



OSF HEALTHCARE

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

September 26, 2024

VIA FEDERAL EXPRESS

Mr. John Kniery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor
Springfield, IL 62761

Re: OSF Saint Francis Medical Center
Final Cost Report on Project 19-057: OSF Saint Francis Medical Center,
Comprehensive Cancer Center, Peoria
Permit Amount: \$237,063,613
Completion Date: June 30, 2024

Dear Mr. Kniery:

Please accept this as notice of the project completion and final cost report. The project completion date was June 30, 2024. The total project cost of \$239,279,160 is as referenced in the attached. The Third Party Audit was conducted by KPMG and is attached as well.

If you have any questions, please contact Mark Hohulin at (309) 308-9656 or mark.e.hohulin@osfhealthcare.org.

Very truly yours,


Robert Anderson, CEO, Central Region

c: Mark Hohulin
Michael Henderson
Mike Constantino
Robert Mixson
Amanda Lowry


Project 19-057 – OSF Saint Francis Medical Center, Comprehensive Cancer Center, Peoria

OSF Saint Francis Medical Center does hereby certify the attached costs reflect the total costs expended with respect to Project 19-057: OSF Saint Francis Medical Center, Comprehensive Cancer Center, Peoria.


Robert Anderson, CEO, Central Region
OSF Healthcare System

Subscribed and sworn to before me

This 26th day of September, 2024.


Signature of Notary

<Seal>



Project Costs and Sources of Funds**Project 19-057 – OSF Saint Francis Medical Center, Comprehensive Cancer Center, Peoria**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			APPROVED	ACTUAL
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	FINAL
Preplanning Costs	\$437,398	\$779,602	\$1,217,000	\$1,593,322
Site Survey and Soil Investigation	\$15,000	\$73,000	\$88,000	\$162,659
Site Preparation	\$1,100,000	\$6,400,000	\$7,500,000	\$14,356,960
Off Site Work				
New Construction Contracts	\$19,415,459	\$88,871,430*	\$108,286,889	\$134,639,997
Modernization Contracts		\$22,500,000	\$22,500,000	\$0
Contingencies	\$1,926,583	\$2,075,117	\$4,001,700	\$0
Architectural/Engineering Fees	\$1,767,000	\$4,280,000	\$6,047,000	\$12,725,739
Consulting and Other Fees	\$3,611,892	\$1,037,558	\$4,649,450	\$4,207,575
Movable or Other Equipment (not in construction contracts)	\$42,155,000	\$8,488,331	\$50,643,331	\$45,737,273
Bond Issuance Expense (project related)	\$1,240,223	\$1,335,840	\$2,576,063	\$723,740
Net Interest Expense During Construction (project related)	\$13,672,931	\$14,727,069	\$28,400,000	\$25,131,895
Fair Market Value of Leased Space or Equipment				
Other Costs To Be Capitalized	\$1,154,180		\$1,154,180	\$0
Acquisition of Building or Other Property (excluding land)				
TOTAL USES OF FUNDS	\$86,495,666	\$150,567,947	\$237,063,613	\$239,279,160
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	ACTUAL
Cash and Securities				\$50,702,781
Pledges				
Gifts and Bequests				\$15,084,903
Bond Issues (project related)	\$86,495,666	\$150,567,947	\$237,063,613	\$173,491,476
Mortgages				
Leases (fair market value)				
Governmental Appropriations				
Grants				
Other Funds and Sources				
TOTAL SOURCES OF FUNDS	\$86,495,666	\$150,567,947	\$237,063,613	\$239,279,160

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



**OSF HEALTHCARE SYSTEM
SAINT FRANCIS MEDICAL CENTER
PEORIA, ILLINOIS**

Illinois Health Facilities Planning Board
IHFPB Project #19-057

Project Costs and Sources of Funds Report

Period from February 25, 2020 through June 30, 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Aon Center
Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
OSF HealthCare System:

