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HEALTH FACILITIES & SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Riverside Medical Center				
Street Address:	350 N. Wall Street				
City and Zip Code:	Kankakee 60901				
County: Kankakee		Health Service Area:	009	Health Planning Area:	091

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

Exact Legal Name:	Riverside Medical Center
Street Address:	350 N. Wall Street
City and Zip Code:	Kankakee 60901
Name of Registered Agent:	Phillip M. Kambic
Registered Agent Street Address:	350 N. Wall Street
Registered Agent City and Zip Code:	Kankakee 60901
Name of Chief Executive Officer:	Phillip M. Kambic
CEO Street Address:	350 N. Wall Street
CEO City and Zip Code:	Kankakee 60901
CEO Telephone Number:	815-935-7549

Type of Ownership of Applicants

☒ 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:	Joe Ourth
Title:	Partner
Company Name:	Saul Ewing LLP
Address:	161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number:	312-876-7815
E-mail Address:	joe.ourth@saul.com
Fax Number:	312-876-6215

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

Name:	Paula M. Jacobi
Title:	General Counsel
Company Name:	Riverside Medical Center
Address:	350 N. Wall Street, Kankakee Illinois 60901
Telephone Number:	815-922-5231
E-mail Address:	pjacobi@rhc.net
Fax Number:	815-933-0798

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Riverside Medical Center				
Street Address:	350 N. Wall Street				
City and Zip Code:	Kankakee 60901				
County: Kankakee		Health Service Area:	009	Health Planning Area:	091

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

Exact Legal Name:	Riverside Health System d/b/a Riverside Healthcare
Street Address:	350 N. Wall Street
City and Zip Code:	Kankakee 60901
Name of Registered Agent:	Phillip M. Kambic
Registered Agent Street Address:	350 N. Wall Street
Registered Agent City and Zip Code:	Kankakee 60901
Name of Chief Executive Officer:	Phillip M. Kambic
CEO Street Address:	350 N. Wall Street
CEO City and Zip Code:	Kankakee 60901
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Fax Number:	815-933-0798

Post Permit Contact

[Person to receive all correspondence after permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960]**

Name:	Paula M. Jacobi
Title:	General Counsel
Company Name:	Riverside Medical Center
Address:	350 N. Wall Street, Kankakee, Illinois 60901
Telephone Number:	815-922-5231
E-mail Address:	pjacobi@rhc.net
Fax Number:	815-933-0798

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Riverside Medical Center
Address of Site Owner:	350 N. Wall Street, Kankakee, Illinois 60901
Street Address or Legal Description of the Site:	

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 <u>ATTACHMENT 2,</u> 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:	Riverside Medical Center
Address:	350 N. Wall Street, Kankakee, Illinois 60901

☒ 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 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 <u>ATTACHMENT 4,</u> 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)**. **NOTE:** A SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM has been added at the conclusion of this Application for Permit that must be completed to deem a project complete.

APPEND DOCUMENTATION AS ATTACHMENT 6, 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

☒ 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.

Riverside Medical Center ("Riverside")proposes to upgrade and expand the current secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment (the "Project"). The Project will upgrade the HVAC, remove wooden cabinetry in patient rooms, repair non-functioning and leaking patient showers and enhance patient safety with finishing upgrades. The Project will maintain a 64-bed capacity but will expand the Behavior Health Department size by creating additional private rooms.

Riverside has three distinct AMI units that serve adolescents, adults, and geriatric adults, respectively. The adult unit will be relocated to the current geriatric unit space and expand into adjacent, vacant patient rooms previous used as medical/surgical beds. The new adult unit will allow for 30 beds comprising 24 private rooms and 3 double occupancy rooms. The Geriatric unit will be relocated to the existing adult behavioral health unit space, increasing capacity from 14 rooms to 17 private rooms. The 17-bed adolescent unit will have 7 private rooms and 5 double occupancy rooms and receive unit upgrades with modernization of nursing space, and larger group and educational space added. The number of private rooms will increase from 12 private rooms to 40 private rooms and beds in double rooms will decrease from 52 to 24.

The Project creates no new categories of service and adds no beds and is classified as "non-substantive" under the Review Board's regulations.

Project Costs and Sources of Funds

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 be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$4,309	$13,691	$18,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	$18,617,840	$6,157,010	$24,774,850
Contingencies	$1,861,784	$615,701	$2,477,485
Architectural/Engineering Fees	$894,263	$295,737	$1,190,000
Consulting and Other Fees	$209,926	$69,474	$279,400
Movable or Other Equipment (not in construction contracts)	$930,811	$307,931	$1,238,742
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$22,518,933	$7,459,544	$29,978,477
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$22,518,933	$7,459,544	$29,978,477
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$22,518,933**	**$7,459,544**	**$29,978,477**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

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 ☒ No Purchase Price: $__________ Fair Market Value: $__________
The project involves the establishment of a new facility or a new category of service ☐ Yes ☒ 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 ☒ Schematics ☐ Final Working
Anticipated project completion date (refer to Part 1130.140): December 31, 2026
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 ☒ Financial Commitment will occur after permit issuance.
APPEND DOCUMENTATION AS <u>ATTACHMENT 8,</u> 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?
☒ Cancer Registry ☒ APORS ☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted ☒ 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 departments or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Not Reviewable Space [i.e., non-clinical]: *means an area for the benefit of the patients, visitors, staff, or employees of a health care facility and not directly related to the diagnosis, treatment, or rehabilitation of persons receiving services from the health care facility. "Non-clinical service areas" include, but are not limited to, chapels; gift shops; newsstands; computer systems; tunnels, walkways, and elevators, telephone systems; projects to comply with life safety codes; educational facilities; student housing; patient, employee, staff, and visitor dining areas; administration and volunteer offices; modernization of structural components (such as roof replacement and masonry work); boiler repair or replacement; vehicle maintenance and storage facilities; parking facilities; mechanical systems for heating, ventilation, and air conditioning; loading docks; and repair or replacement of carpeting, tile, wall coverings, window coverings or treatments, or furniture. Solely for the purpose of this definition, "non-clinical service area" does not include health and fitness centers.* [20 ILCS 3960/3]

		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:	**Riverside Medical Center**		**CITY:**	**Kankakee**	
REPORTING PERIOD DATES:		**From:**	**January 1, 2024**	**to:**	**December 31, 2024**
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical	145	5,138	22,694	0	145
Obstetrics	30	873	1,980	0	30
Pediatrics					
Intensive Care	31	979	3,874	0	31
Comprehensive Physical Rehabilitation	30	781	7,968	0	30
Acute/Chronic Mental Illness	64	1,714	14,794	0	64
Neonatal Intensive Care					
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	300	9,485	53,310	0	300

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 RIVERSIDE MEDICAL CENTER 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	SIGNATURE
Phillip Kambic PRINTED NAME	Paula Jacobi PRINTED NAME
President & CEO PRINTED TITLE	General Counsel PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of May 2025	Notarization: Subscribed and sworn to before me this 9 day of May 2025
Signature of Notary	Signature of Notary
Seal PAMELA S. HULL OFFICIAL SEAL Notary Public - State of Illinois My Commission Expires Jun 07, 2025	Seal PAMELA S. HULL OFFICIAL SEAL Notary Public - State of Illinois My Commission Expires Jun 07, 2025

*Insert the EXACT legal name of the applicant

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CERTIFICATION

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- 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 RIVERSIDE HEALTH SYSTEM d/b/a RIVERSIDE HEALTHCARE 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	SIGNATURE
Phillip Kambic	Paula Jacobi
PRINTED NAME	PRINTED NAME
President & CEO	General Counsel
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 9 day of May 2025	Notarization: Subscribed and sworn to before me this 9 day of May 2025
Pamela S Hull Signature of Notary	Pamela S Hull Signature of Notary
Seal: PAMELA S. HULL OFFICIAL SEAL Notary Public - State of Illinois My Commission Expires Jun 07, 2025	Seal: PAMELA S. HULL OFFICIAL SEAL Notary Public - State of Illinois My Commission Expires Jun 07, 2025

*Insert the EXACT legal name of the applicant

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SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility or the discontinuation of more than one category of service in a 6-month period. If the project is solely for a discontinuation of a health care facility the **Background of the Applicant(s) and Purpose of Project MUST** be addressed. **A copy of the Notices listed in Item 7 below MUST be submitted with this Application for Discontinuation** **https://www.ilga.gov/legislation/ilcs/documents/002039600K8.7.htm**

Criterion 1110.290 – Discontinuation

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that are to be discontinued.
2. Identify all the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. Provide copies of the notices that were provided to the local media that would routinely be notified about facility events.
7. **For applications involving the discontinuation of an entire facility, provide copies of the notices that were sent to the municipality in which the facility is located, the State Representative and State Senator of the district in which the health care facility is located, the Director of Public Health, and the Director of Healthcare and Family Services. These notices shall have been made at least 30 days prior to filing of the application.**
8. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

IMPACT ON ACCESS

1. Document whether the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within the **geographic service area**.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

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 listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility.

3. For the following questions, please provide information for each applicant, including corporate officers or directors, LLC members, partners, and owners of at least 5% of the proposed facility. A health care facility is considered owned or operated by every person or entity that owns, directly or indirectly, an ownership interest.

    a. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant, directly or indirectly, during the three years prior to the filing of the application.

    b. A certified listing of each applicant, identifying those individuals that have been cited, arrested, taken into custody, charged with, indicted, convicted, or tried for, or pled guilty to the commission of any felony or misdemeanor or violation of the law, except for minor parking violations; or the subject of any juvenile delinquency or youthful offender proceeding. Unless expunged, provide details about the conviction, and submit any police or court records regarding any matters disclosed.

    c. A certified and detailed listing of each applicant or person charged with fraudulent conduct or any act involving moral turpitude.

    d. A certified listing of each applicant with one or more unsatisfied judgements against him or her.

    e. A certified and detailed listing of each applicant who is in default in the performance or discharge of any duty or obligation imposed by a judgment, decree, order or directive of any court or governmental agency.

4. 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.**

5. 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 can 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** 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 <u>ATTACHMENT 14,</u> 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 <u>has established</u> 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 <u>ATTACHMENT 15,</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

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.

C. **Criterion 1110.210 - Acute Mental Illness and Chronic Mental Illness**

1. Applicants proposing to establish, expand and/or modernize the Acute Mental Illness and Chronic Mental Illness categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☐ **Acute Mental Illness**		
☐ **Chronic Mental Illness**		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.210(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (Formula calculation)	X		
1110.210(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.210(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.210(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.210(b)(5) - Planning Area Need - Service Accessibility	X		
1110.210(c)(1) - Unnecessary Duplication of Services	X		
1110.210(c)(2) - Maldistribution	X		
1110.210(c)(3) - Impact of Project on Other Area Providers	X		
1110.210(d)(1), (2), and (3) - Deteriorated Facilities			X
1110.210(d)(4) - Occupancy			X
1110.210(e)(1) - Staffing Availability	X	X	
1110.210(f) - Performance Requirements	X	X	X
1110.210(g) - Assurances	X	X	
APPEND DOCUMENTATION AS ATTACHMENT 21, 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)**

VII. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document those 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]:**

$29,978,477	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 timetable 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 timetable of receipts.
______	d)	Debt – a statement of the estimated terms and conditions (including the debt time, variable or permanent interest rates over the debt time, 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.
$29,978,477	**TOTAL FUNDS AVAILABLE**

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

SECTION VIII. 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 the project's 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.

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 IX. 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 the cash and equivalents must be retained in the balance sheet asset accounts 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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	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 X. SAFETY NET IMPACT STATEMENT

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

1. The project's material impact, if any, on essential safety net services in the community, ***including the impact on racial and health care disparities 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 each community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all 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 37.

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			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

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

SECTION XI -SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant: Riverside Medical Center (Name) 350 N. Wall Street (Address)
   Kankakee (City) IL (State) 60901 (ZIP Code) 815/902-5231 (Telephone Number)

2. Project Location: 100 Riverside Drive (Address) Bourbonnais (City) IL (State)
   Kankakee (County) ____ (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https://msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the ***Go to NFHL Viewer*** tab above the map. You can print a copy of the floodplain map by selecting the icon in the top corner of the page. Select the pin tool icon and place a pin on your site. Print a FIRMETTE size image.

   If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes___ No X ?

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following:

FIRM Panel Number:________________ Effective Date:________________

Name of Official:________________ Title: ________________

Business/Agency:________________ Address:________________

(City) (State) (ZIP Code) (Telephone Number)

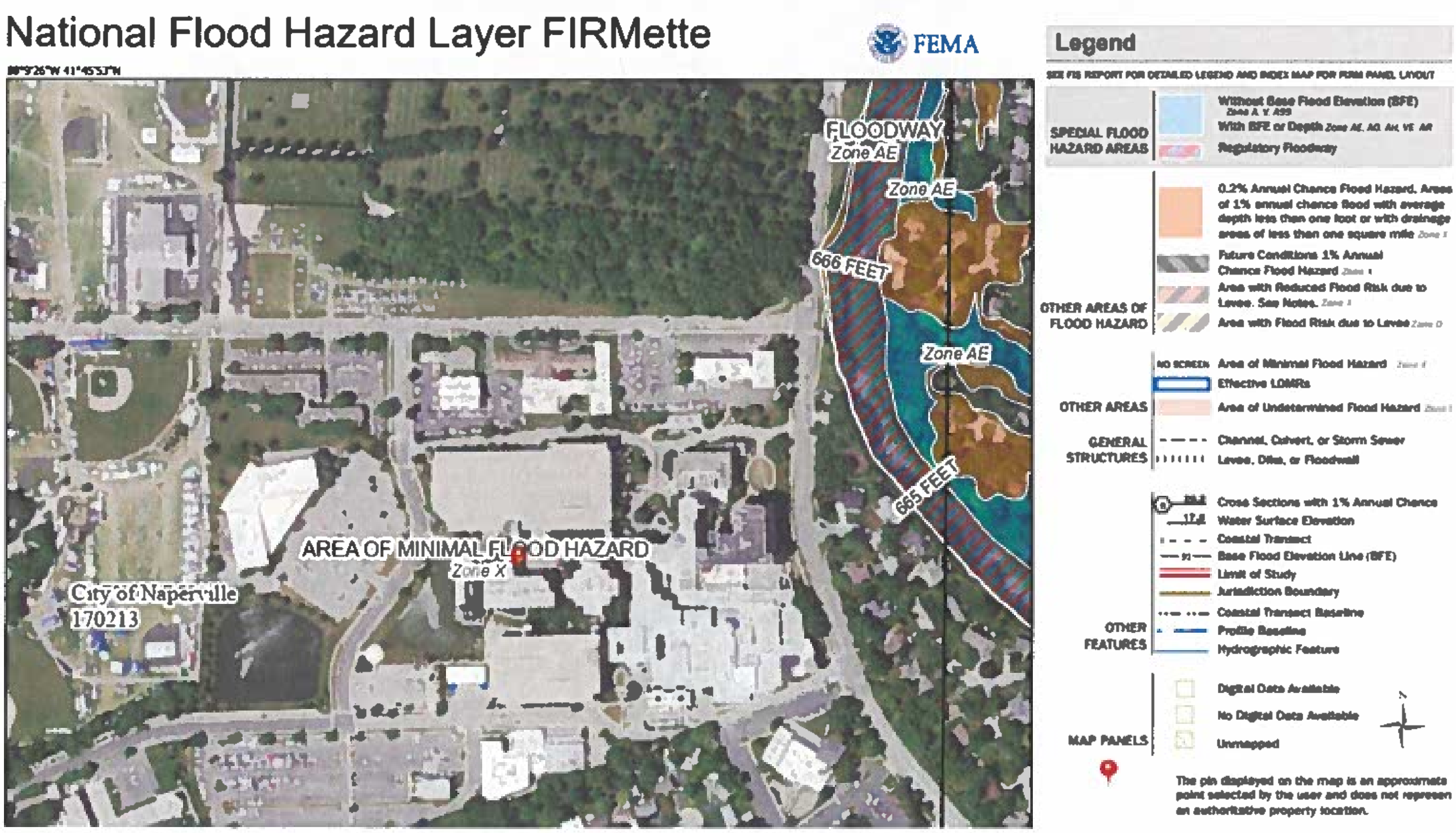
Signature:________________ Date: ________________

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

Floodplain Map Example

The image below is an example of the floodplain mapping required as part of the IDPH swimming facility construction permit showing that the swimming pool, to undergo a major alteration, is outside the mapped floodplain.



After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS

Section I, Type of Ownership of Applicant/Co-Applicant

Attachment 1

1. **Riverside Medical Center ("Hospital")**: The Hospital is an Illinois not-for-profit organization. A copy of the Hospital's Good Standing Certificate is attached.

2. **Riverside Health System, d/b/a Riverside Healthcare ("System")**: The System is an Illinois not-for-profit organization. A copy of the System's Good Standing Certificate is attached.

File Number 3882-598-4

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulias, *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*

RIVERSIDE MEDICAL CENTER, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 20, 1959, 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* 7TH *day of* APRIL *A.D.* 2025 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 2509702716 verifiable until 04/07/2026
Authenticate at: https://www.ilsos.gov

SECRETARY OF STATE

File Number 5265-328-2

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulias, *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*

RIVERSIDE HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON FEBRUARY 19, 1982, 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* 7TH *day of* APRIL *A.D.* 2025 .

SEAL OF THE STATE OF ILLINOIS AUG. 26th 1818

Authentication #: 2509702668 verifiable until 04/07/2026
Authenticate at: https://www.ilsos.gov

Alexi Giannoulias
SECRETARY OF STATE

55442535 7

ATTACHMENT 1

Section I, Site Ownership

Attachment 2

Attached is a copy of the 2024 tax bill for the site, which shows that Hospital owns the site.

Property Information

Parcel Number 16-09-31-400-014	**Site Address** 400 N WALL ST KANKAKEE, IL 60901	**Owner Name & Address** RIVERSIDE MEDICAL CENTER. 350 N WALL STREET KANKAKEE, IL. 60901-2901
Tax Year 2023 (Payable 2024)		
Sale Status None		
Property Class 0090 - TAX EXEMPT PROPERTY	**Tax Code** 16003 - KANKAKEE 03	**Tax Status** Exempt
Net Taxable Value 0	**Tax Rate** 0.000000	**Total Tax** $0.00
Township KANKAKEE	**Acres** 0.0000	**Mailing Address**

Legal Description
WASHINGTON-BOURB RES TRACT W OF RIVER &N OF RR BAL 25.98AC 31-31-12E

4/7/25, 8:30 AM Parcel Details for 160931400014

Assessments

Level	Homesite	Dwelling	Farm Land	Farm Building	Mineral	Total	Partial Building
DOR Equalized	0	0	0	0	0	0	No
Department of Revenue	0	0	0	0	0	0	No
Board of Review Equalized	0	0	0	0	0	0	No
Board of Review	0	0	0	0	0	0	No
S of A Equalized	0	0	0	0	0	0	No
Supervisor of Assessments	0	0	0	0	0	0	No
Township Assessor	0	0	0	0	0	0	No
Prior Year Equalized	0	0	0	0	0	0	No

No Billing Information

Exemptions

Exemption Type	Requested Date	Granted Date	Renewal Date	Prorate Date	Requested Amount	Granted Amount
Exempt Property	12/22/2015	12/22/2015	2/14/2023		0	0

Taxing Bodies

District	Tax Rate	Extension
KANKAKEE AIRPORT	0.031700	$0.00
KANKAKEE COUNTY	0.952700	$0.00
KANKAKEE CC #520	0.459500	$0.00
KANKAKEE UD #111	5.234800	$0.00
KANKAKEE FOREST PRESERVE	0.050300	$0.00
KANKAKEE PARK	0.615100	$0.00
KANKAKEE TOWNSHIP ROAD	0.283500	$0.00
KANKAKEE TOWNSHIP	0.296400	$0.00
CITY OF KANKAKEE	4.862600	$0.00
TOTAL	**12.786600**	**$0.00**

No data

Disclaimer

New this year, you may reprint your tax bill for no additional fee. THE TAX BILL MUST HAVE A BARCODE! If we receive your payment without a barcode a $5 fee will apply.

Please note that we continuously process payments taken at our local banks. If this system shows you have not paid your taxes, and you paid at a bank, it's because your payment has not been processed yet. All payments taken at our local banks before the due dates posted are considered ON-TIME. We appreciate your patience and understanding. **IF YOU ARE RESEARCHING DELINQUENT PROPERTIES DURING THIS TIME, YOU ARE ADVISED THAT THE ACCURACY OF INFORMATION ON THIS SYSTEM CANNOT BE GUARANTEED.**

1st Installment Due June 27, 2024

2nd Installment Due September 5, 2024

NO PERSONAL OR BUSINESS CHECKS WILL BE ACCEPTED AFTER SEPTEMBER 26, 2024.

Illinois Department of Revenue

PTAX-300-HA Affidavit for Hospital Property Tax Exemption — (35 ILCS 200/15-10e)

Step 1: Identify the property

1 Riverside Medical Center
Name of hospital or affiliate filing the affidavit

2 350 N. Wall Street
Street address of hospital or affiliate

Kankakee IL 60901
City ZIP

3 Kankakee
County in which property is located

4 Provide the Department of Revenue Docket number for which this affidavit is being filed. Various

5 Write the assessment year for which this affidavit is being filed. 2025

6 What is your fiscal year? Jan 1 - Dec 31

7 Check the relevant hospital entity:
- [x] hospital owner - write the license number: 0002014
- [ ] hospital affiliate - explain relationship:
- [ ] hospital system - explain relationship:

8 Property index numbers (PIN) included in this affidavit
16-09-31-100-012
16-09-31-100-021
(Continue on back page.)

9 If the applicant has an Illinois sales tax exemption number, write it here. E — 9984 — 1991

10 Check what the value of services and activities below reflect.
- [x] hospital year
- [ ] average of 3 fiscal years ending with hospital year

Step 2: Provide the following about the services and activities for the relevant hospital entity

11 Write the amount of charity care provided. 11 1,625,361

12 Write the amount of unreimbursed costs for health services provided to low-income and underserved individuals. 12

13 If the hospital gives a subsidy to a state or local government, write the total amount. 13

14 If the hospital gives a subsidy for Illinois health care programs to low-income individuals, write the total amount. 14 17,199,016

15 If the hospital provides a dual-eligible subsidy by treating Medicare/Medicaid patients, multiply
1) the hospital's ratio of dual-eligible patients to the total number of Medicare patients by
2) the total of unreimbursed costs of Medicare.

_____ / _____ X $_____ =
1) ratio 2) unreimbursed Medicare 15

16 If the hospital provided relief for the government as it relates to health care services for low income individuals, write the total low-income portion of unreimbursed costs. 16

17 The value of any other service or activity not reported above. 17
Clearly specify the service or activity:

18 Total-Add Lines 11 through 17. 18 18,824,377

19 What is the total amount of property taxes, actual or estimated, for all the exempt property the owner, affiliate, or system, identified on Line 7, owns for the tax year for which this affidavit is being submitted? 19 4,490,884

20 Has the ownership or use of this property identified on Line 8 changed from the prior year? 20 [ ] Yes [x] No

21 Have there been any changes from the prior year with respect to the leasing of any of the properties identified on Line 8? If yes, please explain and provide a copy of the rental agreement/lease

Official Seal
GENELLE M HABEDANK
Notary Public, State of Illinois
Commission No. 910853
My Commission Expires September 20, 2028

Step 3: Signature and notarization

Under penalties of perjury, I state that, to the best of my knowledge, the information contained in this affidavit is true, correct, and complete.

[signature] 1.30.2025
Signature Date

Contact phone number (815) 935-7542

Email address pvitt@rhc.net

Subscribed and sworn to before me this 30th day of January, 2025

Genelle M. Habedank
Notary public

Complete and submit this affidavit to the Chief County Assessment Officer.

