Baker Tilly US LLP

4807 Innovate Ln, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

October 30, 2023

Ms. Courtney Avery
Illinois Health Facilities and Services Review Board
525 West Jefferson Street – 2nd Floor
Springfield, IL 62761

Project:

Permit: #20-008 – Northshore University Health System
Project: Northshore University Health System (Skokie Hospital- Surgical & Clinical Labs)
Permit Holder: Northshore University Health System

Audit Objectives and Scope:

Baker Tilly US, LLP (Baker Tilly) was engaged by Northshore University Health System to perform an independent certificate of need cost audit on the Skokie Hospital project (CON #20-008). This project was approved by the State Board on April 7, 2020 and involves a Surgical and SPD expansion and Clinical lab relocation projects at Skokie Hospital. Included with this letter is the detailed schedule of expenditures by project cost component and certification of the expenditures and sources of funds. The approved permit amount was $69,546,926.00. The final realized cost of this project is $58,678,781.87 which is $10,868,144.13 or 15.6% below the approved permit amount.

The objectives of our engagement were to:

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

Management's Responsibility:

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

- Pursuant to sections 1130.770 of the Illinois Administrative Code, the final realized cost referenced above is the total cost required to complete the project and that there are no additional or associated costs or capital expenditures related to the project which will be submitted for reimbursement under Title XVIII or XIX.

- Pursuant to section I 130.770(d)(4), the project referenced above is in compliance and changes in cost and square footage were approved by the Illinois Health Facilities and Services Review Board under Permit # 09-025.

Auditor's Responsibility:

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

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

Opinion:

In our opinion, based on our review of $54,981,874.51 (93.7%) in payments made for the Skokie Hospital Surgical and Clinical Labs project, we confirm that the $58,678,781.87 in CON charges to be reported to the Illinois Health Facilities Services Review Board by the December 15, 2023 required submission date, were substantiated by comprehensive and appropriate supporting documentation. Our Audit did not identify any material inconsistencies in expenses incurred, paid or recorded.

Sincerely,

Baker Tilly

Baker Tilly US, LLP

Project Number: 20-008
Project Title: Northshore University Health System (Skokie Hospital & Clinical Labs)
Subject: Final Cost Report
Permit Holder: Northshore University Health System
Date: October 30, 2023

	Projected	Total Costs Incurred as 3/10/2023	Available Balance as of 3/10/2023	Estimated Costs to Completion	Variance From Approved
Preplanning Costs	$ 600,000.00	$ 606,023.74	$ (6,023.74)	$ -	$ (6,023.74)
Site Survey & Soil Investigation	$ 125,000.00	$ 139,117.54	$ (14,117.54)	$ -	$ (14,117.54)
Site Preparation	$ 300,000.00	$ 301,942.83	$ (1,942.83)	$ -	$ (1,942.83)
Off Site Work	$ 400,000.00	$ 399,627.53	$ 372.47	$ -	$ 372.47
New Construction Contracts	$ 11,444,270.00	$ 11,399,631.30	$ 44,638.70	$ -	$ 44,638.70
Modernization Contracts	$ 14,326,660.00	$ 14,526,361.78	$ (199,701.78)	$ -	$ (199,701.78)
Contingencies	$ 1,865,066.00	$ 1,923,664.21	$ (58,598.21)	$ -	$ (58,598.21)
Architectural/Engineering Fees	$ 2,348,500.00	$ 2,517,053.91	$ (168,553.91)	$ -	$ (168,553.91)
Consulting and Other Fees	$ 1,315,000.00	$ 1,786,382.39	$ (471,382.39)	$ -	$ (471,382.39)
Movable or Other Equipment	$ 20,200,000.00	$ 13,665,505.45	$ 6,534,494.55	$ -	$ 6,534,494.55
Bond Issuance Expense (Project Related)	$ 564,300.00	$ 171,901.33	$ 392,398.67	$ -	$ 392,398.67
Net Interest Expense During Construction Period	$ 4,508,130.00	$ 73,247.39	$ 4,434,882.61	$ -	$ 4,434,882.61
Other Costs to be Capitalized	$ 11,550,000.00	$ 11,168,322.47	$ 381,677.53	$ -	$ 381,677.53
Total	$ 69,546,926.00	$ 58,678,781.87	$ 10,868,144.13	$ -	$ 10,868,144.13

Cash and Securities	$ 4,149,250.90
Pledges	
Gifts and Bequests	
Mortgages/Bonds	$ 54,529,530.97
Leases (fair market value)	
Governmental Appropriations	
Grants	
Other Funds and Sources	
Total Funds	**$ 58,678,781.87**