Opinion

We have audited the Schedule of Project Costs and Sources of Funds Report of OSF HealthCare System d/b/a Saint Francis Medical Center (the Medical Center) for the period from February 25, 2020 through June 30, 2024, and the related notes (the financial statement).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the Schedule of Project Costs and Sources of Funds Report of the Medical Center for the period from February 25, 2020 through June 30, 2024, in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns" described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement is prepared based on the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns", which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns" described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting



from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Medical Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restriction of Use

This report is intended solely for the information and use of the Board of Directors and Management of OSF HealthCare System and the Illinois Health Facilities and Service Review Board and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 25, 2024
Chicago, Illinois

**OSF HEALTHCARE SYSTEM
SAINT FRANCIS MEDICAL CENTER
PEORIA, ILLINOIS
ILLINOIS HEALTH FACILITIES PLANNING BOARD
IHFPB PROJECT #19-057**

Schedule of Project Costs and Sources of Funds Report (the Schedule)

Period from February 25, 2020 through June 30, 2024

Total project costs and sources of funds			
	CON Permit	Actual project costs	Over (under) budget
Use of funds:			
Preplanning costs	\$ 1,217,000	1,593,322	376,322
Site survey and soil investigation	88,000	162,659	74,659
Site preparation	7,500,000	14,356,960	6,856,960
New construction contracts	108,286,889	134,639,997	26,353,108
New construction contracts – shelled space	22,500,000	—	(22,500,000)
Contingencies	4,001,700	—	(4,001,700)
Architectural/Engineering Fees	6,047,000	12,725,739	6,678,739
Consulting and other fees	4,649,450	4,207,575	(441,875)
Movable or other equipment (not in construction contracts)	50,643,331	45,737,273	(4,906,058)
Bond issuance expense (project-related)	2,576,063	723,740	(1,852,323)
Net interest expense during construction (project-related)	28,400,000	25,131,895	(3,268,105)
Other costs to be capitalized	1,154,180	—	(1,154,180)
Total uses of funds	<u>\$ 237,063,613</u>	<u>239,279,160</u>	<u>2,215,547</u>
Source of funds:			
Cash and securities	\$ —	50,702,781	50,702,781
Gifts and bequests	—	15,084,903	15,084,903
Bond issues (project-related)	237,063,613	173,491,476	(63,572,137)
Total sources of funds	<u>\$ 237,063,613</u>	<u>239,279,160</u>	<u>2,215,547</u>

See accompanying notes to Schedule of Project Costs and Sources of Funds Report.

**OSF HEALTHCARE SYSTEM
SAINT FRANCIS MEDICAL CENTER
PEORIA, ILLINOIS**

IHFBP PROJECT #19-057

Notes to Schedule of Project Costs and Sources of Funds Report

Period from February 25, 2020 through June 30, 2024

(1) Purpose of the Audit

The accompanying Schedule of Project Costs and Sources of Funds Report for Project #19-057 (the Schedule) has been prepared in accordance with the guidelines and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770 (d) (5) "Project Completion, Finalized Realized Cost Overruns." This presentation was prepared for the purpose of complying with the reporting requirements of OSF Saint Francis Medical Center (the Medical Center) for Project #19-057 to the Illinois Health Facilities and Services Review Board (IHFSRB) and to the Board of Directors of OSF HealthCare System upon the project's completion.

(2) Summary of Significant Accounting Policies

The Schedule has been prepared and compiled in a manner consistent with an accrual basis such that whereas necessary, management has made estimates for the final payment as of the date of this report. The "Approved Project Costs/Sources" present the respective amounts approved by the IHFSRB and the "Actual Project Costs/Sources" represent the respective actual project costs incurred and actual sources used to fund Project #19-057.

(3) Project Costs and Sources of Funds Report

The Medical Center was issued a permit to establish a comprehensive cancer center. The application was filed with the IHFSRB on November 19, 2019 and approved by the IHFSRB Chairwoman, acting on behalf of the IHFSRB on February 25, 2020. Actual total costs for Project #19-057 were \$239,279,160, which was \$2,215,547 over budget.