--For county use only--

Authorized Signature of Chief County Assessment Officer

Date ___/___/___

PTAX-300-HA front (N-10/14)

Instructions

Step 1: Identify the property

Lines 1-7 — Follow the instructions on the form.
Line 8 — List the property index numbers (PIN) included in this affidavit. If you need additional room to list multiple PINs, continue below.
Line 9 — Follow the instructions on the form.
Line 10 — Check whether the figures for services and activities you will enter on Lines 11 through 21 are for the hospital year or the average of the previous three fiscal years ending with the hospital year.
***Hospital year** - The fiscal year of the relevant hospital entity, or the fiscal year of one of the hospital owners in the hospital system if the relevant hospital entity is a hospital system with members with different fiscal years, that ends in the year for which the exemption is sought.*

Step 2: Provide information about the services and activities for the relevant hospital entity

Line 11 — ***Charity care*** — Free or discounted services provided pursuant to the Relevant Hospital Entity's financial assistance policy, measured at cost, including discounts provided under the Hospital Uninsured Patient Act.
Line 12 — ***Health services to low-income and underserved individuals***— Unreimbursed costs of the Relevant Hospital Entity for providing without charge, paying for, or subsidizing goods, activities, or services for the purpose of addressing the health of low-income or underserved individuals. Those activities or services may include, but are not limited to, financial or in-kind support to affiliated or unaffiliated hospitals, hospital affiliates, community clinics, or programs that treat low-income or underserved individuals; providing or subsidizing outreach or educational services to low-income or underserved individuals for disease management and prevention; free or subsidized goods, supplies, or services needed by low-income or underserved individuals because of their medical condition; and prenatal or childbirth outreach to low-income or underserved persons.
Line 13 — ***Subsidy of state or local governments*** — Direct or indirect financial or in-kind subsidies of state or local governments by the Relevant Hospital Entity that pay for or subsidize activities or programs related to health care for low-income or underserved individuals.
Line 14 — ***Support for state health care programs for low-income individuals*** — At the election of the Hospital Applicant for each applicable year, either

- 10 percent of payments to the Relevant Hospital Entity and any Hospital Affiliate designated by the relevant Hospital Entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the Relevant Hospital Entity) under Medicaid or other means-tested programs, including, but not limited to, General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program; or
- the amount of subsidy provided by the Relevant Hospital Entity and any hospital affiliate designated by the Relevant Hospital Entity (provided that such hospital affiliate's operations provide financial or operational support for or receive financial or operational support from the Relevant Hospital Entity) to state or local government in treating Medicaid recipients and recipients of means-tested programs, including but not limited to General Assistance, the Covering ALL KIDS Health Insurance Act, and the State Children's Health Insurance Program.

The amount of subsidy for purposes of the item is calculated in the same manner as unreimbursed costs are calculated for Medicaid and other means-tested government programs on federal Form 990, Schedule H. Unreimbursed costs shall be net of fee-for-services payments, payments pursuant to an assessment, quarterly payments, and all other payments included on the Schedule H.
Line 15 — ***Dual-eligible subsidy*** — This is the amount of subsidy provided to the government by treating dual-eligible Medicare/Medicaid patients. The amount of subsidy is calculated by multiplying the Relevant Hospital Entity's ratio of dual-eligible patients to total Medicare patients by the Relevant Hospital Entity's unreimbursed costs for Medicare (calculated in the same manner as federal Form 990, Schedule H).
Line 16 — ***Relief of the burden of government related to health care of low-income individuals*** — **From Schedule A.**
Line 17 — Enter the value of any other activity by the hospital that the Department determines relieves the burden of government or addresses the health of low-income or underserved individuals. Clearly specify the service or activity.
Line 18 — Add Lines 11-17 and enter the total here.
Line 19 — Write the amount of the actual property tax from the property tax bill or the estimated property tax from Schedule E, Line 18, whichever is less, for all of the exempt property the owner, affiliate, or system owns for the year for which this affidavit is being submitted. ***From Schedule E.***
Line 20 — Check yes or no if this property's ownership or use has changed.
Line 21 — Check yes or no if there have been any changes from the prior year with respect to the leasing of any of the properties identified on Line 8. If yes, enter a brief explanation and attach a copy of the rental agreement or lease.

Step 3: Signature and notarization

The affidavit must be signed under oath, verifying that all of the information is true and correct to the best of the applicant's knowledge and belief. **This affidavit must be notarized before sending to the Chief County Assessment Officer.**

8 **Additional** Property index numbers (PIN) included in this affidavit.

16-09-31-200-020
16-09-31-301-020
16-09-31-301-026
16-09-31-400-014
16-09-31-400-013
17-09-08-100-021
17-09-30-406-027

PTAX-300-HA back (N-10/14)

CERTIFICATE OF EXEMPT STATUS RENEWAL

BOURBONNAIS TWP. 2025

RIVERSIDE MEDICAL CENTER
350 N WALL STREET

KANKAKEE IL 60901-2901

DATE: 01/15/2025 DEADLINE DATE: 2/18/2025

In accordance with chapter 35 of the Illinois Statues 200/15-10, you are required to submit annually a Certificate of Status of Exempt Property. As title holder and/or owner of the beneficial interest of the parcel or parcels listed below, you must inform the Chief County Assessment Officer of any change in the use of the property. Failure to file this certificate shall constitute cause to terminate this exemption for the following properties.

EXEMPT PARCEL NUMBER

17-09-08-100-021	17-09-30-406-027	16-09-31-100-012	16-09-31-100-021	16-09-31-200-020
16-09-31-301-020	16-09-31-301-026	16-09-31-400-014		

NO CHANGE IN USE

NO CHANGE IN OWNERSHIP

PROPERTY IS NOT LEASED

1

CERTIFICATE OF EXEMPT STATUS RENEWAL

Exempt property; procedures for certification. In order to maintain exempt status, the titleholder or the owner of the beneficial interest of any property that is exempt must file with the Chief County Assessment Officer, on or before January 31 or alternate deadline date as provided therein, an affidavit stating whether there has been any change in the ownership or use of the property. The nature of any change shall be stated in the affidavit.

Failure to file an affidavit shall, in the discretion of the assessment officer, constitute cause to terminate the exemption of that property, notwithstanding any other provision of this Code. Owners of 5 or more such exempt parcels within a county may file a single annual affidavit in lieu of an affidavit for each parcel. (35 ILCS 200/15-10)

Obligation to file copies of leases or agreements. If any property listed as exempt by the Chief County Assessment Officer is leased, loaned or otherwise made available for profit, the titleholder or the owner of the beneficial interest shall file with the assessment officer a copy of all such leases or agreements and a complete description of the premises, so that the Chief County Assessment Officer can ascertain the exact size and location of the premises in order to create a tax parcel.

Failure to file such leases, agreements or descriptions shall, in the discretion of the Chief County Assessment Officer, constitute cause to terminate the exemption, notwithstanding any other provision of this Code. (35 ILCS 200/15-15)

Notification requirements after change in use or ownership. If any property listed as exempt by the Chief County Assessment Officer has a change in use, a change in leasehold estate, or a change in titleholder of record by purchase, grant, taking or transfer, it shall be the obligation of the transferee to notify the Chief County Assessment Officer in writing within 90 days of the change. If mailed, the notice shall be sent by certified mail, return receipt requested, and shall include the name and address of the taxpayer, the legal description of the property, the address of the property, and the permanent index number of the property where such number exists. If notice is provided in person, it shall be provided on a form prescribed by the Chief County Assessment Officer, and the Chief County Assessment Officer shall provide a date stamped copy of the notice. Except as provided in item (6) of subsection (a) of Section 9-260, item (6) of Section 16-135, and item (6) of Section 16-140 of this Code, if the failure to give the notification results in the assessing official continuing to list the property as exempt in subsequent years, the property shall be considered omitted property for purposes of this Code. (35 ILCS 200/15-20)

This form must be returned to the Chief County Assessment Officer by the deadline above.

If you have questions regarding this form, please call (815) 937- 2945.

I hereby acknowledge that I have reviewed and understand the requirements stated above to retain exempt property status for the parcel(s) listed on this certification.

RIVERSIDE MEDICAL CENTER — (815) 935-7256

Owner (Printed Name) — **Telephone**

[signature] CFO

Signature and Title

350 N. WALL ST — KANKAKEE — IL — 60901

Address — **City** — **State** — **Zip Code**

KANKAKEE COUNTY
Chief County Assessment Office
189 E Court St
Kankakee, IL 60901
815-937-2945

2

CERTIFICATE OF EXEMPT STATUS RENEWAL

KANKAKEE TWP. 2025

RIVERSIDE MEDICAL CENTER FINANCE DEPARTMENT
350 N WALL STREET

KANKAKEE IL 60901-2901

DATE: 01/15/2025 DEADLINE DATE: 2/18/2025

In accordance with chapter 35 of the Illinois Statues 200/15-10, you are required to submit annually a Certificate of Status of Exempt Property. As title holder and/or owner of the beneficial interest of the parcel or parcels listed below, you must inform the Chief County Assessment Officer of any change in the use of the property. Failure to file this certificate shall constitute cause to terminate this exemption for the following properties.

<u>EXEMPT PARCEL NUMBER</u>
16-09-31-400-013

NO CHANGE IN USE
NO CHANGE IN OWNERSHIP
PROPERTY IS NOT LEASED

1

CERTIFICATE OF EXEMPT STATUS RENEWAL

Exempt property; procedures for certification. In order to maintain exempt status, the titleholder or the owner of the beneficial interest of any property that is exempt must file with the Chief County Assessment Officer, on or before January 31 or alternate deadline date as provided therein, an affidavit stating whether there has been any change in the ownership or use of the property. The nature of any change shall be stated in the affidavit.

Failure to file an affidavit shall, in the discretion of the assessment officer, constitute cause to terminate the exemption of that property, notwithstanding any other provision of this Code. Owners of 5 or more such exempt parcels within a county may file a single annual affidavit in lieu of an affidavit for each parcel. (35 ILCS 200/15-10)

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Failure to file such leases, agreements or descriptions shall, in the discretion of the Chief County Assessment Officer, constitute cause to terminate the exemption, notwithstanding any other provision of this Code. (35 ILCS 200/15-15)

Notification requirements after change in use or ownership. If any property listed as exempt by the Chief County Assessment Officer has a change in use, a change in leasehold estate, or a change in titleholder of record by purchase, grant, taking or transfer, it shall be the obligation of the transferee to notify the Chief County Assessment Officer in writing within 90 days of the change. If mailed, the notice shall be sent by certified mail, return receipt requested, and shall include the name and address of the taxpayer, the legal description of the property, the address of the property, and the permanent index number of the property where such number exists. If notice is provided in person, it shall be provided on a form prescribed by the Chief County Assessment Officer, and the Chief County Assessment Officer shall provide a date stamped copy of the notice. Except as provided in item (6) of subsection (a) of Section 9-260, item (6) of Section 16-135, and item (6) of Section 16-140 of this Code, if the failure to give the notification results in the assessing official continuing to list the property as exempt in subsequent years, the property shall be considered omitted property for purposes of this Code. (35 ILCS 200/15-20)

This form must be returned to the Chief County Assessment Officer by the deadline above.

If you have questions regarding this form, please call (815) 937- 2945.

I hereby acknowledge that I have reviewed and understand the requirements stated above to retain exempt property status for the parcel(s) listed on this certification.

RIVERSIDE MEDICAL CENTER (815) 935-7256

Owner (Printed Name) Telephone

CFO

Signature and Title

350 N WALL ST KANKAKEE IL 60901

Address City State Zip Code

KANKAKEE COUNTY
Chief County Assessment Office
189 E Court St
Kankakee, IL 60901
815-937-2945

2

Section I, Operating Identity/Licensee

Attachment 3

Riverside Medical Center ("RMC") is an Illinois not-for-profit organization. A copy of RMC's Good Standing Certificate is included in Attachment 1.

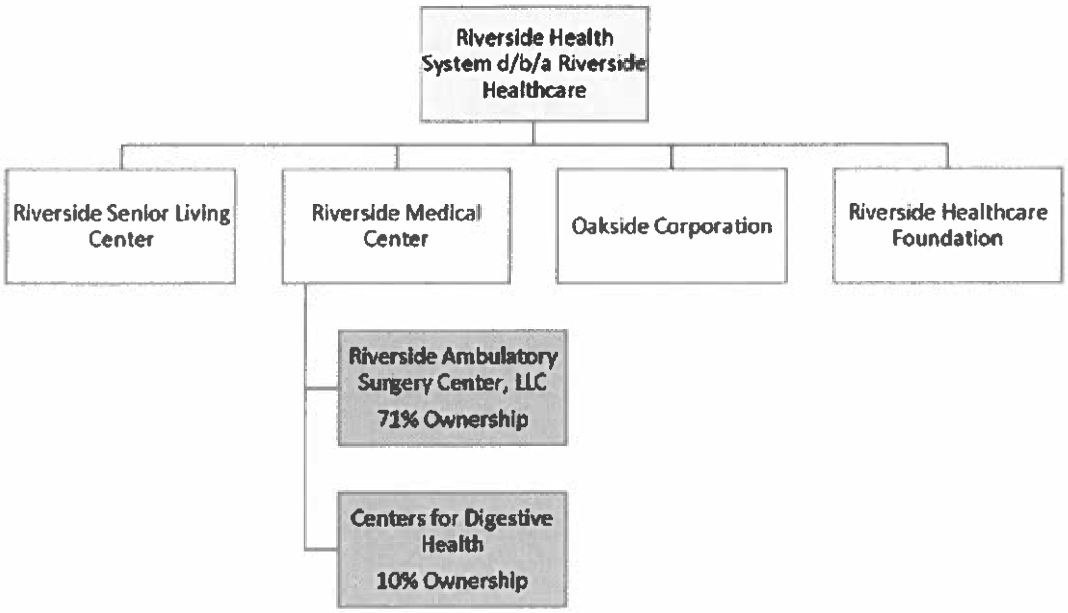
Section I, Organizational Relationships

Attachment 4

A copy of Riverside Healthcare's organizational chart is attached.

Riverside Health System
d/b/a Riverside Healthcare

Organizational Chart



Section I, Flood Plain Requirement

Attachment 5

As shown on the attached FEMA map the site of the Project is not located in a flood plain and that the Project complies with the Flood Plain Rules under Illinois Executive Order #2006-5.

SECTION XI - SPECIAL FLOOD HAZARD AREA AND 500-YEAR FLOODPLAIN DETERMINATION FORM

In accordance with Executive Order 2006-5 (EO 5), the Health Facilities & Services Review Board (HFSRB) must determine if the site of the CRITICAL FACILITY, as defined in EO 5, is in a mapped floodplain (Special Flood Hazard Area) or a 500-year floodplain. All state agencies are required to ensure that before a permit, grant or a development is planned or promoted, the proposed project meets the requirements of the Executive Order, including compliance with the National Flood Insurance Program (NFIP) and state floodplain regulation.

1. Applicant Riverside Medical Center 350 N. Wall Street
(Name) (Address)
Kankakee IL 60901 815/902-5231
(City) (State) (ZIP Code) (Telephone Number)

2. Project Location: 100 Riverside Drive Bourbonnais IL
(Address) (City) (State)
Kankakee
(County) (Township) (Section)

3. You can create a small map of your site showing the FEMA floodplain mapping using the FEMA Map Service Center website (https://msc.fema.gov/portal/home) by entering the address for the property in the Search bar. If a map, like that shown on page 2 is shown, select the *Go to NFHL Viewer* tab above the map. You can print a copy of the floodplain map by selecting the icon in the top corner of the page. Select the pin tool icon and place a pin on your site. Print a FIRMETTE size image.

   If there is no digital floodplain map available select the **View/Print FIRM** icon above the aerial photo. You will then need to use the Zoom tools provided to locate the property on the map and use the **Make a FIRMette** tool to create a pdf of the floodplain map.

IS THE PROJECT SITE LOCATED IN A SPECIAL FLOOD HAZARD AREA: Yes ___ No X ?

IS THE PROJECT SITE LOCATED IN THE 500-YEAR FLOOD PLAIN?

If you are unable to determine if the site is in the mapped floodplain or 500-year floodplain, contact the county or the local community building or planning department for assistance.
If the determination is being made by a local official, please complete the following:

FIRM Panel Number: ______________________ Effective Date: ______________

Name of Official: ______________________ Title: ______________

Business/Agency: ______________________ Address: ______________________

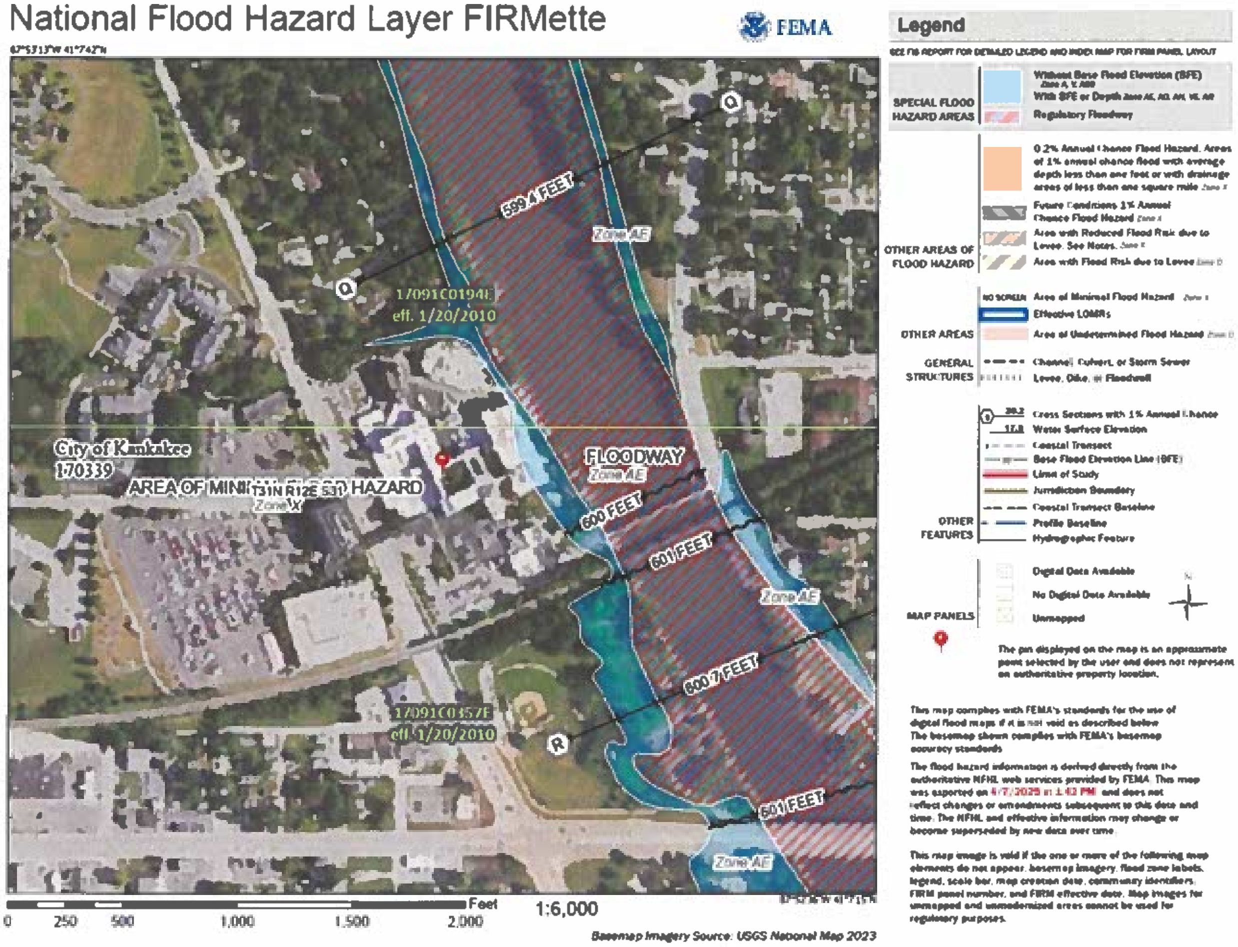
(City) (State) (ZIP Code) (Telephone Number)

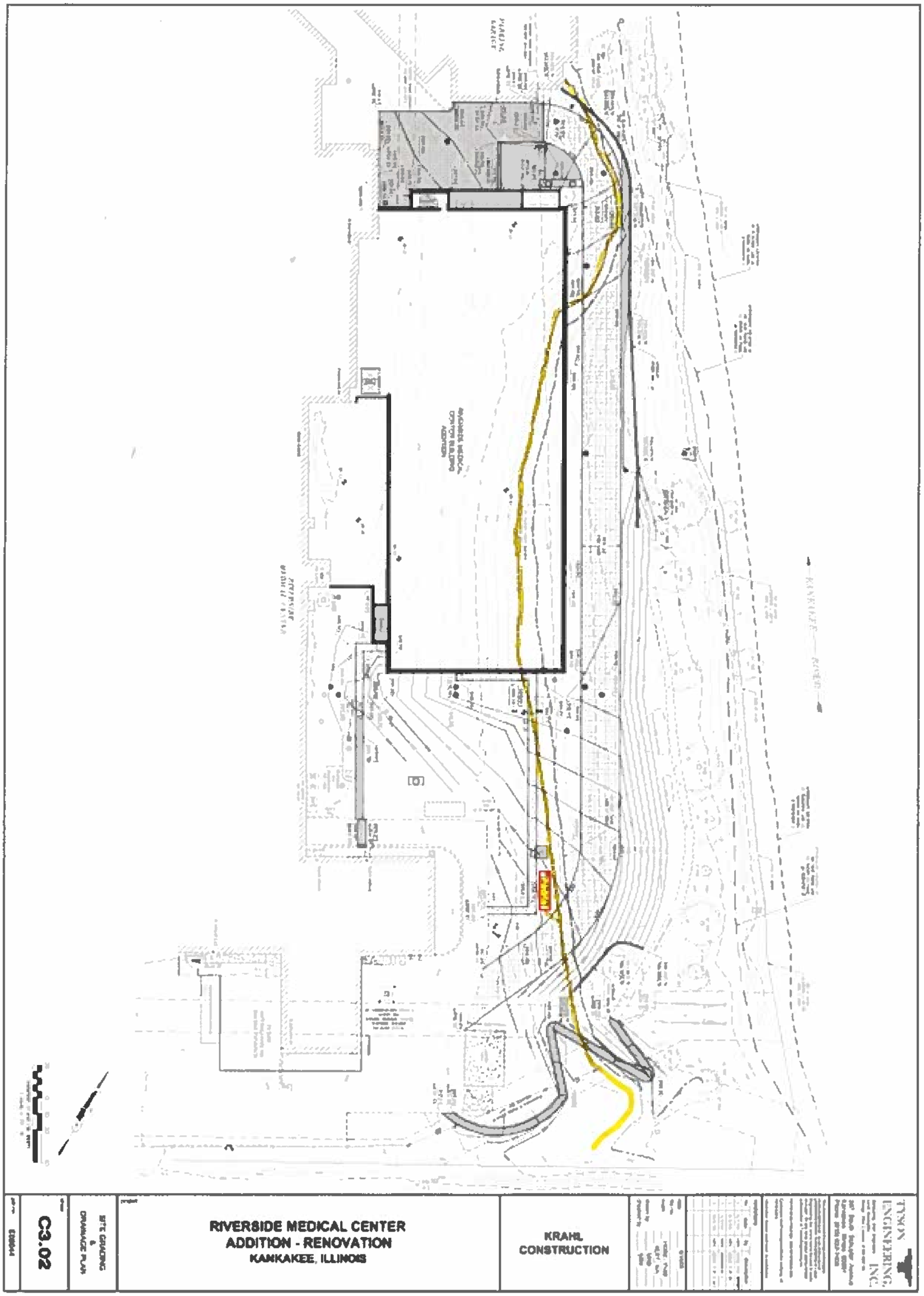
Signature: ______________________ Date: ______________

NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

If you need additional help, contact the Illinois Statewide Floodplain Program at 217/782-4428

National Flood Hazard Layer FIRMette




RIVERSIDE MEDICAL CENTER
ADDITION - RENOVATION
KANKAKEE, ILLINOIS
KRAHL
CONSTRUCTION
SITE GRADING
&
DRAINAGE PLAN
C3.02
TYSON
ENGINEERING,
INC.

Section I, Historic Resources Preservation Act Requirements

Attachment 6

The Project is to upgrade and expand the current physical blueprint of the secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment. A letter to the Illinois Department of Natural Resources is attached.

