
Supplies and drugs	33,635,341	40,969	-	-	-	-	33,676,310
Professional fees	18,301,008	37,029	867,057	-	74,624	-	19,279,718
Depreciation and amortization	13,603,912	10,465	-	-	-	-	13,614,377
Interest and other financing costs	1,809,303	-	-	-	-	-	1,809,303
Insurance	1,043,599	-	-	-	-	-	1,043,599
Utilities	3,000,447	-	-	381	-	-	3,000,828
Maintenance and repairs	6,873,416	32,455	-	914	-	-	6,906,785
Linens	1,337,576	-	-	-	-	-	1,337,576
Other	14,596,865	530,577	12,805,082	1,213	(116,058)	-	27,817,679
Total expenses	203,880,384	1,239,651	13,672,139	97	(41,434)	-	218,750,837
Operating income (loss)	(861,499)	(707,028)	(168,207)	(97)	72,851	-	(1,663,980)
Nonoperating gains (losses):							
Investment income	27,473,210	82,506	-	-	7,602	-	27,563,318
Realized loss on investments	(4,369,377)	-	-	-	-	-	(4,369,377)
Net unrealized (losses) gains on investments	(11,957,313)	128,722	-	-	-	-	(11,828,591)
Loss on early extinguishment of debt	(1,624,250)	-	-	-	-	-	(1,624,250)
Other, net	1,978,821	-	-	97	-	-	1,978,918
Total nonoperating gains	11,501,091	211,228	-	97	7,602	-	11,720,018
Excess (deficiency) of revenue over expenses	$ 10,639,592	$ (495,800)	$ (168,207)	$ -	$ 80,453	$ -	$ 10,056,038

ATTACHMENT 35

Little Company of Mary Hospital and Health Care Centers

Consolidating Statement of Changes in Net Assets Information
Year Ended June 30, 2016

	Hospital	Foundation	SW Health Systems	DME	Mary Cap	Intercompany and Other Eliminations	Consolidated
Unrestricted net assets:							
Excess (deficiency) of revenue over expenses	$ 10,639,592	$ (495,800)	$ (168,207)	$ -	$ 80,453	$ -	$ 10,056,038
Pension-related changes other than net periodic pension cost	(16,627,029)	-	-	-	-	-	(16,627,029)
Net asset transfers	(6,642,341)	353,008	-	(6,032)	(3,138,218)	-	(9,433,583)
Transfer from permanently restricted net assets	-	170,959	-	-	-	-	170,959
Net assets released from restriction used for capital	793	-	-	-	-	-	793
Other	278,622	(99,815)	-	-	19,045	-	197,852
Decrease in unrestricted net assets	(12,350,363)	(71,648)	(168,207)	(6,032)	(3,038,720)	-	(15,634,970)
Temporarily restricted net assets:							
Restricted contributions and investment return	3,179,928	1,050,742	-	-	-	(3,912,870)	317,800
Net asset transfer	-	(4,293,590)	-	-	-	3,912,870	(380,720)
Net assets released from restrictions and used for operations and capital purposes	(2,410,703)	-	-	-	-	-	(2,410,703)
Increase (decrease) in temporarily restricted net assets	769,225	(3,242,848)	-	-	-	-	(2,473,623)
Permanently restricted net assets:							
Investment return	-	170,959	-	-	-	-	170,959
Transfer to unrestricted net assets	-	(170,959)	-	-	-	-	(170,959)
Change in permanently restricted net assets	-	-	-	-	-	-	-
Decrease in net assets	(11,581,138)	(3,314,496)	(168,207)	(6,032)	(3,038,720)	-	(18,108,593)
Net assets:							
Beginning of year	620,322,713	5,541,822	140,447	6,032	3,088,719	-	629,099,733
End of year	$ 608,741,575	$ 2,227,326	$ (27,760)	$ -	$ 49,999	$ -	$ 610,991,140

ATTACHMENT 35

Illinois Health Facilities
and Services Review Board
Springfield, Illinois

RE: Proposed Financing of Emergency Department
Replacement Project

To Whom It May Concern:

The proposed financing of the above-identified project is reasonable and appropriate. The estimated project costs and related costs will be funded in total with cash and equivalents, which may include investment securities, unrestricted funds, and/or funded depreciation.

Sincerely,

Robert M. Tarola, CGMA, CPA
Chief Financial Officer

Notarized: Kimberlee A Pula
9/6/18

OFFICIAL SEAL
KIMBERLEE A PULA
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:08/11/22

ATTACHMENT 37

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. $	Modernization $	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Emergency Department	$ 405.00	$ 230.00	11,435		10,894		$ 4,631,175	$ 2,505,620	$ 7,136,795
ED Imaging		$ 415.00			3,700			$ 1,535,500	$ 1,535,500
Contingency	$ 20.00	$ 20.00					$ 228,700	$ 291,880	$ 520,580
	$ 425.00	$ 296.90	11,435		14,594		$ 4,859,875	$ 4,333,000	$ 9,192,875
Non-Reviewable									
Amb. Canopy/Vestibule	$ 190.00		8,000				$ 1,520,000		$ 1,520,000
Offices		$ 300.00			600			$ 180,000	$ 180,000
Security	$ 350.00		180				$ 63,000		$ 63,000
Public By-Pass	$ 350.00		1,635				$ 572,250		$ 572,250
Mechanical	$ 200.00		800				$ 160,000		$ 160,000
EMS	$ 350.00		180				$ 63,000		$ 63,000
Contingency	$ 20.00	$ 20.00					$ 215,900	$ 12,000	$ 227,900
Total	$ 240.31	$ 320.00	10,795		600		$ 2,594,150	$ 192,000	$ 2,786,150
Project Total	$ 335.31	$ 297.81	22,230		15,194		$ 7,454,025	$ 4,525,000	$ 11,979,025

ATTACHMENT 39C

PROJECTED OPERATING COSTS
and
TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS

LITTLE COMPANY OF MARY HOSPITAL EMERGENCY DEPARTMENT

YEAR 2 OPERATING COST per Adjusted Patient Day (entire hospital)

Adjusted Patient Days:	55,848
Salaries & Benefits	$110,667,376
Medical Supplies	$32,045,747
	$142,713,123
per Adj. Patient Day	$2,555.38

YEAR 2 OPERATING COST per ED VISIT (ED only)

ED Visits:	49,420
Salaries & Benefits	$ 5,089,973
Medical Supplies	$ 731,867
	$ 5,821,840
per ED Visit	$ 117.80

YEAR 2 CAPITAL COST per Adjusted Patient Day

Adjusted Patient Days:	55,848
	3800000
Interest Expense	$14,500,000
Depreciation & Amortization	$14,500,000
	$29,000,000
per Adj. Patient Day	$519.27

ATTACHMENTS 39D and 39E

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by FedEX

September 11, 2018

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

Dear Ms. Avery:

Enclosed please find two copies of a Certificate of Need ("CON") application addressing the replacement of Little Company Of Mary Hospital's Emergency Department.

The application is accompanied with a check, in the amount of $2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,

Jacob M. Axel
President

enclosures

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004

Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

by FedEX

September 11, 2018

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

Dear Ms. Avery:

Enclosed please find two copies of a Certificate of Need ("CON") application addressing the replacement of Little Company Of Mary Hospital's Emergency Department.

The application is accompanied with a check, in the amount of $2,500.00, as a filing fee.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,

Jacob M. Axel
President

enclosures

675 North Court, Suite 210
Palatine, Illinois 60067

Phone (847) 776-7101
Fax (847) 776-7004