Anna Pawlik

Phone: (312) 876-6958
anna.pawlik@saul.com
www.saul.com

SAUL EWING

April 18, 2025

VIA EMAIL

Carey L. Mayer, AIA
Deputy State Historic Preservation Officer
Illinois Department of Natural Resources
One Natural Resources Way
Springfield, Illinois 62701-1271
E-mail: SHPO.Review@Illinois.gov

RE: Review to Determine Impact Upon Historic Resources
350 N. Wall Street, Kankakee, Illinois 60901
Certificate of Need Application

Dear Ms. Mayer:

This letter requests your comments as to whether a proposed project has historical, architectural or archeological impact. This request is made in connection with a Certificate of Need application to be filed in soon with the Illinois Health Facilities and Services Review Board.

The project will upgrade and expand the current physical blueprint of the secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment (the "Project"). The Project will upgrade the HVAC, remove wooden cabinetry in patient rooms, repair patient showers and enhance patient safety with finishing upgrades. The Project will maintain a 64 bed capacity with minor reconfiguring of bed count by unit.

Enclosed please find a map showing the property together with a street view and satellite photos.

We would appreciate a letter in response that we can include as part of the CON application. If you have questions or comments, or need additional information, please contact me at (312) 876-6958.

I appreciate your assistance.

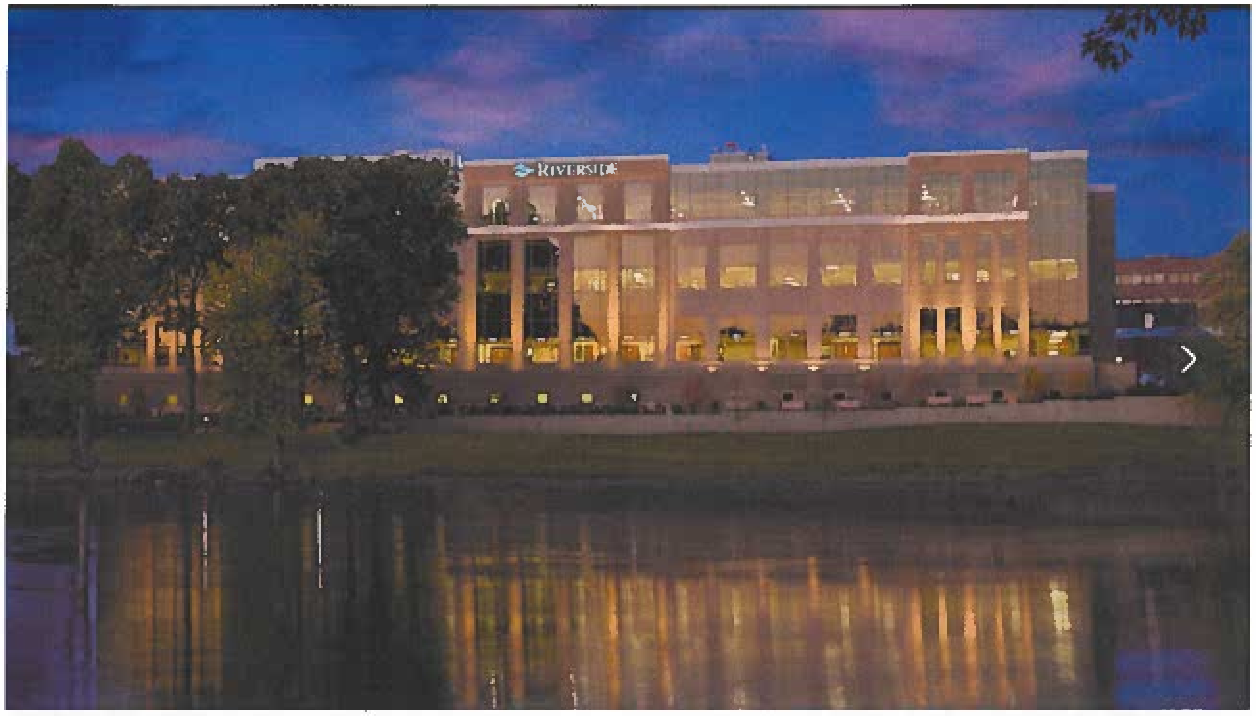
Very truly yours,

Anna Pawlik

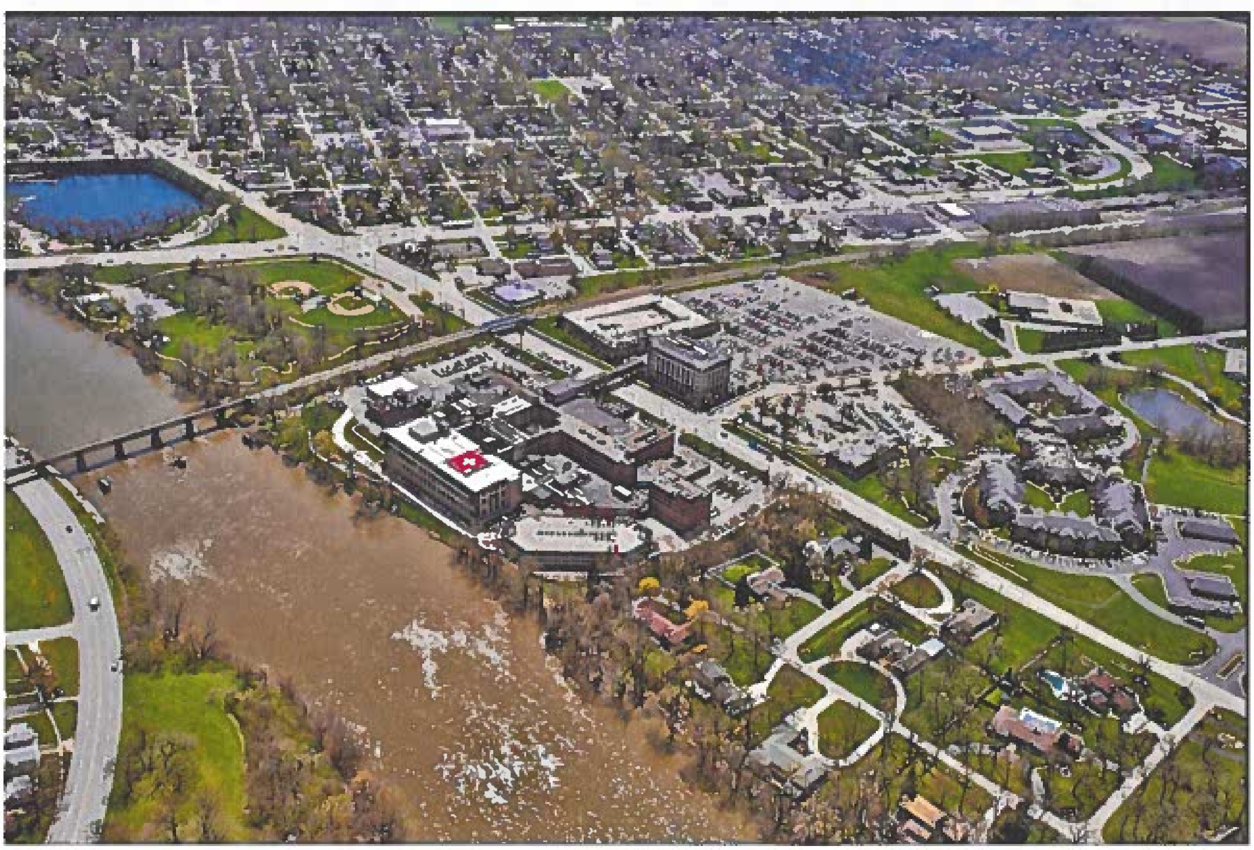
Anna Pawlik

161 North Clark • Suite 4200 • Chicago, IL 60601
Phone: (312) 876-7100 • Fax: (312) 876-0288


N Wall St


RIVERSIDE


Google Street View
Share



Section I, Project Costs and Source of Funds

Attachment 7 Section 1120.110, Project Costs and Sources of Funds

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$4,309	$13,691	$18,000
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	$18,617,840	$6,157,010	$24,774,850
Contingencies	$1,861,784	$615,701	$2,477,485
Architectural/Engineering Fees	$894,263	$295,737	$1,190,000
Consulting and Other Fees	$209,9265	$69,474	$279,400
Movable or Other Equipment (not in construction contracts)	$930,811	$307,931	$1,238,742
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$22,518,933	$7,459,544	$29,978,477
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$22,518,933	$7,459,544	$29,978,477
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	**$22,518,933**	**$7,459,544**	**$29,978,477**
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Riverside Medical Center
Behavioral Health Units Modernization
Proposed Cost Detail
Attachment 7

New Construction Contracts	**$24,774,850.00**
Buildout and Remodel of 46,745 square feet in existing main hospital building. Construction cost estimated at 530.00 per sq. ft. average across clinical and non-clinical spaces.	
Contingencies	**$2,477,485**
Contingencies are 10% of the new constructions	
Architectural and Engineers	**$1,190,000**
Architectural and Engineering fees budgeted based on proposal from conceptual plans. This cost includes Mechanical engineering, Plumbing Engineering, Electrical engineering, Fire protection engineering, Communications/ Technology system engineering and Interior designing	
Movable or Other Equipment	**$1,238,742**
Patient Furniture (sleeping & Common area)	$400,000
Staff Furniture	$120,000
Signage	$45,000
Artwork	$25,200
Networking	$42,500
IT Equipment (Computers, printers, etc.)	$190,542
Appliances (nourishment, laundry)	$51,500
Wall Hung Fixtures (Soaps, Paper towel, etc.)	$82,000
Storage, Utility Rooms, Lockers	$105,000
TV / Media	$50,000
Medical (O2, vac.)	$45,000
Security (Cameras, Access Control)	$82,000
Consulting and Other Fees	**$279,400**
CON Filing Fee	**$63,700**
IDPH Filing Fee	**$32,600**
CON Legal Fees	**$45,000**
Local Permit Fees	**$138,100**
Grand Total	**$29,978,477**

Section I, Cost Space Requirements

Attachment 9

Cost Space Requirements

		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							
Clinical/ Patient Rooms	$8,594,480	16,216	0	0	16,216	0	0
Clinical / Support Areas	$6,061,080	11,436	0	0	11,436	0	0
Clinical / Circulation	$3,962,280	7,476	0	0	7,476	0	0
Total Clinical	$18,617,840	35,128	0	0	35,128	0	0
NON-REVIEWABLE							
Non- Clinical / Support	$2,329,880		4,396	4,396	0	0	0
Non- Critical / Public Spaces	$208,820		394	394	0	0	0
Non- Clinical / Public Circulation	$1,848,110		3,487	3,487	0	0	0
Non- Clinical / MEP/Stair/Elevator	$1,770,200	3,340	0	0	3,340	0	0
Total Non-clinical	$24,774,850	3,340	9,327	9,327	3,340	0	0
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

This Project is to upgrade the HVAC, remove wooden cabinetry in patient rooms, repair patient showers and enhance patient safety with finishing upgrades. The Project will maintain a 64-bed capacity with minor reconfiguring of bed count by unit.

Section III, Background of Applicant

Attachment 11

Section 1110.230, Background, Purpose of the Project and Alternatives

1. A listing of all health care facilities owned by the applicant, including licensing, and certification if applicable.

A copy of Riverside Medical Center's ("Hospital") full general hospital license #0002014, effective January 1, 2024, issued by IDPH, is attached. The Hospital's most recent of accreditation from DNV is also attached.

Riverside Healthcare and/or Riverside Medical Center has ownership interest in the following facilities:

FACILITY	LOCATION	LICENSE NO.	ACCREDITATION NUMBER
Riverside Senior Living Center d/b/a Miller Rehabilitation (100%)	1601 Butterfield Trail Kankakee, IL 60901	40659	N/A
Riverside Ambulatory Treatment Center, LLC (72%)	300 Riverside Drive Bourbonnais, IL 60914	7003049	70608
Center for Digestive Health (10%)	1615 N. Convent Bourbonnais, IL 60814	7002876	AAAHC #65640

2. A certified listing of any adverse action taken against any facility owned and/or operated by applicant during the three years prior to the filing of the application.

By their signatures on the Certification pages to this application, each of the Applicants attest that no adverse action has been taken against any facility owned and/or operated by them during the three (3) years prior to the filing of this application.

3. Authorization permitting HFSRB and DPH access to 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.

By their signatures to the Certification pages to this application, each of the Applicants authorize HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: (i) official records of IDPH or other State agencies; (ii) the licensing or certification records of other states, when applicable; and (iii) the records of nationally recognized accreditation organizations.

ILLINOIS DEPARTMENT OF
PUBLIC HEALTH

HF131985

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.

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/31/2025		0002014

General Hospital

Effective: 01/01/2025

Riverside Medical Center
350 N Wall Street
Kankakee, IL 60901

The face of this license has a colored background. • Printed by Authority of the State of Illinois • P.O. #4024001 2M 4/24

DNV

HEALTHCARE CERTIFICATE

Certificate no.:	Initial certification date:	Valid:
10000489636-MSC-CMS-USA	24 January, 2013	25 August, 2024 – 25 August, 2027

This is to certify that the management system of

Riverside Medical Center

350 North Wall Street, Kankakee, IL, 60901, USA

has been found to comply with the requirements of the:

NIAHO® Hospital Accreditation Program

Pursuant to the authority granted to DNV Healthcare USA Inc. by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, this organization is deemed in compliance with the Medicare Conditions of Participation for Hospitals (42 C.F.R. §482).

Place and date:
Katy, TX, 10 October, 2024

For the issuing office:
DNV Healthcare USA Inc.
1400 Ravello Drive, Katy, TX, 77449, USA

Kelly Proctor
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
ACCREDITED UNIT: DNV Healthcare USA Inc., 1400 Ravello Drive, Katy, TX 77449, USA - TEL: +1-281-396-1000 www.dnvhealthcare.com

DNV

MANAGEMENT SYSTEM CERTIFICATE

Certificate no.:	Initial certification date:	Valid:
C667469	04 February, 2025	04 February, 2025 – 03 February, 2028

This is to certify that the management system of

Riverside Medical Center

350 North Wall Street, Kankakee, IL, 60901, USA

and the sites as mentioned in the appendix accompanying this certificate

has been found to conform to the Quality Management System standard:

ISO 9001:2015

This certificate is valid for the following scope:

Acute care hospital provider of medical and surgical inpatient and outpatient services.

Place and date:
Katy, TX, 26 February, 2026

For the issuing office:
DNV - Business Assurance
1400 Ravello Drive, Katy, TX, 77449-5164, USA

Sherif Mekkawy
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid

ACCREDITED UNIT: DNV Business Assurance USA Inc., 1400 Ravello Drive, Katy, TX, 77449, USA - TEL: +1 281-396-1000 www.dnv.com

DNV

Certificate no.: C667469
Place and date: Katy, TX, 25 February, 2025

Appendix to Certificate

Riverside Medical Center

Locations included in the certification are as follows:

Site Name	Site Address	Site Scope
Riverside Medical Center	350 North Wall Street, Kankakee, IL, 60901, USA	Acute care hospital provider of medical and surgical inpatient and outpatient services.
Manteno Community Health Center	395 North Locust Street, Manteno, IL, 60950, USA	Ambulatory Setting - General Outpatient Services
Riverside Bourbonnais Medical Plaza 300 Building	300 Riverside Drive, Bourbonnais, IL, 60914, USA	Ambulatory Setting - General Outpatient Services
Riverside Community Health Center of Wilmington	105 South First Street, Wilmington, IL, 60481, USA	Ambulatory Setting - General Outpatient Services
Riverside Orthopedic and Spine Center	100 Riverside Drive, Bourbonnais, IL, 60914, USA	Ambulatory Setting - General Outpatient Services
Riverside Community Health Center of Momence	3761 North Route I-17, Momence, IL, 60954, USA	Ambulatory Setting - General Outpatient Services
Riverside Community Health Center of Pembroke	3400 South Main Street, Hopkins Park, IL, 60944, USA	Ambulatory Setting - General Outpatient Services
Riverside Health and Fitness Center	100 Fitness Drive, Bourbonnais, IL, 60914, USA	Ambulatory Setting - General Outpatient Services
Riverside's East Court Community Health Center	1701 East Court Street, Kankakee, IL, 60901, USA	Ambulatory Setting - General Outpatient Services
Riverside Medical Center - 500 Physician Office Building	500 North Wall Street, Kankakee, IL, 60901, USA	Ambulatory Setting - General Outpatient Services
Riverside Women's Health Specialists	338 Larry Power Road, Bourbonnais, IL, 60914, USA	Ambulatory Setting - General Outpatient Services
Riverside Healthcare - Frankfort Campus	23120 South LaGrange Road, Frankfort, IL, 60423, USA	Ambulatory Setting - General Outpatient Services
Riverside Atrium	400 South Kennedy Drive, Bradley, IL, 60915, USA	Ambulatory Setting - General Outpatient Services, Ambulance Services, Immediate Care
Riverside Healthcare Westwood Medical Arts	401 North Wall Street, Kankakee, IL, 60901, USA	Ambulatory Setting - General Outpatient Services, Hospital Services
Riverside Healthcare - Watseka Campus	1490 East Walnut Street, Watseka, IL, 60970, USA	Ambulatory Setting - General Outpatient Services, Immediate Care
Coal City - West Campus	5775 East State Highway 113, Coal City, IL, 60416, USA	Ambulatory Setting - General Outpatient Services, Immediate Care, Physician Offices
Riverside Medical Center - Pavilion Physician Office Building	375 North Wall Street, Kankakee, IL, 60901, USA	Ambulatory Setting - General Outpatient Services, Physician Offices
Riverside Cancer Institute	200 Riverside Drive, Bourbonnais, IL, 60914, USA	Ambulatory Setting - General Outpatient Services, Radiation Therapy
Riverside Immediate Care in Monee	25711 South Egyptian Trail, Monee, IL, 60449, USA	Ambulatory Setting - Immediate Care Services
Riverside Medical Center - 400 Building	400 North Wall Street, Kankakee, IL, 60901, USA	Ambulatory Setting - Physician Office Building

Certificate no.: C667469
Place and date: Katy, TX, 25 February, 2025

Site Name	Site Address	Site Scope
Riverside Pulmonology St. Anne	107 West Dixie Highway, St. Anne, IL, 60964, USA	Ambulatory Setting - Physician Offices
Riverside Bourbonnais Medical Plaza 400 Building	400 Riverside Drive, Bourbonnais, IL, 60914, USA	Ambulatory Setting - Physician Offices, Cardiology, Pediatrics

ILLINOIS DEPARTMENT OF PUBLIC HEALTH

HF131779

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.

Sameer Vohra, MD,JD,MA
Director

Issued under the authority of the Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
11/30/2025		7003049

Ambulatory Surgery Treatment Center

Effective: 12/01/2024

Riverside Ambulatory Surgery Center
300 Riverside Dr Ste 1100
Bourbonnais, IL 60914

The face of this license has a colored background. • Printed by Authority of the State of Illinois • P.O. #4024001 2M 4/24

AAAHC

ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

grants this

CERTIFICATE OF ACCREDITATION

to

RIVERSIDE AMBULATORY SURGERY CENTER

300 RIVERSIDE DR, SUITE 1100
BOURBONNAIS, IL 60914-4997

In recognition of satisfying accreditation requirements and demonstrating its commitment to high quality care and patient safety for Ambulatory Accreditation.

70608

Organization Identification Number

MARCH 31, 2026

The Award of Accreditation Expires on the above date

DAVID SHAPIRO, MD
Chair of the Board

NOEL M. ADACHI, MBA
President and CEO

AAAHC • 5250 OLD ORCHARD RD. STE 200 • SKOKIE, IL 60077
847.853.6060 • AAAHC.ORG

Section III, Purpose of Project

Attachment 12

Section 1110.110(b), Purpose of Project

1. <u>Document that the project will provide healthcare services that improve the healthcare or well-being of the market area population to be served</u>.

In 2024 Riverside worked with other health care provider and members of the community to conduct an extensive Community Health Needs Assessment for Kankakee. That assessment inquired about the most important health related challenges in community. Survey respondents state adult mental health (59.9%) and adolescent mental health (48.4%) were the most important health related challenges.[1] Riverside' proposed project will improve access to inpatient mental health services and increase the quality of the care provide.

Riverside has a 64-bed Behavioral Health department with distinct units for adolescents, adults, and geriatric adults. In 2024, Riverside needed to transfer 170 individuals requiring inpatient psychiatric admission to other hospitals for care because it did not have an available bed. The Project will increase capacity within Riverside's inpatient behavioral health program by increasing the number of single occupancy rooms. The current program state has 64 beds with 12 beds private rooms 52 beds in double occupancy rooms. The new expansion will allow for 40 private rooms and 24 beds in double occupancy rooms. Double occupancy rooms restrict access to care due to bed blocks for patients who are not safe to have a roommate and when there is not suitable gender matching for roommates. When behavioral health rooms are blocked the full capacity of 64 beds is not available and as a result, patients are transferred out of the community for inpatient psychiatric care. Although not changing the number of beds, by increasing private rooms Riverside projects that it will be able to achieve the 85% state standard for occupancy.

The extensive modernization and expansion of the department will also increase the quality of the patient environment. These AMI units were constructed in 1973. The mechanical, plumbing and electrical services all require extensive improvements. In addition, the modernization will increase patient safety with modern standard of care design that is ligature free and contains other features to reduce the risk of patient self-harm.

2. <u>Define the planning area or market area, or other, per the applicant's definition</u>.

The planning or market area encompasses the immediate community and external referral sources, primarily Kankakee County. A listing of patients by zip code is attached. In a 40-mile radius of Riverside Medical Center, there is only one other pediatric and adolescent behavioral health inpatient unit. Riverside accepts patients from this catchment area and beyond (~100-mile radius) due to lack of access to inpatient services for youth in Illinois. Riverside is a DCFS location that accepts all payers and frequently holds pediatric/adolescent patients beyond medical necessity due to placement difficulties. Subsequently, in that same 40-mile radius, there is only one other Geriatric Psychiatric facility to the north of Riverside Medical Center, and another in Northwest Indiana.

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[1] 2024 Community Health Needs Assessment for Kankakee, p. 22.

Upon review of the past 4 years of historical volume of admission, it is evident that need for services is increasing in both the geriatric and the adult patient population. There has been a demonstrated decrease in admission from 2022 to 2023 for pediatric/adolescent. The pediatric/adolescent unit historically has seen significant decrease in volume over the summer months which resulted in the closing of an 8-bed pediatric pod in both 2022 and 2023. That led to Riverside's decision in April of 2024 to flip those 8 pediatric beds to adult usage as the adult transfer number of adults needing to transfer from the ED was increasing.

Admissions to the geriatric unit have increased by 108 between 2021 and 2024. This is a 47.7 % increase in patients served in that program over a 4-year time frame. In 2024, 15 geriatric patients were transferred to another inpatient psychiatric facility from Riverside ED due to the lack of available beds or because beds in a double occupancy room were blocked. Furthermore, 22 potential patients were deflected as "not appropriate" for the milieu in Q3 and Q4 of 2024. The current geriatric unit does not allow adequate separation of patients based on acuity. Riverside has been a long supporter of geriatric and dementia services as it operates a 160-bed long term care facility, and two Senior Living Centers consisting of 176 Assisted Living units, 68 of those units are solely dedicated to residents with dementia and dementia related illness. Residents with dementia and dementia related illnesses are a high user of psychiatric services.

The current pediatric/adolescent unit has two distinct pods, separated by gender, which does not allow maximum bed utilization. The proposed construction/redesign plan combines the units into one co-ed unit with improved site lines to monitor the children. The proposed group space is larger, with two seclusion areas, an open caregiver station, and adequate space for education and separation of children in programming based on age and/or gender.

In the adult population, the current unit lacks private rooms which is needed to accommodate the patient volume directly within the community. A subset of the adult population is being transferred out of the community because we cannot accommodate more patients based on bed blocks for no-roommate situations. In 2023, 72 adult patients were transferred from Riverside ED for inpatient psychiatric treatment elsewhere due to no available bed. In 2024, 65 adult patients were transferred out. The decrease in transfers is a direct result of the additional 8 beds put in use for adults in April 2024.

An increase in private rooms, as well as improved space to separate patients by acuity will significantly reduce transfers from Riverside ED to other inpatient psychiatric environments.

3. <u>Identify the existing problem or issues that need to be addressed, as applicable and appropriate for the Project</u>.

Two major problems exist that need to be addressed with the Project.

a. <u>Capacity</u>

The current double room configuration causes blocked beds and situations where patients needing a bed must be declined or transferred from the ED to other hospitals. As further discussed in Attachment 15 and 21, these bed blockages a resulted in the equivalent of 3,231 days of bed blockage or an average daily census of approximately 9 patients. Converting double occupancy rooms to single occupancy will increase bed capacity by approximately 9 beds without changing licensed bed count. This change in combination with recent increasing in occupancy should allow Riverside to achieve target occupancy.

i. The construction and bed reconfiguration will allow for an increase of geriatric beds by 3, which is an identified need.

ii. Current unit configuration poses issues in times of infectious outbreaks (COVID, flu) as the units are mainly contiguous, with little ability to create "pods" for patients that are sick. The new construction will allow pods to be created for isolation needs, behavioral needs, and treatment needs (e.g., psychotic versus clinically depressed patients).

b. <u>Physical layout, and age and condition of the physical units</u>

i. Riverside's inpatient behavioral health units were constructed in 1973. The current layout of the units does not support evidenced based practice of care as demonstrated by closed or locked nursing units, inadequate amount of seclusion rooms, limited quiet space areas for patients to de-escalate behaviors and lack of distinct spaces needed for diagnosis-based treatment. The current space is lacking direct line of site to patients causing challenges mitigating safety risks.

ii. There is a comprehensive patient safety risk assessment for each behavioral health unit. These items would be addressed with the construction project. Without physical plant repairs, there is a manual process of staff monitoring/visualization of high-risk physical items creating an unnecessary burden on staff.

iii. Current ambient heat and cooling results in water damage and blocking of rooms in times of extreme temperatures shifts on the unit.

iv. The geriatric unit currently is unable to use six showers as they leak into the nursery below. This has caused the blocking of one room to be used as a shower room.

v. Current adult bathrooms are not ADA compliant. All patients with ADA needs are housed on the geriatric unit. With the redesign, all bathrooms will be upgraded to meet ADA standards.

vi. Drop ceilings throughout the common hallways on the adult and pediatric unit are reachable with the low ceilings. Patients damage the unit by pulling them down on a regular basis, which is a safety concern and cause of ongoing maintenance.

vii. In some of the adult and adolescent rooms, wooden built-in shelving is able to be broken by the patient population and used for harm.

viii. The nourishment center on the adult unit does not have a functioning sink – which will be repaired with this project.

ix. Current nursing units are closed from the patients on adult and adolescent units creating reduced visualization of the units to the nursing staff.

5. Detail how the Project will address or improve the previously referenced issues or problems.

The Project will address and improve the physical space and ability to care for patients safely and effectively resulting in:

a. Decrease transfers from the community, by increasing capacity with private rooms. Patients are better suited to receive care in their community versus being transferred miles away.

b. Allow safe, dignified patient care areas. E.g., showering in all the rooms on the geriatric unit versus needing a common shower room. Private rooms and bathrooms for the majority of the adult and geriatric population. Reduction in expense by removing and/or replacing break-away fixtures (drop ceilings, wooden shelving, etc.). Addition of seclusion spaces which reduces the need for physical or chemical restraints.

c. Maintain inpatient behavioral health services within the larger medical center setting allowing for efficient treatment of medical and/or surgical co-morbidities of the mental health patients admitted to Riverside. The foregoing arrangement being consistent with the position expressed by Dr. Dennis Beedle, Medical Director of the Illinois Department of Human Services, that behavioral health services located within a general, acute care hospital are preferable to free standing psychiatric facilities for the care and treatment of non-psychiatric conditions.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

a. Increase unit capacity from 63.3% to 85% beds filled on average within 24 months of re-design completion.

b. Reduce use of physical restraints by fifty percent (50%) via use of seclusion rooms.

c. Allow for 100% mitigation of current physical plant concerns identified on the annual risk assessment of 2024.

d. Reduce transfers from the ED to another psychiatric inpatient unit by 50%.

e. Reduce expenditures for ongoing maintenance and repairs currently necessary due to deteriorated facilities.

f. Using doors to create treatment pods on all units to allow separation of staff needing isolation will allow zero closures for admissions.

Patient Encounter Volumes BY Zip Code

Date Range: 09/01/2023 – 08/31/2024

60901	21.91%	Kankakee
60914	17.06%	Bourbonnais
60950	7.56%	Manteno
60915	6.31%	Bradley
60481	4.51%	Wilmington
60954	3.86%	Momence
60970	3.82%	Watseka
60964	3.19%	St. Anne
60468	2.08%	Peotone
60940	1.79%	Grant Park
60408	1.73%	Braidwood
60416	1.70%	Coal City
60958	1.45%	Hopkins Park
60922	1.23%	Chebanse
60927	1.19%	Clifton
60941	0.91%	Herscher
60401	0.90%	Beecher
60938	0.87%	Gilman
60913	0.87%	Bonfield
60423	0.77%	Frankfort
60449	0.72%	Monee
60966	0.71%	Sheldon
60911	0.69%	Ashkum
60420	0.64%	Dwight
60953	0.60%	Milford
60951	0.56%	Martinton
60935	0.54%	Essex
60955	0.52%	Onarga
60424	0.44%	Gardner
60407	0.44%	Coal City
60442	0.42%	Manhattan
60930	0.42%	Danforth
60928	0.40%	Crescent City
60450	0.38%	Morris
60931	0.31%	Donovan
60961	0.28%	Reddick
60912	0.28%	Beaverville

60451	0.27%	New Lenox
60917	0.26%	Buckingham
60910	0.26%	Aroma Park
60448	0.25%	Mokena
60417	0.24%	Crete
60959	0.23%	Piper City
OTHER	6.43%	

Section III, Alternatives

Attachment 13

Section 1110.110(d), Alternatives

Riverside will upgrade and expand the current physical footprint of its secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment. In undertaking the proposed Project Riverside considered a number of alternatives.

1. Do nothing – The present Behavioral Health department area was constructed over 50 years ago and require extensive improvements. The current condition state is becoming untenable for accommodating patient needs. The current state will continue to incur annual maintenance to the units yielding continued transfer of patients from the organization. Over time, increase in staff will be needed to monitor aging facilities where risk cannot be mitigated. Likewise, access will continue to decrease as rooms are blocked due to maintenance. In times of infectious outbreak (e.g., COVID) unit access also is diminished due to isolation difficulty in current spaces.

Cost: $0 initially, but mechanical costs are simply deferred.

2. Smaller scope. A smaller scope project could be undertaken. The improvements to the mechanical, electrical and plumbing infrastructure are not optional for continued operations. Riverside, however, could have chosen not to convert any double occupancy rooms to single occupancy or could have converted fewer rooms. Converting fewer rooms would have saved on construction costs, particularly plumbing costs for additional bathrooms. However, the value of maximizing the number of single occupancy costs outweighed the construction costs, particularly since the area was requiring considerable upgrades. The decision was made to convert as many rooms to single occupancy as space allowed.

Cost: The cost for this alternative would depend upon the variable scope of the Project but would likely be a minimum of $10 million.

3. Discontinue Services – As the Review Board knows, a number of general acute care hospitals have chosen to discontinue their inpatient AMI services. For Riverside, this option was not tenable – it is the only psychiatric hospital for youth and adolescents in a 40-mile radius and one of only two in that radius for geriatric care. A 40-mile radius market study commissioned by Riverside indicates a deficit in needed beds across all ages of programming. There is one other adult inpatient unit in Kankakee, but that hospital cannot accommodate its current volume plus Riverside's patients.

4. Build a free-standing facility. Freestanding behavioral health hospitals have become more common, particularly those owned by for-profit entities, and there can certainly by some design and operational efficiencies. This alternative was rejected because, with space in the existing hospital, it would be duplicative. Further, as Dr. Beedle recently commented on a different project, many AMI patients suffer from co-morbidities and are best treated in a general acute care hospital.

5. Construct a Project of Larger Scope – Convert all existing double occupancy rooms to single occupancy. As this application makes clear, Riverside clearly recognizes the value of single occupancy behavioral health rooms. Ideally, all rooms would be single occupancy. Riverside elected to maximize the number of room conversions within the space available for expansion. To convert additional rooms in that space would have required a reduction in the number of beds.

Cost: $More than existing project, however, it was not priced out because it was not physically feasible within space constraints.

6. Construct Project as proposed. The improvements to the 50-year-old mechanical systems were essential and this Project achieves that need. In addition, the modernization makes improvements in the design, finishes and plumbing to increase safety to current standards by reducing the risk of self-harm by patients.

Costs: $29,869,777

Comparison of Alternatives

Alternative – Riverside MOB Orthopedic Specialty	Cost	Pros	Cons
Maintain Status Quo	$0 initially, but costs are deferred	No expenditure of funds at this time.	Does not address the current issues to accommodate current and future needs
Smaller Scope – Moderate modernization without additional private rooms	$10 million or more, depending upon scope	Lower Cost	More private rooms are needed to allow for better utilization and better patient care
Discontinue AMI Services	$0	No cost	There is a strong need for AMI services in the area, particularly for adolescent and geriatric patients
Larger Scope – Construct Freestanding Behavioral Health Hospital	$64 million (depending upon number of beds)	May have a lower construction and operating cost because it does not have services of a general hospital	Many AMI patients, particularly geriatric ones, have co-morbidities and are better treated in a General Acute Care hospital
Larger Scope – Convert all double occupancy rooms to private rooms	Not feasible	There are many benefits to all private beds. All private beds make it easier to achieve target occupancy	Space constraints within the hospital preclude converting all 64 beds to single occupancy rooms. To convert to all private rooms would have necessitated reducing the number of beds because of limited space and there is a community need for additional AMI services.
Construct Proposed Project modernizing AMI beds and converting some to double occupancy rooms to single rooms	$29,869,777	Modernization of existing infrastructure is essential. Converting a portion of the beds to single occupancy is the best compromise given the alternatives	Construction period will mean current space constraints will continue until the Project is complete

Section IV, Project Scope, Utilization, and Unfinished/Shell Space

Attachment 14

Criterion 1110.120 - Project Scope, Utilization and Unfinished/Shell Space

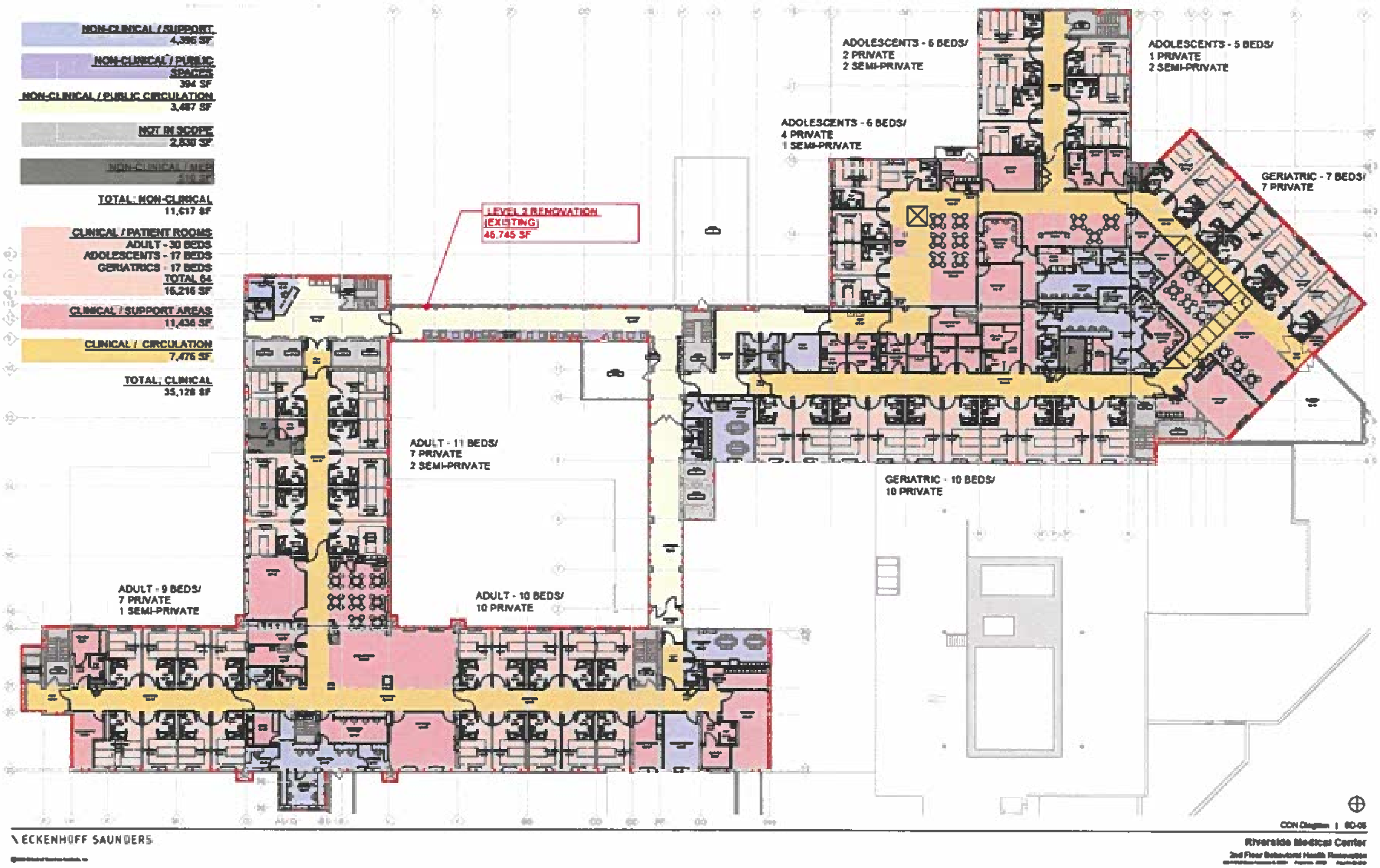
1. **Document that the amount of physical space for the proposed project is necessary and not excessive.**

Riverside Medical Center ("Riverside") proposes to upgrade and expand the current secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment (the "Project"). The Project will upgrade the HVAC, remove wooden cabinetry in patient rooms, repair non-functioning and leaking patient showers and enhance patient safety with finishing upgrades. The Project will maintain a 64-bed capacity with minor reconfiguring of bed count by unit. Riverside has three distinct AMI units that serve adolescents, adults, and geriatric adults, respectively. The adult unit will be relocated to the current geriatric unit space and expand into adjacent, vacant patient rooms previous used as medical/surgical beds. The new adult unit will allow for 30 beds comprising 24 private rooms and 3 double occupancy rooms. The Geriatric unit will be relocated to the existing adult behavioral health unit space, increasing capacity from 14 rooms to 17 private rooms. The 17-bed adolescent unit will have 7 private rooms and 5 double occupancy rooms and receive unit upgrades with modernization of nursing space, and larger group and educational space added. The number of private rooms will increase from 12 private rooms to 40 private rooms and beds in double rooms will decrease from 52 to 24.

2. **SIZE OF PROJECT**

As shown in the table below, the Project has been designed to meet the Review Board's state standards. Schematic drawings of the area are included in this attachment.

Department/Service	Proposed DGSF	State Standard	Difference	Met Standard?
IN-PATIENT BEHAVIORAL HEALTH	35,128 DGSF	MAX 35,840 DGSF	712 DGSF	YES
NON-CLINICAL	12,6667	N/A	N/A	N/A



NON-CLINICAL / SUPPORT
4,396 SF
NON-CLINICAL / PUBLIC SPACES
394 SF
NON-CLINICAL / PUBLIC CIRCULATION
3,487 SF
NOT IN SCOPE
2,830 SF
NON-CLINICAL / MEP
510 SF
TOTAL: NON-CLINICAL
11,617 SF
CLINICAL / PATIENT ROOMS
ADULT - 30 BEDS
ADOLESCENTS - 17 BEDS
GERIATRICS - 17 BEDS
TOTAL 64
16,216 SF
CLINICAL / SUPPORT AREAS
11,436 SF
CLINICAL / CIRCULATION
7,476 SF
TOTAL: CLINICAL
35,128 SF
LEVEL 2 RENOVATION (EXISTING)
46,745 SF
ADOLESCENTS - 6 BEDS/
2 PRIVATE
2 SEMI-PRIVATE
ADOLESCENTS - 5 BEDS/
1 PRIVATE
2 SEMI-PRIVATE
ADOLESCENTS - 6 BEDS/
4 PRIVATE
1 SEMI-PRIVATE
GERIATRIC - 7 BEDS/
7 PRIVATE
ADULT - 11 BEDS/
7 PRIVATE
2 SEMI-PRIVATE
GERIATRIC - 10 BEDS/
10 PRIVATE
ADULT - 9 BEDS/
7 PRIVATE
1 SEMI-PRIVATE
ADULT - 10 BEDS/
10 PRIVATE
ECKENHOFF SAUNDERS
CON Diagram | SD-05
Riverside Medical Center
2nd Floor Behavioral Health Renovation

Section IV, Project Services Utilization

Attachment 15

Appendix B, Project Services Utilization

Riverside experiences considerable demand for its in-patient psychiatric services and operates consistently at near functional target occupancy. As discussed elsewhere in this application, the constraints of double occupancy rooms limit bed availability. As a table below shows, Riverside consistently needs to transfer patients who present in its ED to other facilities, last year 170 patients. In addition to the patients that are transferred out from the ED, there are many more patients deflected from admission (not through the ED) simply because there is not an available bed.

Riverside maintains exhaustive records through the EPIC system of the times and reasons beds are blocked, on an hourly basis. Those records show each hour a bed was blocked and the reason for bed blockage. Those individual records are hundreds of pages long and so not included but would be available to Review Board staff for verification.

The primary reason for a bed being blocked was the double bed configuration where a patient's diagnosis was not appropriate for a roommate. Total blocked bed hours for 2024 was 83,214. Of this a total of 77,714 beds were blocked because of the double room complication. That equated to 3,231-day equivalents that beds were blocked because of double rooms. This equates to a possible reduction in ADC of 8.87 in 2024 and 9.87 in 2023.

Riverside had an AMI Average Daily Census of 40.5 for 2024, or 63.3% utilization. In 2024 Riverside conducted an extensive third-party study of its infrastructure needs and its AMI operations. That analysis produced the basis for many of the proposed safety innovations proposed in this Project. Riverside also implemented a significant overhaul of its AMI operations. As a result, through the first quarter of 2025, Riverside has averaged an ADC of 49.1 (76.7% utilization). Optimizing configuration of the unit with more private beds could yield an increase of approximately 9% in its ADC. Any combination of continued 2025 utilization and increase in ADC because of overcoming bed blockage would produce ADC of at least 54.4 achieving an 85% target utilization.

UTILIZATION					
	DEPT./ SERVICE AMI	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
2021		62.1%		85%	No
2022		60.4%		85%	No
2023		57.7%		85%	No
2024		63.3%		85%	No
				85%	No
2028			85%	85%	Yes

A table showing utilization information by units is shown below.

Riverside Medical Center Behavioral Health Historical Volume.					
IP MH Census		2024	2023	2022	2021
Adult unit increased from 25 to 33 in April 2024 due to increased adult bed need.	admissions	922	801	712	788
	discharges	928	836	745	854
	Patient Days	7457	5845	6030	5805
	ALOS	8.04	6.99	8.09	6.8
	ADC	20.37	16.01	16.52	15.9
	Occupancy*	67%	64%	66%	64%
Peds/Adolescent reduced from 25 to 17 in April 2024 due to declining pediatric census	admissions	464	526	567	552
	discharges	462	531	574	551
	Patient Days	4004	5378	6296	6497
	ALOS	8.67	10.13	10.97	11.79
	ADC	10.94	14.73	17.5	17.8
	Occupancy*	56%	59%	70%	71%
Senior BH	admissions	334	342	235	226
	discharges	334	338	235	229
	Patient Days	3374	3132	2787	3149
	ALOS	10.1	9.27	11.86	13.75
	ADC	9.22	8.58	7.64	8.63
	Occupancy	66%	61%	55%	62%

*Occupancy percentage for 2024 is a weighted value due to capacity changes as indicated.

A table showing the number of transfers from Riverside's ED to other hospitals because a bed was not available is shown below.

ED transfers to external Inpatient Psychiatric units	Total	Geriatric	Adult	Child Adolescent
2024	170	15	65	90
2023	172	11	72	89
2022	196	26	98	72

Source: EPIC

Row Labels	Sum of HOURS_DIFF	Days	ADC
NULL	**10026**		
RMC BH SR CARE UNIT	**101776**	Days	ADC
2022	11919	497	1.36
2023	22441	935	2.56
2024	13262	553	1.51
2025	274	11	
RMC CARDIAC TELE	**421405**		
RMC MENTAL HLTH ADULT	**189599**	Days	ADC
2022	38004	1584	4.34
2023	35886	1495	4.10
2024	43194	1800	4.93
2025	5921	247	
RMC MENTAL HLTH FEM	**25823**	Days	ADC
2022	4020	168	0.46
2023	9568	399	1.09
2024	8665	361	0.99
2025	1564	65	
RMC MENTAL HLTH MALE	**38180**	Days	ADC
2022	5457	227	0.62
2023	10100	421	1.15
2024	9616	401	1.10
2025	852	36	
RMC MENTAL HLTH PEDS	**48152**	Days	ADC
2022	6027	251	0.69
2023	8477	353	0.97
2024	2797	117	0.32

SUM of all units	days
2022	2726
2023	3603
2024	3231

SUM of Adolescent	days
2022	646
2023	1173
2024	878

YEAR	2024			
Row Labels	**Count of HARs**			
RMC BH SR CARE UNIT	**340**			
Blue Cross	11	3%		
Commercial	6	2%		
Medicaid	9	3%		
Medicaid Replacement	61	18%		
Medicare	131	39%		
Medicare Replacement	122	36%		
RMC MENTAL HLTH ADULT	**964**			
Blue Cross	119	12%		
Commercial	61	6%		
Medicaid	129	13%		
Medicaid Replacement	488	51%		
Medicare	61	6%		
Medicare Replacement	66	7%		
Other	5	1%		
Self-Pay	30	3%		
Third Party	1	0%		
Tricare	5	1%		
RMC MENTAL HLTH FEM	**262**	239	501	
Blue Cross	53	35	88	18%
Commercial	14	12	26	5%
Medicaid	9	12	21	4%
Medicaid Replacement	183	177	360	72%
Self-Pay	1		1	0%
Tricare	2	3	5	1%
RMC MENTAL HLTH MALE	**239**			
Blue Cross	35			
Commercial	12			
Medicaid	12			
Medicaid Replacement	177			
Tricare	3			
Grand Total	**1761**			

2024 Payer Mix

RMC BH SR CARE UNIT	
Blue Cross	3%
Commercial	2%
Medicaid	3%
Medicaid Replacement	18%
Medicare	39%
Medicare Replacement	36%

RMC MENTAL HLTH ADULT	
Blue Cross	12%
Commercial	6%
Medicaid	13%
Medicaid Replacement	51%
Medicare	6%
Medicare Replacement	7%
Other	1%
Self-Pay	3%
Third Party	0%
Tricare	1%

RMC peds/adolescent	
Blue Cross	18%
Commercial	5%
Medicaid	4%
Medicaid Replacement	72%
Self-Pay	0%
Tricare	1%

RMC MENTAL HLTH ADULT	
Blue Cross	12%
Commercial	6%
Medicaid	13%
Medicaid Replacement	51%
Medicare	6%
Medicare Replacement	7%
Other	1%
Self-Pay	3%
Third Party	0%
Tricare	1%

RMC SPECIALTY	
Blue Cross	18%
Commercial	5%
Medicaid	4%
Medicaid Replacement	72%
Self-Pay	0%
Tricare	1%

Attachment 21

C. Criterion 1110.210 - Acute Mental Illness and Chronic Mental Illness

1. Applicants proposing to establish, expand and/or modernize the Acute Mental Illness and Chronic Mental Illness categories of service must submit the following information:

2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
☐ **Acute Mental Illness**	**64**	**64**
☐ **Chronic Mental Illness**		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.210(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (Formula calculation)	X		
1110.210(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.210(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.210(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.210(b)(5) - Planning Area Need - Service Accessibility	X		
1110.210(c)(1) - Unnecessary Duplication of Services	X		
1110.210(c)(2) - Maldistribution	X		
1110.210(c)(3) - Impact of Project on Other Area Providers	X		
1110.210(d)(1), (2), and (3) - Deteriorated Facilities			X
1110.210(d)(4) - Occupancy			X
1110.210(e)(1) - Staffing Availability	X	X	
1110.210(f) - Performance Requirements	X	X	X
1110.210(g) - Assurances	X	X	

Section V, Service Specific Review Criteria

Attachment 21

Acute Mental Illness

1110.210(d)(1), (2), and (3) – Deteriorated Facilities

Riverside Medical Center ("Riverside") proposes to upgrade and expand the current secured Behavioral Health Units to modernize treatment spaces, allow for privatization of rooms, and to optimize the safe treatment and non-treatment environment (the "Project"). The Project will upgrade the HVAC, remove wooden cabinetry in patient rooms, repair non-functioning and leaking patient showers and enhance patient safety with finishing upgrades. The Project will maintain a 64-bed capacity but will expand the Behavior Health Department size by creating additional private rooms.

Riverside has three distinct AMI units that serve adolescents, adults, and geriatric adults, respectively. The adult unit will be relocated to the current geriatric unit space and expand into adjacent, vacant patient rooms previous used as medical/surgical beds. The new adult unit will allow for 30 beds comprising 24 private rooms and 3 double occupancy rooms. The Geriatric unit will be relocated to the existing adult behavioral health unit space, increasing capacity from 14 rooms to 17 private rooms. The 17-bed adolescent unit will have 7 private rooms and 5 double occupancy rooms and receive unit upgrades with modernization of nursing space, and larger group and educational space added. The number of private rooms will increase from 12 private rooms to 40 private rooms and beds in double rooms will decrease from 52 to 24.

The proposed Project has two major components—a general upgraded to the infrastructure of the AMI unit, and an expansion into an adjacent and currently vacant medical surgery area to increase the total number of private rooms from 12 to 40.

A. Mechanical, Electric, Plumbing and other Infrastructure Improvements

1. The current AMI units were constructed in 1973 and need considerable improvements. Under the proposed construction plan, all of the AMI units and patient rooms will be replaced, and/or remodeled during the expansion and renovation. Currently the Geriatric unit has 6 rooms that are without showers due to them leaking into the unit below, the nursery. The Geriatric unit has a patient room blocked off to use for showering of the patients.

- The adult unit does not meet code as the patient bathrooms are not readily handicapped accessible if a patient needs any assistance with showering. They are small and only have space for 1 person in them. The plan is to move the Geriatric unit into this location where all bathrooms will be spacious for showering with assistance and adaptive equipment.
- Additional space is needed to provide proper seclusion space on two of the three units. The adult and adolescent units do not presently have seclusion space in an anti-room and restroom which is the current standard for psychiatric care. The IDPH minimum requirement is

to have one per unit. The current girls' section of the adolescent room does not have access to a seclusion room. These will be added with the new construction plans.

2. Cost of Maintenance:

a. Riverside maintains meticulous records as to the maintenance work log. These records are several hundred pages long and consequently not included but available for Review Board staff verification. Significant expense has been incurred in maintaining and upgrading sections of the unit. The following statistics summarize the maintenance and work orders for each Behavioral Health unit from January 1, 2023, through April 23, 2025.

- The Mental Health Unit (adult unit) had 787 work orders placed. 87 in 2025 to date. In 2025:
  - 23% of calls were related to temperature, thermostat changes, or heat failure.
  - 28% were related to plumbing: toilet and sink clogs, toilet and sinks not running water, showers leaking, etc.
  - 13.8% were related to electrical wire exposures or outlet access needs (the outlets are not psych safe, so maintenance has to uncover them for use).
  - 13.8% due to faulty locks, door handles, or door closure related issued.
  - 3.4% of calls due to water leaking from the ceiling.
  - 5.7% of calls are related to ceiling and wall repair, as well as caulking needs.

- The adolescent unit had 220 work orders placed. 26 in 2025 to date. In 2025:
  - 30% of calls were related to temperature, thermostat changes, or heat failure.
  - 27% were related to plumbing: toilet and sink clogs, toilet and sinks not running water, showers leaking, etc.
  - 15.4% due to faulty locks, door handles, or door closure related issued.
  - 3.8% of calls due to water leaking from the ceiling.
  - 7.6% of calls are related to ceiling and wall repair, as well as caulking needs.

- The Geriatric Unit had 295 work orders placed 58 in 2025 to date. In 2025:
  - 55% of calls were related to temperature, thermostat changes, or heat failure.
  - 19% were related to plumbing: toilet and sink clogs, toilet and sinks not running water, showers leaking, etc.
  - 20.6% were related to other.
  - 5.1% due to faulty locks, door handles, or door closure related issued.

3. IDPH and NV reports have not been included, as any deficiencies identified in survey must be remedied for Behavioral Health timely. Projects that have resulted post regulator survey include the following:

a. 2018 major renovation to implement new anti-ligature compliance as outlines by Center for Medicare and Medicaid Services Conditions of Participation. This project included new door handles, break away foam shower doors, installation of safety screws, and more.

b. In 2020 and 2021 we began a 2-year project of replacing all of the bed frames, moving from wood to plastic after a safety incident involving a patient swallowing a screw that was removed from the wooden bed frame.

c. The patio had wrought iron bars that were enclosed in non-scalable metal siding. This was an IDPH recommendation following a no-harm patient safety incident involving the iron bars.

d. During an annual DNV survey it was noted that the chairs throughout the unit had openings that could be ligature points if the milieu was not supervised closely. Riverside made the decision to purchase new furniture that would better protect our patients.

4. Photographs showing the condition of the deteriorated facilities are included in this attachment.

B. Importance of Private Rooms for Behavioral Health

Single-occupancy beds in behavioral health units offer several benefits, including increased privacy and reduced risk of cross-infection, leading to potential improvements in patient well-being and safety. They also promote individualized care, improve staff flexibility, and enhance patient satisfaction. While some research suggests potential drawbacks like increased isolation or difficulty for staff monitoring, overall, the advantages of single rooms in behavioral health settings appear to outweigh these concerns.

- **Improved Patient Privacy and Dignity:**

Single rooms provide patients with a greater sense of privacy and control over their environment, which can be particularly important for individuals experiencing mental health challenges, according to a study by the National Institutes of Health (NIH). This can reduce anxiety and improve overall comfort and well-being.

- **Reduced Risk of Cross-Infection:**

The risk of transmitting infections, such as viral infections, is lower in single rooms compared to shared rooms. This is especially important in behavioral health units where patients may have weakened immune systems or be more susceptible to illness.

- **Enhanced Safety and Security:**

While all psychiatric units are designed to be ligature-proof, single rooms may offer an additional layer of security for patients at risk of self-harm. The lack of shared space can also make it easier for staff to monitor patients and intervene if necessary.

- **Greater Flexibility for Staff:**

Single rooms allow staff to provide more individualized care and tailor interventions to each patient's specific needs. They also offer staff greater flexibility in managing patients' schedules and activities.

- **Improved Patient Satisfaction:**

Studies have shown that patients in single rooms often report higher levels of satisfaction with their care, particularly regarding privacy, comfort, and noise levels.

- **Potential for Reduced Staffing Costs:**

While initially more expensive to construct, single rooms can potentially lead to lower operating costs in the long run due to reduced need for transfers between patients, according to The Center for Health Design.

Benefits of a geriatric psychiatric unit:

Geriatric psychiatric units offer specialized care for the mental health needs of older adults, providing tailored interventions and support that address the unique challenges associated with aging. These units can help improve quality of life, manage specific mental health conditions like dementia and depression, and support both the individual and their family.
Here's a more detailed look at the benefits:

- **Specialized Care:**

Geriatric psychiatric units are staffed by professionals with expertise in treating mental health conditions in older adults, including dementia, depression, delirium, and anxiety.

- **Comprehensive Assessments:**

These units conduct thorough assessments to understand the individual's cognitive function, physical health, social support, and other relevant factors.

- **Individualized Treatment Plans:**

Based on the assessments, they develop personalized treatment plans that may include medication, therapy, and other interventions.

- **Support for Families:**

Geriatric psychiatric units recognize the impact of mental health conditions on families and provide support, education, and guidance to help them cope with the challenges.

- **Improved Quality of Life:**

By addressing mental health concerns, these units aim to improve the overall well-being and quality of life for older adults.

- **Early Detection and Intervention:**

Geriatric psychiatrists can play a crucial role in early detection and prevention of mental health conditions, particularly Alzheimer's disease and other forms of dementia.

- **Management of Specific Conditions:**

These units are equipped to manage the specific symptoms and challenges associated with conditions like dementia, including cognitive decline, memory problems, and behavioral changes.

- **Addressing Stigma:**

Geriatric psychiatrists work to reduce the stigma surrounding mental health in older adults, promoting open communication and understanding.

- **Addressing Unique Needs:**

Geriatric psychiatry considers the physical and social factors that can impact the mental health of older adults, such as mobility issues, social isolation, and changes in family dynamics.

- **Collaboration with Other Specialists:**

Geriatric psychiatrists often work collaboratively with other healthcare professionals, such as geriatricians, physical therapists, and occupational therapists, to provide comprehensive care.

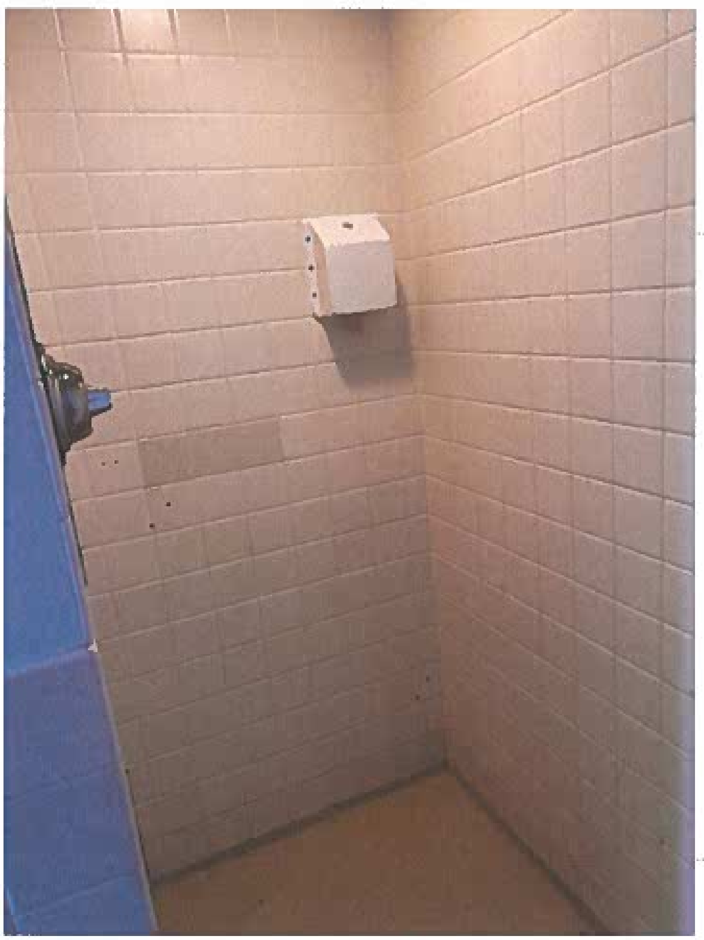
Discoloration of floor tiles from lifting from water

Rust from radiant being so close (low in the ceiling) to the air flow vents

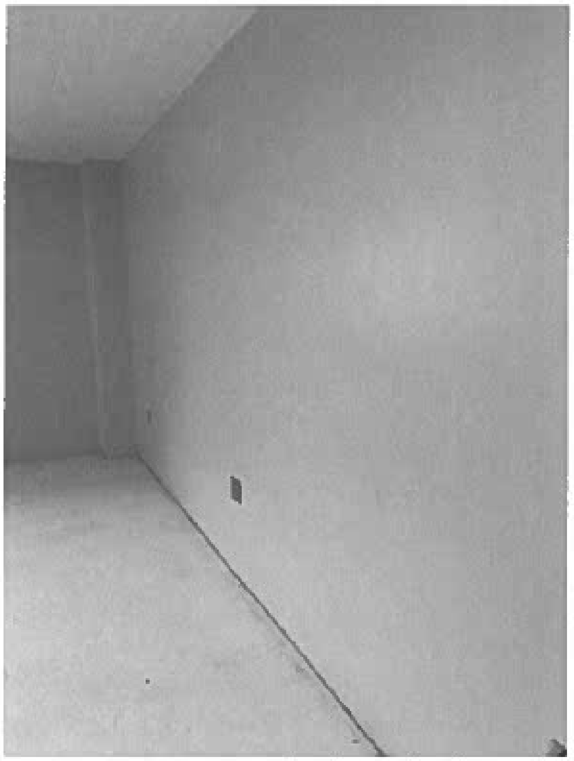
Rust from radiant being so close (low in the ceiling) to the air flow vents

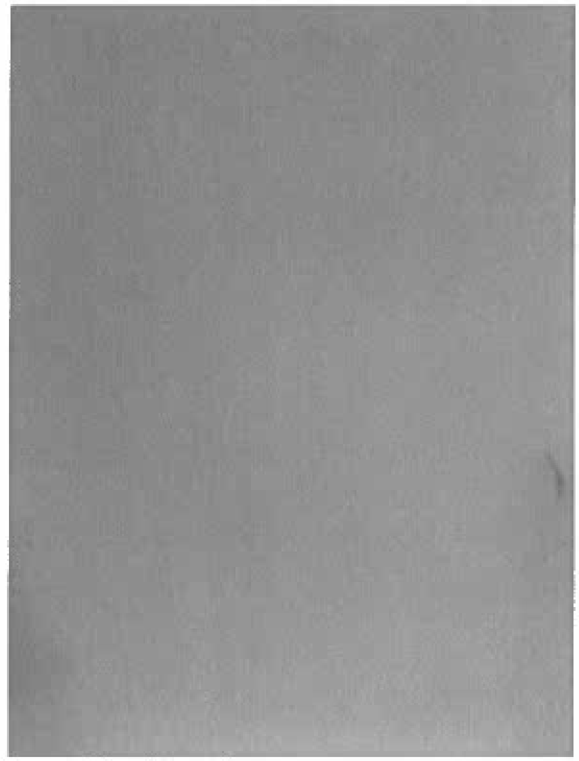
Rust from radiant being so close (low in the ceiling) to the air flow vents

Ligature risk toilets

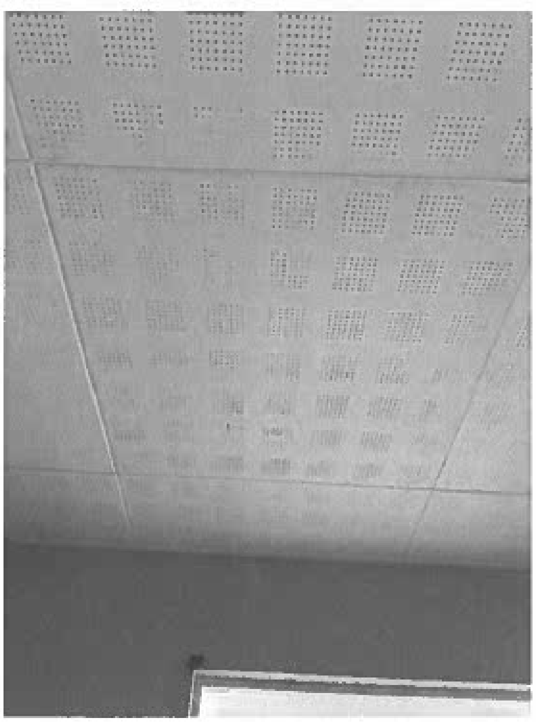



EXIT

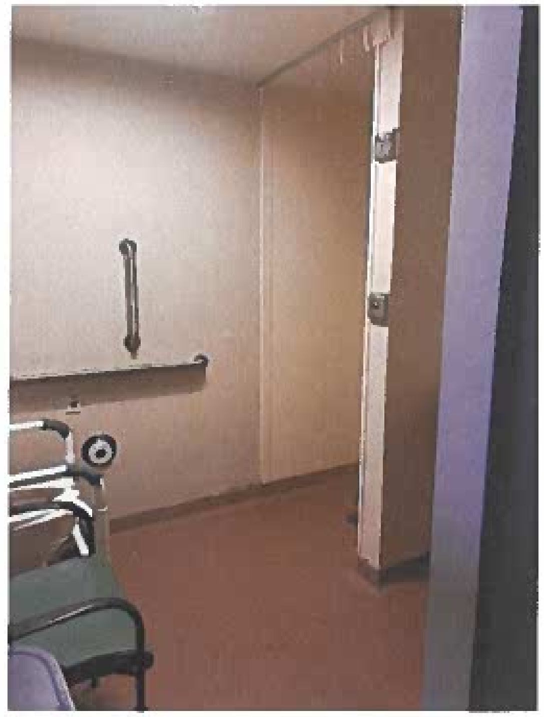




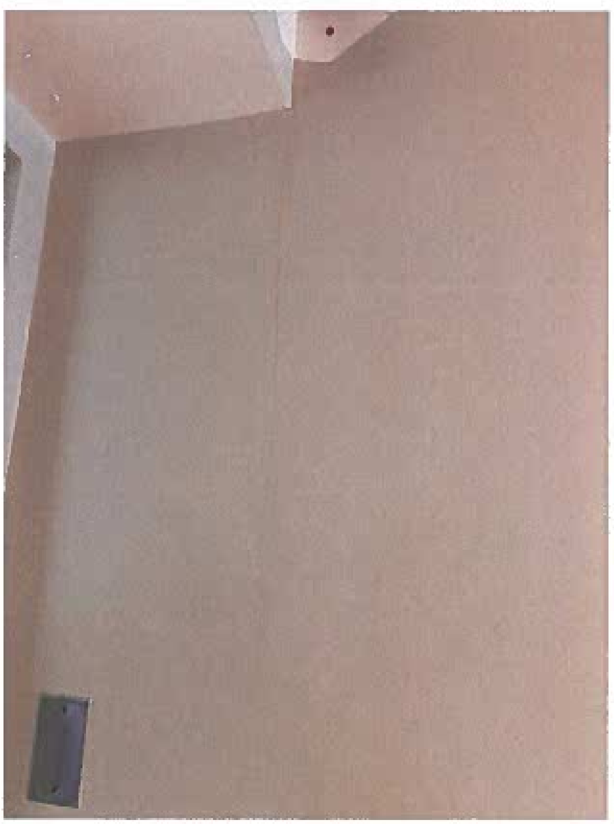
Condensation down the walls from radiant heat above



Rust in ceiling from radiant heat.



Single shower room for all senior patients



Water mark down walls from radiant heat water

Attachment 21 1110.210(d)(4) – Occupancy

Riverside experiences considerable demand for its in-patient psychiatric services and operates consistently at near functional target occupancy. As discussed elsewhere in this application, the constraints of double occupancy rooms limit bed availability. As a table below shows, Riverside consistently needs to transfer patients who present in its ED to other facilities, last year 170 patients. In addition to the patients that are transferred out from the ED, there are many more patients deflected from admission (not through the ED) simply because there is not an available bed.

Riverside maintains exhaustive records through the EPIC system of the times and reasons beds are blocked, on an hourly basis. Those records show each hour a bed was blocked and the reason for bed blockage. Those individual records are hundreds of pages long and so not included but would be available to Review Board staff for verification.

The primary reason for a bed being blocked was the double bed configuration where a patient's diagnosis was not appropriate for a roommate. Total blocked bed hours for 2024 was 83,214. Of this a total of 77,714 beds were blocked because of the double room complication. That equated to 3,231-day equivalents that beds were blocked because of double rooms. This equates to a possible reduction in ADC of 8.87 in 2024 and 9.87 in 2023.

Riverside had an AMI Average Daily Census of 40.5 for 2024, or 63.3% utilization. In 2024 Riverside conducted an extensive third-party study of its infrastructure needs and its AMI operations. That analysis produced the basis for many of the proposed safety innovations proposed in this Project. Riverside also implemented a significant overhaul of its AMI operations. As a result, through the first quarter of 2025, Riverside has averaged an ADC of 49.1 (76.7% utilization). Optimizing configuration of the unit with more private beds could yield an increase of approximately 9% in its ADC. Any combination of continued 2025 utilization and increase in ADC because of overcoming bed blockage would produce ADC of at least 54.4 achieving an 85% target utilization.

UTILIZATION					
	DEPT./ SERVICE AMI	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
2021		62.1%		85%	No
2022		60.4%		85%	No
2023		57.7%		85%	No
2024		63.3%		85%	No
				85%	No
2028			85%	85%	Yes

A table showing utilization information by units is shown below.

Riverside Medical Center Behavioral Health Historical Volume.					
IP MH Census		2024	2023	2022	2021
Adult unit increased from 25 to 33 in April 2024 due to increased adult bed need.	admissions	922	801	712	788
	discharges	928	836	745	854
	Patient Days	7457	5845	6030	5805
	ALOS	8.04	6.99	8.09	6.8
	ADC	20.37	16.01	16.52	15.9
	Occupancy*	67%	64%	66%	64%
Peds/Adolescent reduced from 25 to 17 in April 2024 due to declining pediatric census	admissions	464	526	567	552
	discharges	462	531	574	551
	Patient Days	4004	5378	6296	6497
	ALOS	8.67	10.13	10.97	11.79
	ADC	10.94	14.73	17.5	17.8
	Occupancy*	56%	59%	70%	71%
Senior BH	admissions	334	342	235	226
	discharges	334	338	235	229
	Patient Days	3374	3132	2787	3149
	ALOS	10.1	9.27	11.86	13.75
	ADC	9.22	8.58	7.64	8.63
	Occupancy	66%	61%	55%	62%

*Occupancy percentage for 2024 is a weighted value due to capacity changes as indicated.

A table showing the number of transfers from Riverside's ED to other hospitals because a bed was not available is shown below.

ED transfers to external Inpatient Psychiatric units	Total	Geriatric	Adult	Child Adolescent
2024	170	15	65	90
2023	172	11	72	89
2022	196	26	98	72

Source: EPIC

Row Labels	Sum of HOURS_DIFF	Days	
NULL	**10026**		
RMC BH SR CARE UNIT	**101776**	Days	ADC
2022	11919	497	1.36
2023	22441	935	2.56
2024	13262	553	1.51
2025	274	11	
RMC CARDIAC TELE	**421405**		
RMC MENTAL HLTH ADULT	**189599**	Days	ADC
2022	38004	1584	4.34
2023	35886	1495	4.10
2024	43194	1800	4.93
2025	5921	247	
RMC MENTAL HLTH FEM	**25823**	Days	ADC
2022	4020	168	0.46
2023	9568	399	1.09
2024	8665	361	0.99
2025	1564	65	
RMC MENTAL HLTH MALE	**38180**	Days	ADC
2022	5457	227	0.62
2023	10100	421	1.15
2024	9616	401	1.10
2025	852	36	
RMC MENTAL HLTH PEDS	**48152**	Days	ADC
2022	6027	251	0.69
2023	8477	353	0.97
2024	2797	117	0.32

SUM of all units	days
2022	2726
2023	3603
2024	3231

SUM of Adolescent	days
2022	646
2023	1173
2024	878

YEAR	2024				
Row Labels	**Count of HARs**				
RMC BH SR CARE UNIT	**340**				
Blue Cross	11	3%			
Commercial	6	2%			
Medicaid	9	3%			
Medicaid Replacement	61	18%			
Medicare	131	39%			
Medicare Replacement	122	36%			
RMC MENTAL HLTH ADULT	**964**				
Blue Cross	119	12%			
Commercial	61	6%			
Medicaid	129	13%			
Medicaid Replacement	488	51%			
Medicare	61	6%			
Medicare Replacement	66	7%			
Other	5	1%			
Self-Pay	30	3%			
Third Party	1	0%			
Tricare	5	1%			
RMC MENTAL HLTH FEM	**262**	239	501		
Blue Cross	53	35	88	18%	
Commercial	14	12	26	5%	
Medicaid	9	12	21	4%	
Medicaid Replacement	183	177	360	72%	
Self-Pay	1		1	0%	
Tricare	2	3	5	1%	
RMC MENTAL HLTH MALE	**239**				
Blue Cross	35				
Commercial	12				
Medicaid	12				
Medicaid Replacement	177				
Tricare	3				
Grand Total	**1761**				

2024 Payer Mix

RMC BH SR CARE UNIT	
Blue Cross	3%
Commercial	2%
Medicaid	3%
Medicaid Replacement	18%
Medicare	39%
Medicare Replacement	36%

RMC MENTAL HLTH ADULT	
Blue Cross	12%
Commercial	6%
Medicaid	13%
Medicaid Replacement	51%
Medicare	6%
Medicare Replacement	7%
Other	1%
Self-Pay	3%
Third Party	0%
Tricare	1%

RMC peds/adolescent	
Blue Cross	18%
Commercial	5%
Medicaid	4%
Medicaid Replacement	72%
Self-Pay	0%
Tricare	1%

RMC MENTAL HLTH ADULT	
Blue Cross	12%
Commercial	6%
Medicaid	13%
Medicaid Replacement	51%
Medicare	6%
Medicare Replacement	7%
Other	1%
Self-Pay	3%
Third Party	0%
Tricare	1%

RMC SPECIALTY	
Blue Cross	18%
Commercial	5%
Medicaid	4%
Medicaid Replacement	72%
Self-Pay	0%
Tricare	1%

Attachment 21

1110.210(f) – Performance Requirements

Riverside's AMI unit will remain at 64 beds which exceeds the minimum size

Section VIII

1120.130. Financial Viability

Financial Viability Waiver

Attachment 33

Riverside Health System has a bond rating of A+ from Standard and Poor's rating agency, and A2 from Moody's and this Section should not apply. Evidence of the Bond Ratings are attached.

MOODY'S
RATINGS

Rating Action: Moody's Ratings affirms Riverside Health System's (IL) A2; outlook stable

20 Jun 2024

New York, June 20, 2024 -- Moody's Ratings (Moody's) has affirmed Riverside Health System's (IL) A2 bond rating. The outlook is stable. The system had approximately $136 million of debt outstanding at fiscal year-end 2023.

The affirmation reflects a strong rebound in operating performance which will allow for maintenance of excellent liquidity and favorable leverage metrics.

RATINGS RATIONALE

The A2 rating reflects Riverside Health System's (RHS) stable operating cash flows, achieved through management's effective expense management and strong outpatient volume growth. Cash flow is supported by RHS's leading market position (68% in the primary service area), diverse service array, and strategic partnerships with Chicago-based academic medical centers. Capital expenditures will be manageable given the recent completion of the system's emergency department expansion, allowing for maintenance of excellent liquidity (approximately 400 days cash on hand) and favorable leverage (3.5 times cash to debt). However, a relatively small enterprise revenue base and high exposure to governmental payors remain the primary challenges.

RATING OUTLOOK

The stable outlook reflects our expectation that Riverside will maintain robust levels of profitability and liquidity, with an operating cash flow margin of 7%-8% and days cash on hand of at least 400 days projected in 2024, despite industry labor and supply inflationary pressures.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Material enterprise growth of revenue toward A1 medians

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on https://ratings.moodys.com.

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Matthew Cahill
Lead Analyst
PF Healthcare
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Eva Bogaty
Additional Contact
PF Healthcare
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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S&P Global
Ratings

RatingsDirect®

Illinois Finance Authority
Riverside Health System; Hospital

Primary Credit Analyst:
Concy Richards, Lansing 1 312 233 7024; concy.richards@spglobal.com

Secondary Contact:
Wendy A Taylor, Englewood + 1 (303) 721 4230; wendy.taylor@spglobal.com

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Illinois Finance Authority
Riverside Health System; Hospital

Credit Profile		
Illinois Finance Authority, Illinois		
Riverside Health System, Illinois		
Illinois Finance Authority (Riverside Health System)		
Long Term Rating	A+/Stable	Current

Credit Highlights

- S&P Global Ratings' long-term rating on the Illinois Finance Authority's series 2013 and 2016 revenue bonds, issued for Riverside Health System (RHS), is 'A+'.
- The outlook is stable.

Security

The obligated group's gross revenue secures the bonds.

Credit overview

The rating reflects our view of RHS' overall stable financial performance in fiscal 2023, supported by robust unrestricted reserves, leading to high days' cash on hand (DCOH) and unrestricted reserves to long-term debt. The rating also reflects our expectation for continued improvement in operating performance following heavy losses in fiscal 2022 primarily driven by elevated labor costs and volumes negatively impacted due to an 18 month complete renovation of the emergency department. Management anticipates that key balance sheet metrics will remain solid through the outlook period, and we view this as reasonable given improved operations and a lack of new debt plans. Furthermore, this strength provided some flexibility to absorb operating pressures over the past few years and Management forecasts fiscal year-end margins close to those for the nine-month interim period ended Sept. 30, 2023, and is budgeting for a 1.2% operating margin in fiscal 2024. We believe this is achievable given Riverside's increasing emergency room (ER) volumes, coupled with additional revenue from a focus on inpatient efficiencies, improved access, and outpatient services such as cancer treatment and infusion services. We expect modest though steady operating gains in the outlook period along with continued healthy liquidity metrics as management continues to carry out its improvement plans.

The rating further reflects our view of RHS' leading market share in a small, economically challenged primary service area (PSA). We note a slight decline in share in fiscal 2022, primarily as a result of lower ER volumes during the renovation. Management anticipates that ER volumes will rebound to historical levels within the outlook period, and we view this as reasonable given the upward ER volume trends in the interim period. Furthermore, the payer mix is heavily concentrated in governmental payers given the challenged PSA, which consistently represents more than 70% of net revenue, and the hospital relies somewhat on supplemental funding to support operations; we view both of these factors unfavorably. While Riverside is about 60 miles from Chicago, which could draw key physicians away, it maintains a solid active physician base and has been able to recruit and maintain talent. In recent years, management has focused on expanding key service lines, and we view this favorably as the new lines should help meet community need and increase revenue over the outlook period.

The rating reflects our view of RHS':

- Robust balance sheet with high unrestricted reserves and unrestricted reserves to long-term debt, affording sufficient balance sheet cushion at the rating to absorb recent and short-term operational volatility;
- Leading market share and service line focus that adeptly addresses community needs; and
- Return to profitability that is above budget and expected to yield solid margins in the outlook period.

Partly offsetting the above strengths, in our view, are RHS':

- High governmental payer concentration, which, in our view, is a risk to profitability;
- Operating revenue that, while improved, is expected to be flat through the outlook period; and
- Declining economic fundamentals for the PSA, including income indicators that we consider limited.

Environmental, social, and governance

We view RHS' overall social risk as elevated based on a payer mix that is heavily weighted toward government payers, and based on the PSA's projected economic indicators that are weak relative to national averages. Furthermore, we note that Riverside, as with most of the sector, is experiencing staffing challenges and labor costs that continue to dampen margins, although we acknowledge that the hospital is implementing a host of initiatives designed to minimize these difficulties. Finally, we believe that environmental and governance factors are neutral in our credit rating analysis.

Outlook

The stable outlook reflects our view that RHS will maintain its balance sheet and incorporate no new debt plans. We also expect that operating performance will continue to trend closer to historical levels over the outlook period, and that RHS will maintain stability in its enterprise profile.

Downside scenario

We could revise the outlook to negative or lower the rating if RHS is unable to establish a trend of improving operations in the outlook period. And although such events are not expected, we would also view negatively a deterioration in unrestricted reserves or market position, a sizable issuance of new debt, or significant capital plans that result in material decline in the overall financial profile or key financial metrics.

Upside scenario

Given recent financial pressure, coupled with industry challenges, we are not likely to revise the outlook to positive or raise the rating during the outlook period given recent operating trends.

Credit Opinion

Enterprise Profile: Strong

Strained economic fundamentals in a limited service area

RHS is located in Kankakee, Ill., about 60 miles southwest of Chicago. The enterprise profile is characterized by a market share majority in the PSA, which includes Kankakee and Iroquois counties, both with declining population and employment growth projections. However, the enterprise profile also captures a well-integrated medical staff and good quality metrics. Management is focused on continuing to broaden service lines to capture more volume and better serve the population. However, payer mix remains an enterprise weakness, in our opinion, as it skews heavily toward government payers (more than 70%), which creates a risk to profitability, in our view, especially with declining economic fundamentals in the relatively small service area.

Strategic initiatives produce solid market share in a competitive service area

RHS holds a formidable market share in its primary service area, commanding a nearly 70% market share in inpatient admissions according to data provided by management. While RHS experienced lower ER volumes through the renovation in fiscal 2022, volume trends have picked up for both inpatient and outpatient services, and the hospital expects a return to historical levels in the outlook period given recent trends. Furthermore, the main competitor in the primary service area, AMITA St. Mary's Hospital (part of the Ascension Health System), captures a comparatively low 30% market share, according to management. RHS has been able to compete with St. Mary's while stemming out-migration to Chicago through improvements in access to care and through strategic investments in and recruitment for specialty service lines, particularly in cardiology, neurosciences, cancer and infusion, orthopedics, and behavioral health. Management also plans to expand its presence in its western market and continues to look for strategic opportunities to increase its presence in its secondary markets. Physician alignment and growth of the Riverside Medical Group have also led to success in key service lines and robust referrals to the system.

Table 1

Riverside Health System utilization

	--Nine months ended Sept. 30--	--Fiscal year ended Dec. 31--		
	2023	2022	2021	2020
PSA population	N.A.	132,547	137,361	138,374
PSA market share (%)	N.A.	68.1	69.0	69.8
Inpatient admissions*	5,113	6,988	8,193	7,982
Equivalent inpatient admissions	26,873	32,042	33,672	31,388
Emergency visits	28,576	35,189	39,308	36,148
Inpatient surgeries	1,031	1,375	1,532	1,613
Outpatient surgeries	6,152	8,412	7,020	6,047
Medicare case mix index	1.7877	1.7874	1.7889	1.8591
FTE employees	2,321	2,332	2,364	2,313
Active physicians	393	400	385	325
Medicare (%)§	49.9	49.9	49.6	49.9

Table 1

Riverside Health System utilization (cont.)				
	--Nine months ended Sept. 30--	--Fiscal year ended Dec. 31--		
	2023	2022	2021	2020
Medicaid (%)§	22.2	22.9	22.4	21.6
Commercial/Blues (%)§	23.8	23.2	23.7	24.6

*Excludes normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. §Based on net revenue. FTE--Full-time equivalent. N.A.--Not available. PSA--Primary service area.

Financial Profile: Very Strong

Further margin improvement likely vital to supporting the rating

RHS is surpassing its break-even budget expectations in the nine-month 2023 interim period and expects to end the year near interim results with further margin accretion in the outlook period. Quarterly losses modestly improved throughout fiscal 2022, to negative 5.16% in the fourth quarter from negative 7.44% in the first. Fiscal 2023 shows considerable improvement over the prior year, beginning with the first quarter, when the margin was nearly 1%, with year-to-date margins of .82% and an EBIDA margin of 8.44%. Management has budgeted for a 1.2% margin for fiscal 2024, and achieving this will be critical to maintaining the rating. RHS has historically maintained operating income well above break-even, and trending toward historical profitability will be key to supporting the rating, in our view.

Maximum annual debt service (MADS) occurs in 2031, and the debt service schedule is uneven with MADS declining to $8.7 million in 2033 and $4.9 million in 2036 with final maturity in 2050. We view MADS coverage and lease-adjusted MADS coverage as healthy at 5.06x and expect the hospital to remain in compliance with its 1.1x covenant requirement.

Operating performance has improved as a result of an approximately $25 million turnaround effort, consisting of a rebound in ER volumes (after the project's completion in December 2022), combined with increased volumes in the wake of the project, improved labor management strategies, and increased access to care. The ability to sustain these cost savings and at least meet fiscal 2024 budget expectations, with further improvement to operating performance into fiscal 2025, is critical to maintaining the rating, in our view.

Healthy balance sheet and moderate debt support rating

We view RHS' overall liquidity and financial flexibility as healthy. We continue to view DCOH and unrestricted reserves relative to operations and long-term debt as solid and expect them to remain healthy, though significant growth is unlikely in the near term given somewhat compressed margins. As of the nine-month interim period, DCOH stood at 396 days and unrestricted reserves at nearly $453 million. Furthermore, management projects that all key balance sheet metrics will hold, which we view as achievable and key to maintaining the rating while management attempts to return to historical operations. In addition, capital spending is estimated to be around $33 million in fiscal 2024, which we view as slightly elevated as compared with that prior years but manageable. We view the overall asset allocation as slightly heavy on equities, which account for approximately 44% of the asset allocation, though this has not historically caused issues for RHS.

In addition, the overall debt profile is stable with a manageable debt load and leverage that we view as low at slightly more than 20%. Furthermore, the hospital has no additional debt plans in the outlook period and management reports that it is working to de-leverage. The overall debt structure is conservative with all fixed-rate debt. While the hospital has contingent liability debt, the associated risks are manageable, in our view, as the hospital has sufficient reserves to cover the unlikely event of acceleration. The hospital terminated its swaps as of November 2022.

Loan documents for bank debt that we consider a contingent liability risk have been previously reviewed and possess covenants that are more restrictive than the master trust indenture, specifically DCOH of no less than 70 and maximum annual debt service coverage of no less than 1.1x. If these covenants were breached, RHS would have a 30-day period in which to cure the violation prior to the banks' having the right to accelerate the debt. We anticipate that RHS will remain in compliance with covenant requirements.

RHS does not have a defined benefit plan, and we view this favorably.

Table 2

Riverside Health System financial summary

	--Nine months ended Sept. 30--	--Fiscal year ended Dec. 31--			'A+' rated stand-alone hospital medians
	2023	2022	2021	2020	2022
Financial performance					
Net patient revenue ($000s)	322,566	402,315	410,005	371,730	690,129
Total operating revenue ($000s)	337,736	421,618	435,808	400,946	735,651
Total operating expenses ($000s)	334,960	443,359	424,972	398,933	746,478
Operating income ($000s)	2,776	(21,741)	10,836	2,013	3,229
Operating margin (%)	0.82	(5.16)	2.49	0.50	0.60
Net nonoperating income ($000s)	10,079	9,314	64,001	36,040	21,777
Excess income ($000s)	12,855	(12,427)	74,837	38,053	21,044
Excess margin (%)	3.70	(2.88)	14.97	8.71	3.10
Operating EBIDA margin (%)	8.44	1.36	11.16	9.59	6.60
EBIDA margin (%)	11.09	3.49	22.53	17.05	8.90
Net available for debt service ($000s)	38,588	15,032	112,626	74,499	62,241
MADS ($000s)	10,161	10,161	10,161	10,161	21,325
MADS coverage (x)	5.06	1.48	11.08	7.33	4.20
Operating-lease-adjusted coverage (x)	5.06	1.48	11.08	7.33	2.90
Liquidity and financial flexibility					
Unrestricted reserves ($000s)	452,715	436,238	509,017	456,785	663,419
Unrestricted days' cash on hand	396.4	378.6	474.0	454.6	361.6
Unrestricted reserves/total long-term debt (%)	320.8	308.5	347.0	323.8	286.2
Unrestricted reserves/contingent liabilities (%)	1,146.1	1,104.4	1,150.6	1,277.8	859.3
Average age of plant (years)	12.1	14.9	9.9	9.3	12.8
Capital expenditures/depreciation and amortization (%)	70.8	131.3	96.3	115.1	130.7
Debt and liabilities					
Total long-term debt ($000s)	141,112	141,397	146,698	141,077	230,619

Table 2

Riverside Health System financial summary (cont.)

	--Nine months ended Sept. 30--	--Fiscal year ended Dec. 31--			'A+' rated stand-alone hospital medians
	2023	2022	2021	2020	2022
Long-term debt/capitalization (%)	20.2	20.8	19.6	20.4	21.4
Contingent liabilities ($000s)	39,500	39,500	44,240	35,747	100,000
Contingent liabilities/total long-term debt (%)	28.0	27.9	30.2	25.3	27.9
Debt burden (%)	2.19	2.36	2.03	2.33	2.40
Defined benefit plan funded status (%)	N/A	N/A	N/A	N/A	89.4
Pro forma ratios					
Unrestricted reserves ($000s)	N/A	N/A	N/A	N/A	MNR
Total long-term debt ($000s)	N/A	N/A	N/A	N/A	MNR
Unrestricted days' cash on hand	N/A	N/A	N/A	N/A	MNR
Unrestricted reserves/total long-term debt (%)	N/A	N/A	N/A	N/A	MNR
Long-term debt/capitalization (%)	N/A	N/A	N/A	N/A	MNR
Miscellaneous					
Medicare advance payments ($000s)*	0	14213	44133	51,153	MNR
Short-term borrowings ($000s)*	N/A	N/A	N/A	N/A	MNR
COVID-19 stimulus recognized ($000s)	0	2143	8741	12,025	MNR
Risk-based capital ratio (%)	N/A	N/A	N/A	N/A	MNR
Total net special funding ($000s)	10,121	17,438	17,229	12,939	MNR

*Excluded from unrestricted reserves, long-term debt, and contingent liabilities. MADS--Maximum annual debt service. MNR--Median not reported. N/A--Not applicable.

Credit Snapshot

- Group rating methodology: Core
- Organization description: Riverside Health System is a not-for-profit corporation that operates a short-term general acute care hospital and various community primary and specialty care clinics. Riverside and its obligated affiliates principally serve residents in northeastern and central Illinois and provide a broad range of health care services: inpatient, outpatient, emergency care, long-term care, primary care services, and specialty care services. The flagship hospital, Riverside Medical Center, is located in Kankakee County and has 300 licensed beds, of which 275 are in service.

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Section VII, Availability of Funds

Attachment 34

VII. 1120.120 Availability of Funds

Riverside Medical Center's financial statements for the years June 30, 2021, 2022, and 2023 are attached.

KPMG

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Financial
Statements and Combining Schedules

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

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

Independent Auditors' Report

The Board of Directors
Riverside Health System and Obligated Affiliates:

Report on the Audit of the Special-Purpose Combined Financial Statements

Opinion

We have audited the special-purpose combined financial statements of Riverside Health System and Obligated Affiliates (the Company) (as defined in the Amended Master Trust Indenture dated as of November 1, 1996 between Riverside Health System, Riverside Medical Center, Oakside Corporation, Riverside Senior Living Center, and Bank of New York Trust Company N.A., as successor Master Trustee), which comprise the special-purpose combined balance sheets as of December 31, 2021 and 2020, and the related special-purpose combined statements of operations and changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, and the related notes to the special-purpose combined financial statements.

In our opinion, the accompanying special-purpose combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting in note 2 to the special-purpose combined financial statements.

Basis for Opinion

We conducted our audits 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 Special-Purpose Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to note 2, which describes the basis of accounting. The special-purpose combined financial statements are prepared by Riverside Health System and Obligated Affiliates on the basis of the financial reporting provisions of the Amended Master Trust Indenture, which is a basis of accounting other than U.S. generally accepted accounting principles, to comply with the financial reporting provisions of the Amended Master Trust Indenture referred to above. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Combined Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the special-purpose combined financial statements are issued.

KPMG

Auditors' Responsibilities for the Audit of the Special-Purpose Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose combined financial statements as a whole are 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 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 special-purpose combined financial statements.

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 special-purpose combined financial statements, 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 special-purpose combined financial statements.
- 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 Company'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 special-purpose combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the special-purpose combined 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 special-purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements or to the special-purpose combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose combined financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the boards of directors and management of Riverside Health System and Obligated Affiliates, the successor Master Trustee under the Amended Master

Trust Indenture, and bondholders, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
May 13, 2022

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Balance Sheets

December 31, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	$ 149,377,010	162,397,371
Short-term investments	51,792,185	47,097,901
Receivables:		
Patient and resident accounts receivable	31,454,442	34,661,894
Other	884,932	1,086,419
Total receivables	32,339,374	35,748,313
Inventory of supplies	8,722,400	8,900,111
Prepaid expenses	6,519,669	8,424,483
Current portion of estimated insurance recoveries	2,569,588	1,700,370
Total current assets	251,320,226	264,268,549
Assets whose use is limited or restricted:		
By board of directors for capital improvements and other	351,980,502	298,443,115
Deposits under residency agreements	3,843,415	4,332,415
Investments related to net assets with donor restrictions	4,193,769	3,753,689
Total assets whose use is limited or restricted	360,017,686	306,529,219
Land, buildings, and equipment, net of accumulated depreciation	290,292,836	291,526,665
Other assets:		
Due from Riverside HealthCare Foundation, Inc.	8,887,165	7,842,013
Estimated insurance recoveries	5,210,266	3,896,767
Other assets	36,027	728,863
Total other assets	14,133,458	12,467,643
Total assets	$ 915,764,206	874,792,076

(Continued)

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Balance Sheets

December 31, 2021 and 2020

Liabilities and Net Assets	**2021**	**2020**
Current liabilities:		
Current installments of long-term debt	$ 6,560,000	5,825,000
Accounts payable	7,292,536	7,393,052
Accrued expenses	32,985,235	41,198,969
Estimated payables under third-party reimbursement programs	63,870,198	47,195,123
Total current liabilities	110,707,969	101,612,144
Refundable security deposits	27,787	35,762
Refundable advance residency fees	3,843,415	4,332,415
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	146,697,987	141,077,350
Construction payables	1,872,934	7,030,596
Estimated insurance liabilities	31,167,496	27,364,016
Estimated payables under third-party reimbursement programs	13,228,637	36,153,330
Other long-term liabilities	689,148	1,515,851
Total liabilities	308,235,373	319,121,464
Net assets:		
Net assets without donor restrictions	603,335,064	551,916,923
Net assets with donor restrictions	4,193,769	3,753,689
Total net assets	607,528,833	555,670,612
Total liabilities and net assets	$ 915,764,206	874,792,076

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended December 31, 2021 and 2020

	2021	2020
Revenue:		
Patient service revenue	$ 410,004,628	371,730,184
Resident and health center services revenue	12,394,497	12,938,119
Other revenue	12,699,319	15,250,104
Total revenue	435,098,444	399,918,407
Expenses:		
Salaries and employee benefits	223,998,069	212,756,122
Purchased services and supplies	143,571,336	132,716,271
Depreciation and amortization	33,010,816	32,216,241
Utilities	5,753,475	5,590,826
Professional fees	4,794,042	2,530,614
Insurance	9,066,684	8,892,921
Interest	4,777,672	4,229,624
Total expenses	424,972,094	398,932,619
Income from operations	10,126,350	985,788
Nonoperating gains (losses):		
Investment income, net	39,249,535	19,381,363
Change in fair value of derivative instruments	607,765	(117,619)
Other, net	1,054,885	1,335,021
Total nonoperating gains, net	40,912,185	20,598,765
Revenue and gains in excess of expenses and losses	51,038,535	21,584,553
Other changes in net assets without donor restrictions:		
Net assets released from restriction for purchases of land, buildings, and equipment	379,606	907,542
Increase in net assets without donor restrictions	$ 51,418,141	22,492,095

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Changes in Net Assets

Years ended December 31, 2021 and 2020

		2021	2020
Net assets without donor restrictions:			
Revenue and gains in excess of expenses and losses	$	51,038,535	21,584,553
Other changes in net assets without donor restrictions:			
Net assets released from restrictions used for the purchase of land, buildings, and equipment		379,606	907,542
Increase in net assets without donor restrictions		51,418,141	22,492,095
Net assets with donor restrictions:			
Contributions for specific purposes		777,021	1,366,319
Investment return earned on net assets with donor restrictions		42,665	117,925
Net assets released from restriction for purchases of land, buildings, and equipment		(379,606)	(907,542)
Increase in net assets with donor restrictions		440,080	576,702
Change in net assets		51,858,221	23,068,797
Net assets at beginning of year		555,670,612	532,601,815
Net assets at end of year	$	607,528,833	555,670,612

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Cash Flows

Years ended December 31, 2021 and 2020

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	51,858,221	23,068,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		33,010,816	32,216,241
Earnings from equity interest in unconsolidated subsidiary and joint venture		(710,236)	(1,027,605)
Cash distributions received from unconsolidated subsidiary and joint venture		831,674	978,750
Contributions and investment returns related to net assets with donor restrictions		(819,686)	(1,484,244)
Net realized and change in net unrealized gains and losses on investments		(28,322,289)	(10,579,577)
Change in fair value of derivative instruments		(607,765)	117,619
Changes in assets and liabilities:			
Patient and resident accounts receivable		3,207,452	4,917,618
Other receivables		201,487	(132,878)
Inventory of supplies, prepaid expenses, and other assets		2,653,923	(666,586)
Accounts payable and accrued expenses		(8,314,250)	7,696,801
Estimated payables under third-party reimbursement programs		(6,249,618)	54,398,052
Estimated insurance receivables and liabilities		1,620,763	1,449,297
Refundable security deposits		(7,975)	(36,100)
Refundable advance residency fees		(489,000)	(449,495)
Other long-term liabilities		(218,938)	(119,371)
Net cash provided by operating activities		47,644,579	110,347,319
Cash flows from investing activities:			
Sales of short-term investments		105,775,023	53,274,181
Purchases of short-term investments		(110,469,307)	(55,918,434)
Sales of assets whose use is limited or restricted		600,826,564	311,422,703
Purchases of assets whose use is limited or restricted		(625,992,742)	(316,871,124)
Acquisition of land, buildings, and equipment, net		(31,776,987)	(37,072,876)
Change in construction payables		(5,157,662)	3,059,884
Net cash used in investing activities		(66,795,111)	(42,105,666)
Cash flows from financing activities:			
Repayment of long-term debt		(6,187,746)	(5,963,678)
Proceeds from issuance of debt, including bond premium		12,543,383	27,456,617
Payment of bond issuance cost		—	(315,758)
Contributions and investment returns related to net assets with donor restrictions		819,686	1,484,244
Net change in due from Riverside HealthCare Foundation, Inc.		(1,045,152)	(766,354)
Net cash provided by financing activities		6,130,171	21,895,071
Net change in cash and cash equivalents		(13,020,361)	90,136,724
Cash and cash equivalents at beginning of year		162,397,371	72,260,647
Cash and cash equivalents at end of year	$	149,377,010	162,397,371
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	5,731,529	5,363,923

See accompanying notes to special-purpose combined financial statements.

(1) Riverside Health System and Obligated Affiliates

The accompanying special-purpose combined financial statements include the accounts of Riverside Health System (RHS) and its obligated affiliates (obligated affiliates), Riverside Medical Center (Medical Center), Oakside Corporation (Oakside), and Riverside Senior Living Center (RSLC).

RHS, the not-for-profit parent corporation of the Riverside healthcare delivery system, was incorporated during 1982 to support and encourage health and human services by providing management assistance and in all other relevant ways. RHS serves as the parent for Riverside HealthCare Foundation, Inc. (Foundation), which promotes charitable activities through donation, educational programs, and other human services programs.

The Medical Center operates a short-term general acute care hospital and various community primary and specialty care clinics. The Medical Center is incorporated under the Illinois General Not-for-Profit Corporation Act. Included in the special-purpose combined financial accounts of the Medical Center are the accounts of Riverside Ambulatory Surgery Center (RASC), located in Bourbonnais, Illinois. RHS is the sole corporate member of the Medical Center.

Oakside was incorporated as a not-for-profit corporation in 1982. Oakside provides retail services, including family pharmacy, gift shop, and fitness center services, and promotes community participation in charitable, educational, and public service programs. Oakside also operates a health and fitness facility. RHS is the sole corporate member of Oakside.

RSLC was incorporated as a not-for-profit corporation during 1990. RSLC operates a retirement housing community with both independent and assisted living services for senior persons. RSLC also operates a skilled nursing facility. RHS is the sole corporate member of RSLC.

RHS and its obligated affiliates principally provide health and residential care services through their inpatient and outpatient care facilities located in the Kankakee area and grant credit to patients and residents, substantially all of whom are residents of the service area. Expenses incurred by RHS and its obligated affiliates relate to the provision of healthcare and residential services and related general and administrative activities.

All significant intercompany balances and transactions have been eliminated in combination.

(2) Summary of Significant Accounting Policies

The following accounting policies are utilized in presenting the accompanying special-purpose combined financial statements of RHS and its obligated affiliates.

(a) Presentation

These special-purpose combined financial statements were prepared in accordance with the accounting requirements set forth in the Amended Master Trust Indenture dated as of November 1, 1996 between RHS, the Medical Center, Oakside, RSLC, and Bank of New York Trust Company, N.A., as successor Master Trustee. Pursuant to these requirements, certain affiliated entities of RHS required to be consolidated with RHS in accordance with U.S. generally accepted accounting principles have been excluded from the accompanying special-purpose combined financial statements or are presented on the equity basis of accounting. Accordingly, the accompanying special-purpose combined financial statements are not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

(b) Use of Estimates

The preparation of the accompanying special-purpose combined financial statements 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 special-purpose combined financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Patient Revenue, Resident, and Health Center Service Revenue

Patient, resident, and health center service revenue are reported at the amounts that reflect the consideration to which RHS expects to be entitled in exchange for providing patient, resident, and health center service care. These amounts are due from patients, residents, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. The Medical Center, RSLC, and Oakside have agreements with third-party payors, which provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at list price and the amounts reimbursed by Medicare, Blue Cross, and certain other third-party payors; the difference between billings at list price and the allocated cost of services provided to Medicaid patients; and any differences between estimated retroactive third-party reimbursement settlements for prior years and subsequent final settlements.

Performance obligations are determined based on the nature of the services provided by RHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. RHS believes that this method provides an accurate estimate of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Medical Center receiving inpatient acute care services or patients and residents receiving outpatient services in the Medical Center, Oakside, and SLC. RHS determines the performance obligation as admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. RHS measures the performance obligation for resident revenue at the commencement of the services provided to the resident to the point through which care is no longer provided. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (e.g., pharmaceuticals and medical equipment) and RHS does not believe it is required to provide additional goods or services related to that sale.

RHS determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients and residents in accordance with RHS's policy, and implicit price concessions provided to uninsured patients and residents. RHS determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. RHS determines its estimate of implicit price concessions based on its historical collection experience with this class of patients and residents.

Settlements with third-party payers for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient and resident care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (i.e., new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients and residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. RHS also provides services to uninsured patients and residents and offers those uninsured patients and residents a discount, either by policy or law, from standard charges. RHS estimates the transaction price for patients and residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. In evaluating the collectibility of patients' and residents' accounts receivable, RHS analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the variable consideration. Management regularly reviews data about these major payor sources of revenue in evaluating the variable consideration. RHS uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends, RHS believes that revenue recognized using this approach approximates the revenue that would be recognized if an individual contract approach were used. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient and resident services revenue in the period of the change.

(d) Revenue and Gains In Excess of Expenses and Losses

The special-purpose combined statements of operations and changes in net assets without donor restrictions include revenue and gains in excess of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of health and residential care services are reported as revenue and expenses. Transactions incidental to the provision of health and residential care services are reported as nonoperating gains and losses. Changes in net assets without donor restrictions that are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets).

(e) Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist primarily of demand deposits with banks, cash on hand, overnight secured repurchase agreements, and securities with an original term of three months or less when purchased, excluding amounts limited or restricted as to use. Short-term investments consist of securities with an original term of one year or less, excluding cash and cash equivalents and amounts limited or restricted as to use.

(f) Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets set aside by the Medical Center's board of directors (Board) for future capital improvements and other, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by a trustee and limited as to use in accordance with the requirements of bond indenture agreements; donor-restricted investments; and deposits under occupancy agreements with RSLC residents.

Investment income or loss (including realized gains and losses on investments, changes in unrealized gains and losses on trading securities, interest, and dividends) is included in revenue and gains in excess of expenses and losses unless the income or loss is restricted by donors, in which case, the investment return is recorded directly to net assets with donor restrictions in accordance with donor intent.

(g) Fair Value

RHS and its obligated affiliates apply the provisions of Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurement – Overall*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the special-purpose combined financial statements on a recurring basis. ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 6).

RHS and its obligated affiliates apply the provisions of ASC Subtopic 825-10, *Financial Instruments – Overall*. ASC Subtopic 825-10 gives RHS the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. RHS and its obligated affiliates' management did not elect to measure any additional eligible financial assets or financial liabilities at fair value subsequent to the adoption of ASC Subtopic 825-10.

RHS has disclosed investments for which fair value is measured using net asset value per share as a practical expedient outside the fair value hierarchy in accordance with ASC Subtopic 820-10.

(h) Derivative Instruments

RHS and its obligated affiliates account for derivatives and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging*, as amended, which requires that all derivative instruments be recorded on the special-purpose combined balance sheets at their respective fair values.

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost if purchased or at fair value at the date of donation. Depreciation is provided for over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction is capitalized as a component cost of acquiring those assets (note 7).

(j) Inventories

Supplies inventories are stated at the lower of cost or market. Cost is determined on the basis of the most recent purchase price, which approximates the first-in, first-out method.

(k) Gifts, Bequests, and Grants

Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for net assets without donor restrictions unless specifically restricted by donors. Contributions are reported as direct additions to net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the special-purpose combined statements of operations and changes in net assets without donor restrictions as net assets released from restriction. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported directly within the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(l) Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose. RHS and its obligated affiliates' net assets with donor restrictions are primarily restricted for land, building, and equipment acquisitions and for permanently donor-restricted contributions, the principal amount of which may not be expended, at both December 31, 2021 and 2020.

ASC Topic 958, *Not-for-Profit Entities*, 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 UPMIFA. ASC Topic 958 also enhances disclosures related to both donor-restricted and board-designated endowment funds.

The Foundation holds certain assets contributed for the benefit of the Medical Center and RSLC. Amounts due from the Foundation of $3,390,178 and $2,996,266 at December 31, 2021 and 2020, respectively, are restricted by donors for specified programs and the acquisition of property and equipment. Remaining amounts due from the Foundation at December 31, 2021 and 2020 are unrestricted as to use by the Medical Center and RSLC.

(m) Charity Care

The Medical Center, RSLC, and Oakside provide care to patients and residents who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because the Medical Center, RSLC, and Oakside do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

RHS follows the provisions in ASC Subtopic 954-605, *Health Care Entities – Revenue Recognition*. ASC Subtopic 954-605 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost can be identified as direct and indirect costs of providing charity care.

(n) Deferred Financing Costs

Deferred financing costs are amortized using the bonds outstanding method. Bond discount and premium are amortized using the straight-line method over the periods in which the related bonds are outstanding. Debt issuance costs, discounts, and premiums are presented in the balance sheet as a direct deduction from the carrying amount of the debt liability.

(o) Refundable Security Deposits and Refundable Advance Residency Fees

Refundable security deposits and advance residency fees represent fully refundable fees and deposits received from residents of RSLC who have signed occupancy agreements.

(p) Long-Lived Assets

RHS and its obligated affiliates evaluate long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. When such assets are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. RHS and its obligated affiliates do not believe that there are any factors or circumstances indicating impairment of its long-lived assets as of December 31, 2021 and 2020.

(q) Income Taxes

RHS and its obligated affiliates account for uncertain tax positions in accordance with ASC Subtopic 740-10, *Income Taxes – Overall*. ASC Subtopic 740-10 addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the special-purpose combined financial statements. Under ASC Subtopic 740-10, RHS and its obligated affiliates must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the special-purpose combined financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. ASC Subtopic 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods and requires increased disclosures. RHS and its obligated affiliates do not have a liability for unrecognized tax benefits.

RHS and its obligated affiliates are separate not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

(r) Liquidity and Availability of Resources

Cash and cash equivalents, short-term investments, and patient and resident accounts receivable, net, as reported on the special-purpose combined balance sheets at December 31, 2021 and 2020, are the primary liquid resources used by RHS to meet general expenditure needs within the next year. As part of liquidity management, RHS's policy is to structure and manage its financial assets to be available to meet its general expenditure needs. RHS invests cash in excess of daily requirements in short-term investments. As of December 31, 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital construction costs not financed with debt, were as follows:

		2021	2020
Cash and cash equivalents	$	149,377,010	162,397,371
Total receivables		32,339,374	35,748,313
Total investments		411,809,871	353,627,120
Total financial assets		593,526,255	551,772,804
Less assets unavailable to management without approval		360,017,686	306,529,219
Total financial assets available within one year	$	233,508,569	245,243,585

To help manage unanticipated liquidity needs, although intended to satisfy long-term obligations, 96% of assets whose use is limited at December 31, 2021, could be utilized within the next year if necessary.

(s) COVID-19 Pandemic and CARES Act Funding

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Patient volumes and the related revenues for most of our services were impacted beginning in March 2020 and continue to be impacted to date. Various policies were implemented by federal, state, and local governments in response to the COVID-19 pandemic that have caused many people to remain at home and forced the closure of or limitations on certain businesses. While some of these restrictions have been eased across the U.S., some restrictions remain in place, and some state and local governments are re-imposing certain restrictions. Patient volumes and revenues experienced gradual improvement beginning in July 2020 through the end of the fiscal year, however volumes remain below those of the prior year.

In March 2020, the Coronavirus Aid, Relief and Economic Securities Act (CARES Act) was signed into law, providing temporary and limited relief to companies during the COVID-19 outbreak. During fiscal years 2021 and 2020, the Company received approximately $8,741,428 and $12,025,191, respectively, in general and targeted Provider Relief Fund distributions, as provided for under the CARES Act. In

2021, $8,641,428 was received from the general distribution fund and $100,000 was received from targeted distributions from the CARES Act Provider Relief Fund. In 2020, $8,844,223 was received from the general distribution fund and $3,180,968 was received from targeted distributions from the CARES Act Provider Relief Fund. Generally, these distributions from the Provider Relief Fund are not subject to repayment, provided the recipient is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on operating results through December 31, 2021 and 2020, the Company recognized $8,641,428 and $100,000, related to these general distribution funds and targeted distributions in 2021 and $8,844,223 and $3,180,968 related to these general distrubtion funds and targeted distributions in 2020, respectively, as part of other revenue in the statement of operations.

In fiscal year 2020, the Company also received $51,153,330 of accelerated Medicare payments under the Medicare Advanced Payment Program (APP). APP payments allow eligible healthcare facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other healthcare providers. In fiscal year 2021, Medicare recouped began recouping the APP funds which have been applied against the advance payment balance. As of December 31, 2021 $7,020,812 of the accelerated Medicare payments have been recouped with the remaining balance of $44,132,518 within estimated payables under third-party reimbursement programs to be recouped in subsequent years.

The CARES Act also provides for a deferral of payments of the employer portion of social security payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021 and the remaining half until December 2022. The Company paid the full deferral amount of $5,940,286 during fiscal year 2021.

(3) Patient, Resident, and Health Center Service Revenue

A summary of the basis of reimbursement with major third-party payors is as follows:

(a) Medicare

The Medical Center is paid for inpatient acute care and outpatient services rendered to Medicare program beneficiaries under prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The Medical Center's payment classification of patients under the prospective payment system and the appropriateness of the patients' admissions are subject to validation reviews.

Certain services rendered to Medicare beneficiaries are reimbursed based upon cost-reimbursement methodologies. The Medical Center is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. As of December 31, 2021, Medicare reimbursement reports have been audited through December 31, 2011.

RSLC is reimbursed by Medicare under a prospective payment system based primarily upon a clinical classification system for Medicare residents.

(b) Medicaid

The Medical Center is paid for inpatient acute care service rendered to Medicaid program beneficiaries under prospectively determined rates-per-discharge and on a per diem basis for psychiatric and rehabilitation services. RSLC is reimbursed on a per diem basis for nursing home services. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based upon fee schedules. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment methodologies and rates, based on the amount of funding available to the State of Illinois Medicaid program.

The Medical Center participates in all State of Illinois Hospital Assessment programs. Assessment programs provide hospitals within the State additional Medicaid reimbursement based on funding formulas approved by the Centers for Medicare and Medicaid Services (CMS). The Medical Center has included its reimbursement for the years ended December 31, 2021 and 2020 of $30,125,785 and $24,595,551, respectively, within patient service revenue in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions.

The Medical Center included its related assessment tax payments of $15,747,018 and $14,525,908 for the years ended December 31, 2021 and 2020, respectively, within purchased services and supplies expense in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions.

(c) Other

The Medical Center 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 is negotiated by the Medical Center and includes discounts from established charges and prospectively determined per diem rates.

The Medical Center and RSLC grant credit without collateral to their patients and residents, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2021 and 2020 is as follows:

	2021	2020
Medicare	31 %	32 %
Medicaid	11	10
Blue Cross	24	24
Managed care/commercial	16	19
Self-pay and other	18	15
	100 %	100 %

A summary of Medical Center and RSLC utilization based upon patient and resident service revenue for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Medicare	51 %	51 %
Medicaid	19	18
Blue Cross	15	16
Managed care/commercial	10	11
Self-pay and other	5	4
	100 %	100 %

For receivables associated with self-pay patients and residents (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), RHS has determined it has provided implicit price concessions to uninsured patients and residents and patients and residents with other uninsured balances (e.g., pays and deductibles). RHS records this in the period of service on the basis of its past experience, which indicates that many patients and residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and residents and the amounts RHS expects to collect based on its collection history with those patients and residents.

Patient service revenue is recognized in the period from these major payor sources, as follows:

	2021	2020
Medicare	$ 195,280,315	179,963,568
Medicaid	96,117,862	80,294,729
Blue Cross	58,074,764	53,624,339
Managed care/commercial	38,350,569	36,738,273
Self-pay and other	22,181,118	21,109,275
Patient service revenue	410,004,628	371,730,184
Resident and health center services revenue	12,394,497	12,938,119
Other revenue	12,699,319	15,250,104
Total revenue	$ 435,098,444	399,918,407

Total revenue recognized in the period by type of service is as follows:

		2021	2020
Inpatient	$	131,657,682	124,046,519
Outpatient/ambulatory		278,346,946	247,683,665
Senior living center		12,394,497	12,938,119
Provider relief funds		8,741,428	12,025,191
Other		3,957,891	3,224,913
	$	435,098,444	399,918,407

(4) Charity Care

The Medical Center, RSLC, and Oakside maintain policies whereby patients and residents in need of medical services are treated without regard to their ability to pay for such services. The Medical Center, RSLC, and Oakside maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges foregone for services and supplies furnished under their charity care policies. The following information measures the approximate level of charity care provided at cost in accordance with ASC Subtopic 954-605 and Medical Center's, RSLC's, and Oakside's policies during the years ended December 31, 2021 and 2020:

		2021	2020
Costs of charity care provided	$	3,634,648	3,782,954

The Medical Center provides discounts from charges of 45% to all patients without any form of insurance. In addition, patients may also be eligible for additional discounts from charges based upon certain income criteria.

(5) Investments

A summary of the composition of the RHS and obligated affiliates' investment portfolios at December 31, 2021 and 2020 is as follows:

		2021	2020
Accrued interest	$	1,267,746	1,180,377
Short-term investments, consisting primarily of money market funds		23,674,834	41,592,628
Common stock		79,925,332	47,778,265
Mutual equity funds		148,611,596	130,177,608
U.S. Treasury and U.S. government agency securities		56,701,472	24,486,884
Corporate bonds and notes		81,244,512	66,412,555
Commingled fund		—	25,926,300
Limited partnerships		20,384,379	16,072,503
	$	411,809,871	353,627,120

Investments are reported in the accompanying special-purpose combined balance sheets as follows at December 31, 2021 and 2020:

		2021	2020
Short-term investments	$	51,792,185	47,097,901
Assets whose use is limited or restricted:			
By board of directors for capital improvements and other		351,980,502	298,443,115
Deposits under residency agreements		3,843,415	4,332,415
Donor-restricted investments		4,193,769	3,753,689
	$	411,809,871	353,627,120

The composition of investment return on RHS and its obligated affiliates' investment portfolios and Riverside Foundation Trust assets for the years ended December 31, 2021 and 2020 is as follows:

		2021	2020
Interest and dividend income, net of fees an expenses	$	10,969,911	8,919,711
Net realized gains on sale of investments		52,727,833	26,931,477
Change in net unrealized gains and losses during the holding period		(24,405,544)	(16,351,900)
Investment return	$	39,292,200	19,499,288

Investment returns are included in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions and changes in net assets for the years ended December 31, 2021 and 2020 as follows:

		2021	2020
Nonoperating gains:			
Investment income, net	$	39,249,535	19,381,363
Other changes in net assets:			
Investment return earned on net assets with donor restrictions		42,665	117,925
Investment return	$	39,292,200	19,499,288

(6) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by RHS and its obligated affiliates in estimating the fair value of its financial instruments:

- The carrying amount reported in the special-purpose combined balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, patient and resident accounts receivable, accounts payable and accrued expenses, and estimated third-party payor settlements.
- Assets limited as to use: Fair values are estimated based on prices provided by its investment managers, custodian banks, and valuations provided by an independent investment reporting service. Common stocks, quoted mutual funds, and U.S. Treasury obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, and U.S. agency securities are measured using other observable inputs. The carrying value equals fair value.
- RHS has one limited partnership investment with Barings Core Property Fund for which quoted market prices are not available RHS elected to apply the concepts of ASC Subtopic 820-10 to its alternative investment using net asset value as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain investments may be restricted by the fund in the future in accordance with the underlying fund agreement. Changes in market conditions and the economic environment may impact the net asset value of the fund and, consequently, the fair value of RHS's interests in the fund. The carrying value equals fair value. The estimated fair value of the investment includes estimates, appraisals, assumptions, and methods provided by external financial adviser and reviewed by RHS.

  The investment objective of the Barings Core Property Fund, L.P. is to achieve total returns with reduced risk. This is achieved through a diversified investment fund that primarily comprises stabilized, income-producing equity real estate. There is no additional contractual commitment to fund the Barings Core Property Fund, L.P.

- Interest rate swaps: The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and RHS and its obligated affiliates. The carrying value equals fair value.

(b) Fair Value Hierarchy

RHS and its obligated affiliates apply ASC Subtopic 820-10 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the special-purpose combined financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that RHS has the ability to access at the measurement date. Level 1 investments include cash and cash equivalents, common stock, and quoted mutual funds.
- Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 investments include certain money market funds, corporate obligations, and U.S. Treasury and U.S. government agency securities.
- Level 3 inputs to the valuation methodology are unobservable and significant inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between levels for the fiscal year ended December 31, 2021 or 2020.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Notes to Special-Purpose Combined Financial Statements

December 31, 2021 and 2020

The following table presents assets and liabilities, including accrued interest, which are measured at fair value on a recurring basis at December 31, 2021:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets:						
Cash and cash equivalents:						
Cash	$ 149,377,010	149,377,010	—	—	Daily	One
Total cash and cash equivalents	149,377,010	149,377,010	—	—		
Short-term investments, excluding accrued interest of $126,149:						
Quoted mutual equity funds	23,844,259	23,844,259	—	—	Daily	One
Common stocks	4,056,069	4,056,069	—	—	Daily	One
Money market funds	3,734,556	—	3,734,556	—	Daily	One
U.S. Treasury and U.S. government agency securities	4,572,519	—	4,572,519	—	Daily	One
Corporate bonds and notes	12,557,136	—	12,557,136	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	2,901,497	—	—	—	Quarterly	Thirty
Total short-term investments	51,666,036	27,900,328	20,864,211	—		
Assets limited as to use, excluding accrued interest of $1,141,597:						
Quoted mutual equity funds	124,767,337	124,767,337	—	—	Daily	One
Common stocks	75,869,263	75,869,263	—	—	Daily	One
Money market funds	19,940,278	—	19,940,278	—	Daily	One
U.S. Treasury and U.S. government agency securities	52,128,953	—	52,128,953	—	Daily	One
Corporate bonds and notes	68,687,376	—	68,687,376	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	17,482,882	—	—	—	Quarterly	Thirty
Total assets limited as to use	358,876,089	200,636,600	140,756,607	—		
Total assets	$ 559,919,135	377,913,938	161,620,818	—		

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Liabilities:						
Interest rate derivatives	$ 433,044	—	—	433,044		

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the special-purpose combined balance sheets.

The following table presents assets and liabilities, including accrued interest, which are measured at fair value on a recurring basis at December 31, 2020:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets:						
Cash and cash equivalents:						
Cash	$ 162,397,371	162,397,371	—	—	Daily	One
Total cash and cash equivalents	162,397,371	162,397,371	—	—		
Short-term investments, excluding accrued interest of $117,454:						
Quoted mutual equity funds	19,315,411	19,315,411	—	—	Daily	One
Common stocks	3,389,372	3,389,372	—	—	Daily	One
Money market funds	6,636,616	—	6,636,616	—	Daily	One
U.S. Treasury and U.S. government agency securities	4,141,042	—	4,141,042	—	Daily	One
Corporate bonds and notes	11,061,779	—	11,061,779	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	2,436,227	—	—	—	Quarterly	Thirty
Total short-term investments	46,980,447	22,704,783	21,839,437	—		

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets limited as to use, excluding accrued interest of $1,062,923:							
Quoted mutual equity funds	$	110,862,196	110,862,196	—	—	Daily	One
Common stocks		44,388,894	44,388,894	—	—	Daily	One
Money market funds		34,956,012	—	34,956,012	—	Daily	One
U.S. Treasury and U.S. government agency securities		20,345,842	—	20,345,842	—	Daily	One
Corporate bonds and notes		55,350,776	—	55,350,776	—	Daily	One
Commingled fund		25,926,300	—	25,926,300	—	Daily	One
Limited partnerships: Barings Core Property Fund, L.P. (1)		13,636,276	—	—	—	Quarterly	Thirty
Total assets limited as to use		305,466,296	155,251,090	136,578,930	—		
Total assets	$	514,844,114	340,353,244	158,418,367	—		
Liabilities:							
Interest rate derivatives	$	1,040,809	—	—	1,040,809		

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the special-purpose combined balance sheets.

(7) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2021 and 2020 is as follows:

		2021		2020	
		Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	$	14,129,363	—	14,129,363	—
Land improvements		14,048,265	7,140,206	10,859,872	6,385,414
Buildings		359,781,526	171,396,156	340,509,329	159,974,655
Equipment		221,825,266	148,981,772	206,918,888	131,970,093
Construction in progress		8,026,550	—	17,439,375	—
	$	617,810,970	327,518,134	589,856,827	298,330,162

The Medical Center and RSLC are currently engaged in various construction, renovation, and software implementation projects. Outstanding commitments related to these projects approximate $14,514,354 at December 31, 2021.

Interest cost is capitalized as a component cost of significant capital projects. Interest income earned on any project-specific borrowed funds is offset against interest cost capitalized. A summary of interest cost capitalized for the years ended December 31, 2021 and 2020 is as follows:

		2021	2020
Gross interest cost capitalized	$	360,483	615,012
Investment income on borrowed funds held by trustee		—	—
Net interest cost capitalized	$	360,483	615,012

(8) Long-Term Debt

A summary of long-term debt as of December 31, 2021 and 2020 is as follows:

		2021	2020
Revenue bonds, Series 2013, at varying fixed effective interest rates (4.36% at December 31, 2021 and 2020), depending on date of maturity, and subject to annual mandatory redemption through 2042	$	32,000,000	32,000,000
Revenue refunding bonds, Series 2015, at variable interest rates determined monthly (15.39% and 8.74% at December 31, 2021 and 2020, respectively) subject to mandatory annual redemption through 2029		4,240,000	8,290,000
Revenue bonds, Series 2016, at varying fixed effective interest rates (3.58% and 3.60% at December 31, 2021 and 2020, respectively), depending on date of maturity, and subject to annual mandatory redemption through 2045		71,830,000	73,605,000
Revenue bonds, Series 2020, at varying fixed effective interest rates (1.66% and 0.20% at December 31, 2021 and 2020, respectively), depending on date of maturity and subject to mandatory redemption through 2050		40,000,000	27,456,617
		148,070,000	141,351,617

		2021	2020
Less:			
Current installments of long-term debt	$	6,560,000	5,825,000
Deferred financing costs, net		1,546,391	1,706,113
Plus:			
Unamortized bond premium		6,734,378	7,256,846
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	$	146,697,987	141,077,350

RHS, the Medical Center, Oakside, and RSLC (collectively referred to as the Obligated Group) entered into an Amended Master Trust Indenture (Master Trust Indenture) dated as of November 1, 1996. The purpose of the Master Trust Indenture is to provide a mechanism for the efficient and economical issuance of notes by individual members of the Obligated Group using the collective borrowing capacity and credit rating of the Obligated Group. The Medical Center, Oakside, and RSLC became members of the Obligated Group by executing contribution agreements with RHS pursuant to the Master Trust Indenture. The Master Trust Indenture requires members of the Obligated Group to make principal and interest payments on notes issued for their benefit and to pay such amounts as are otherwise necessary to enable RHS to satisfy other obligations issued under the Master Trust Indenture. The obligations of each member of the Obligated Group under its contribution agreement are secured by the unrestricted receivables of the Obligated Group.

On September 30, 2020, the Illinois Finance Authority issued revenue bonds, Series 2020, in the principal amount not to exceed 40,000,000 on behalf of the Medical Center. The loan proceeds of the Series 2020 bonds are secured by direct note obligations issued under the Master Trust Indenture. The proceeds from the sale of the Series 2020 bonds were used by the Medical Center to pay and reimburse a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities. The Medical Center issued $12,543,383 and $27,456,617 in revenue bonds in fiscal years 2021 and 2020, respectively.

On September 13, 2016, the Illinois Finance Authority issued revenue bonds, Series 2016, in the principal amount of $79,545,000: $67,460,524 on behalf of the Medical Center, $10,856,302 on behalf of RSLC, and $1,228,174 on behalf of Oakside. The loan proceeds of the Series 2016 bonds are secured by direct note obligations issued under the Master Trust Indenture. In addition to the principal amounts issued, RHS received a bond premium of $7,632,173 as part of the proceeds: $6,500,794 on behalf of the Medical Center, $1,010,858 on behalf of RSLC, and $120,521 on behalf of Oakside. The proceeds from the sale of the Series 2016 bonds were used to pay and reimburse the Obligated Group for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities, to pay for certain expenses incurred in connection with the issuance of the Series 2016 bonds, and to refund all of the Series 2006C bonds and a portion of the Series 2009 bonds.

On October 14, 2015, the Illinois Finance Authority issued revenue refunding bonds, Series 2015, in the principal amount of $37,165,000: $27,665,510 on behalf of the Medical Center, $5,811,090 on behalf of Oakside, and $3,688,400 on behalf of RSLC. The loan proceeds of the Series 2015 bonds are secured by direct note obligations issued under the Master Trust Indenture. Interest on the Series 2015 bonds is variable and determined monthly based on 79.00% of one-month LIBOR plus 0.53%. The proceeds from the sale of the Series 2015 bonds were used by the Obligated Group to advance-refund the Obligated Group's outstanding principal amounts of the Illinois Finance Authority Revenue Bonds, Series 2006A and Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2004. In June 2018, RHS retired $15,705,000 of the Series 2015 bonds relating to the principal years 2023 through 2029.

On May 16, 2013, the Illinois Finance Authority issued revenue bonds, Series 2013, in the principal amount of $32,000,000: $24,905,600 on behalf of the Medical Center and $7,094,400 on behalf of RSLC. The loan proceeds of the Series 2013 bonds are secured by direct note obligations issued under the Master Trust Indenture. In addition to the principal amounts issued, RHS received a bond premium of $1,887,767 as part of the proceeds: $1,686,723 on behalf of the Medical Center and $201,044 on behalf of RSLC. The proceeds from the sale of the Series 2013 bonds were used to pay and reimburse the Obligated Group for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities and to pay for certain expenses incurred in connection with the issuance of the Series 2013 bonds.

Under the terms of the related Series Bond Indentures, the Medical Center and RSLC are required to maintain certain reserve, construction, and sinking funds with their Bond Trustee. Such funds are restricted to pay for capital project costs as well as to provide funds for the repayment of principal and interest on outstanding bonds when due.

Scheduled principal repayments on the long-term debt based on the scheduled redemptions according to the Master Trust Indenture are as follows:

Year ending December 31:		
2022	$	6,560,000
2023		4,930,000
2024		5,145,000
2025		5,370,000
2026		5,615,000
Thereafter		120,450,000
	$	148,070,000

(9) Derivative Instruments and Hedging Activities

The Obligated Group has interest-rate-related derivative instruments to manage its exposure on its variable rate debt instruments and does not enter into derivative instruments for any purpose other than risk management purposes i.e., the Obligated Group does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Obligated Group exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the Obligated Group, which creates credit risk for the Obligated Group. When the fair value of a derivative contract is negative, the Obligated Group owes the counterparty. The Obligated Group minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. The Obligated Group's management also mitigates risk through periodic reviews of their derivative positions in the context of their total blended cost of capital.

On October 14, 2015, the Illinois Finance Authority issued revenue refunding bonds, Series 2015. Interest on the Series 2015 bonds is variable and determined monthly based on 79.00% of one-month LIBOR plus 0.53%. This debt exposed the Obligated Group to variability in interest payments due to changes in interest rates. Management believed it was prudent to limit the variability of a portion of its interest payments and manage fluctuations in cash flows resulting from interest rate risk. To meet this objective, management entered into an interest rate swap agreement in 2015.

The 2015 interest rate swap agreement does not meet the criteria to qualify for hedge accounting treatment; accordingly, changes in fair value of the swap are recognized as a component of nonoperating gains (losses) in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions. The change in fair value of the swap for the years ended December 31, 2021 and 2020 of $(615,844) and $212,036, respectively, was recognized as a component of nonoperating gains (losses). The fair value of the 2015 interest rate swap agreement of $433,044 and $1,048,888 at December 31, 2021 and 2020, respectively, has been included in other long-term liabilities in the accompanying special-purpose combined balance sheets.

During 2015, the Medical Center entered into an interest rate swap agreement (Basis Swap) with a commercial bank. The Basis Swap has a notional amount of $25,000,000, which is subject to adjustment according to the terms of the agreement, whereby the Medical Center will receive, on a quarterly basis, 83% of three-month LIBOR and will make quarterly payments equal to the USD-SIMFA Municipal Swap Index rate. The fair value receivable of the Basis Swap of $0 and $8,079 at December 31, 2021 and 2020, respectively, is included as a component of other long-term liabilities. The change in fair value of $8,079 and $(329,655) for the years ended December 31, 2021 and 2020, respectively, was recorded as a component of nonoperating gains (losses). The Basis Swap was terminated on March 1, 2021.

A summary of outstanding Obligated Group positions under interest rate swap agreements at December 31, 2021 is as follows:

	Notional amount	Maturity date	Rate received	Rate paid
$	17,505,000	November 15, 2022	57% of one-month LIBOR plus 54 basis points	3.794%

Payments by the Obligated Group equal to the differential to be paid or received under the interest rate swap agreements are recognized monthly and amounted to $610,572 and $585,240 paid and included as a component of interest expense in the accompanying 2021 and 2020 special-purpose combined statements of operations and changes in net assets without donor restrictions, respectively.

(10) Self-Insurance

(a) Professional and General Liability Insurance

The Medical Center participates in the Illinois Provider Trust (Provider Trust), which was established on a pooled-risk basis to provide primary professional and general liability coverage to member hospitals. The Provider Trust provided primary insurance coverage on an occurrence basis through December 31, 2004. Effective January 1, 2005, the Provider Trust began providing primary insurance coverage on a claims-made basis. Excess liability coverage is currently provided through the Trust on a claims-made basis.

Funding of the Provider Trust is determined by annual actuarial valuations based on member hospitals' loss experience. If the actual loss experience of the Provider Trust exceeds the actuarially projected loss experience, additional contributions to the Provider Trust may be required from the Medical Center. No retroactive assessments were assessed in 2021 or 2020. For the 2021 fiscal year, the Provider Trust committed to refund excess contributions to its members, of which the Medical Center will receive $844,504 included in Current Portion of Estimated Insurance Recoveries in the special-purpose combined balance sheet. The 2020 fiscal year excess contribution refund was $1,203,991 and was received in 2021. Total contributions to the Provider Trust amounted to $1,875,251 and $2,336,104 for the years ended December 31, 2021 and 2020, respectively, and have been charged to operating expenses as the Medical Center's best estimate of professional and general liability cost. The Medical Center also recognizes provisions for the estimated incurred-but-not-reported loss exposures under claims-made basis policies as of each balance sheet date. The Medical Center's gross undiscounted incurred-but-not-reported claim liabilities of $23,521,458 and $19,618,269 at December 31, 2021 and 2020, respectively, have been included as components of estimated insurance liabilities in the accompanying special-purpose combined balance sheets. Such estimates were actuarially determined based primarily on the Medical Center's historical claims incurred and reporting experience.

The Provider Trust provided full coverage for primary professional and general liability exposure through December 31, 2006. Beginning January 1, 2007, the Medical Center began retaining the first $250,000 per claim with a $1,500,000 annual aggregate. Beginning January 1, 2013, the annual aggregate increased to $2,000,000. Beginning January 1, 2015, the retention per claim increased to $1,000,000 and the annual aggregate increased to $3,000,000. Beginning January 1, 2017, the annual aggregate increased to $4,000,000. In connection with their self-insured retention, the Medical Center has engaged the services of a professional consultant for actuarial valuations of self-insured funding requirements and claim liability estimates. The amount included in expenses for professional and general liability insurance for 2021 and 2020 was $4,369,607 and $3,393,863, respectively, and is included in insurance expense in the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(b) Workers' Compensation

The Medical Center, RSLC, and Oakside maintain a self-insurance program for workers' compensation coverage. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retentions. The Medical Center and RSLC's provision for workers' compensation insurance expense includes undiscounted estimates of the ultimate cost of asserted and unasserted claims, as well as claims incurred but not reported as of fiscal year-end. At December 31, 2021 and 2020, the related estimated insurance liabilities are $3,069,917 and $3,207,195, respectively. The amount included in employee benefits for 2021 and 2020 was $794,341 and $1,301,534, respectively, and is included in insurance expense in the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(c) Employee Health Insurance

The Medical Center, RSLC, and Oakside maintain a self-insurance program for employee healthcare coverage, combining various levels of self-insured retentions and excess coverage. The Medical Center and RSLC's provision for employee health insurance expenses includes estimates of known claims as well as claims incurred but not reported as of fiscal year-end. At December 31, 2021 and 2020, related estimated self-insurance liabilities are $4,232,669 and $4,193,502, respectively, and are included as components of estimated insurance liabilities in the accompanying special-purpose combined balance sheets.

(d) Receivable for Insurance Recoveries and Management Estimates

Related to ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, the Medical Center and RSLC record separate receivables of $7,779,854 and $5,597,137 from gross estimated insurance liabilities as their estimate of insurance recoveries in the 2021 and 2020 special-purpose combined balance sheets, respectively.

Management believes the estimated self-insurance claims liabilities at December 31, 2021 are adequate to cover the ultimate liabilities; however, such estimates may be more or less than the amounts ultimately paid when claims are resolved.

(11) Pension Plan

RHS and its obligated affiliates sponsor tax-deferred annuity plans under Section 403(b) of the Code and defined-contribution plans under Section 401(a) of the Code. Significant provisions of the plans are as follows:

- Contributions – Employees contribute to the 403(b) plans through salary reductions specified in the participant's salary reduction agreement. RHS and its obligated affiliates, at their sole discretion, may make matching contributions to the 401(a) plans equal to a defined percentage of the participant's contributions.
- Qualifications – Employees are eligible to participate in the 403(b) plans on the first day of any full pay period following their date of hire.

- Vesting – Medical Center employees are fully and immediately vested in the 403(b) plans and the 401(a) plans. RSLC and Oakside employees are fully and immediately vested in the 403(b) Plan and are 100% vested in the 401(a) Plan after three years of service.

Pension expense that is funded on a current basis was approximately $5,845,000 and $5,634,000 in 2021 and 2020, respectively, and is included in salaries and employee benefits expense.

(12) Investment in Joint Venture

Oakside has a 45% ownership interest in Oakside Surgical Institute, LLC (Institute), which operates an orthopedic surgery center. The carrying value of Oakside's investment in the Institute of $0 and $706,708 at December 31, 2021 and 2020, respectively, is included in other long-term assets in the accompanying special-purpose combined balance sheets. Oakside accounts for this investment under the equity method and recognized its portion of the Institute's 2021 and 2020 income of $710,236 and $1,027,605, respectively, which is included as a component of other net nonoperating gains (losses) in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions. In addition, Oakside received cash distributions of $831,674 and $978,750 from the Institute in 2021 and 2020, respectively. Summarized financial information of the Institute as of and for the years ended December 31, 2021 and 2020, respectively, is as follows: total assets – $807,394 and $1,836,080; total equity – $5,958 and $1,570,463; total revenue – $5,869,854 and $5,881,308; and net income – $1,681,865 and $2,283,566. On January 1, 2022, the remaining ownership interest in the Institute was transferred to Riverside Medical Center so that RMC owns 100% as of January 1, 2022. Effective that date, the Institute will be fully incorporated into the financial records of the Medical Center.

(13) Commitments and Contingencies

(a) Medicare and Medicaid Reimbursement

For the years ended December 31, 2021 and 2020, RHS and its obligated affiliates recognized approximately $195,280,000 and $179,964,000, respectively, of patient and resident service revenue from services provided to Medicare beneficiaries. Recently enacted healthcare reform and other Medicare legislation may have an adverse effect on RHS and its obligated affiliates' net patient and resident service revenue. Medicaid-payment methodologies and rates may be subject to modification based on the amount of funding available to the State of Illinois Medicaid Program.

The Medical Center has received notices from the Medicare program requiring that they provide Medicare with documentation for claims to carry out the Recovery Audit Contractors (RAC) Program. The Medical Center is responding to these requests. Review of claims through the RAC Program may result in a liability to the Medicare program and could have an adverse effect on the Medical Center's patient service revenue.

(b) Litigation

RHS and its obligated affiliates are subject to complaints, claims, and litigation, which have risen in the normal course of business. In addition, RHS and its obligated affiliates are subject to reviews by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of these suits cannot be determined at this time, management, based on advice from legal counsel, believes that any loss, which may arise from these actions, will not have a material adverse effect on the financial position or results of operations of RHS or its obligated affiliates.

(c) Regulatory Investigations

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. RHS is subject to these regulatory efforts. Additionally, the laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for the Medical Center and other healthcare organizations. RHS maintains a systemwide compliance program and conducts audits and other activities to identify potential compliance issues, including overpayments to government payors. Management is currently unaware of any regulatory matters, which may have a material effect on the RHS and its obligated affiliates' financial position or results of operations.

(d) Property and Sales Tax Exemption Legislation

On June 14, 2012, the governor of Illinois signed into law *Public Act 97-0688* (2012 Hospital Exemption Law), which creates new standards for property and sales tax exemptions for hospitals and hospital affiliates in Illinois. The law establishes new eligibility standards for the issuance of such exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals having a value at least equal to the hospital's estimated property tax liability. Management has not recorded a liability for related property taxes in 2021 or 2020 based upon management's determination of qualified services provided.

(e) Investment Risks and Uncertainties

RHS invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities and current market conditions, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying special-purpose combined balance sheets.

(14) Functional Expenses

RHS provides healthcare services to residents within its geographic location. Expenses related to providing these services included in the special-purpose combined statements of operations and changes in net assets without donor restrictions as of December 31, 2021 and December 31, 2020 are as follows:

		Healthcare services	General and administration	Total
2021:				
Salaries and employee benefits	$	209,163,675	14,834,394	223,998,069
Purchased services and supplies		132,075,888	11,495,448	143,571,336
Depreciation and amortization		33,010,816	—	33,010,816
Utilities		5,722,698	30,777	5,753,475
Professional fees		4,786,952	7,090	4,794,042
Insurance		8,785,917	280,767	9,066,684
Interest		4,777,672	—	4,777,672
	$	398,323,618	26,648,476	424,972,094
2020:				
Salaries and employee benefits	$	198,041,337	14,714,785	212,756,122
Purchased services and supplies		122,401,934	10,314,337	132,716,271
Depreciation and amortization		32,216,241	—	32,216,241
Utilities		5,538,216	52,610	5,590,826
Professional fees		2,530,614	—	2,530,614
Insurance		8,636,628	256,293	8,892,921
Interest		4,229,624	—	4,229,624
	$	373,594,594	25,338,025	398,932,619

Some categories of natural class expenses are attributable to more than one activity and require allocation, applied on a consistent basis. Property costs, including depreciation, are allocated on the basis of square footage. Indirect salaries and benefits are allocated on the basis of budgeted full-time equivalent employees. Purchased services and supplies are assigned directly to specific activities as expenditures are made.

(15) Subsequent Events

In connection with the preparation of the special-purpose combined financial statements and in accordance with the recently issued ASC Topic 855, *Subsequent Events*, RHS evaluated subsequent events after the special-purpose combined balance sheet date of December 31, 2019 through May 13, 2022, which was the date the special-purpose combined financial statements were issued, and determined no subsequent events requiring recording or disclosure with the exception of the event noted below.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Balance Sheet Information

December 31, 2021

Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current assets:					
Cash and cash equivalents	$ 131,910,792	8,358,102	9,108,116	—	149,377,010
Short-term investments	—	18,869,056	32,923,129	—	51,792,185
Receivables:					
Patient and resident accounts receivable	29,772,688	139,311	1,542,443	—	31,454,442
Other	32,025,682	2,089,182	—	(33,229,932)	884,932
Total receivables	61,798,370	2,228,493	1,542,443	(33,229,932)	32,339,374
Inventory of supplies	8,566,076	110,634	45,690	—	8,722,400
Prepaid expenses	6,377,304	101,991	40,374	—	6,519,669
Current portion of estimated insurance recoveries	2,569,588	—	—	—	2,569,588
Total current assets	211,222,130	29,668,276	43,659,752	(33,229,932)	251,320,226
Assets whose use is limited or restricted:					
By board of directors for capital improvements and other	351,980,502	—	—	—	351,980,502
Deposits under residency agreements	—	—	3,843,415	—	3,843,415
Investments related to net assets with donor restrictions	4,018,569	—	175,200	—	4,193,769
Total assets whose use is limited or restricted	355,999,071	—	4,018,615	—	360,017,686
Land, buildings, and equipment, net of accumulated depreciation	247,496,607	9,788,410	33,007,819	—	290,292,836
Other assets:					
Due from Riverside HealthCare Foundation, Inc.	8,339,708	—	547,457	—	8,887,165
Estimated insurance recoveries	5,210,266	—	—	—	5,210,266
Other assets	36,027	—	—	—	36,027
Total other assets	13,586,001	—	547,457	—	14,133,458
Total assets	$ 828,303,809	39,456,686	81,233,643	(33,229,932)	915,764,206

(Continued)

Schedule 1

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Balance Sheet Information

December 31, 2021

Liabilities and Net Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current liabilities:					
Current installments of long-term debt	$ 6,080,330	152,389	327,281	—	6,560,000
Accounts payable	4,723,381	8,309,247	25,172,729	(30,912,821)	7,292,536
Accrued expenses	32,683,023	398,606	2,220,717	(2,317,111)	32,985,235
Estimated payables under third party reimbursement programs	63,870,198	—	—	—	63,870,198
Total current liabilities	107,356,932	8,860,242	27,720,727	(33,229,932)	110,707,969
Refundable security deposits	—	—	27,787	—	27,787
Refundable advance residency fees	—	—	3,843,415	—	3,843,415
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	128,083,588	1,148,854	17,465,545	—	146,697,987
Construction payables	1,872,934	—	—	—	1,872,934
Estimated insurance liabilities	31,167,496	—	—	—	31,167,496
Estimated payables under third-party reimbursement programs	13,228,637	—	—	—	13,228,637
Other long-term liabilities	507,315	111,232	70,601	—	689,148
Total liabilities	282,216,902	10,120,328	49,128,075	(33,229,932)	308,235,373
Net assets:					
Net assets without donor restrictions	542,068,338	29,336,358	31,930,368	—	603,335,064
Net assets with donor restrictions	4,018,569	—	175,200	—	4,193,769
Total net assets	546,086,907	29,336,358	32,105,568	—	607,528,833
Total liabilities and net assets	$ 828,303,809	39,456,686	81,233,643	(33,229,932)	915,764,206

See accompanying independent auditors' report.

RIVERSIDE HEALTH SYSTEM AND OBLIGATED AFFILIATES

Combining Schedule – Statement of Operations and Changes in Net Assets Without Donor Restrictions Information

Year ended December 31, 2021

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Revenue:					
Patient service revenue	$ 398,068,328	2,144,535	11,793,765	—	410,004,628
Resident and health center services revenue	—	—	12,394,497	—	12,394,497
Other revenue	12,628,138	83,970	559,548	(572,337)	12,699,319
Total revenue	408,694,466	2,228,505	24,747,810	(572,337)	435,098,444
Expenses:					
Salaries and employee benefits	208,116,347	1,172,421	14,709,301	—	223,998,069
Purchased services and supplies	137,205,408	755,747	6,182,518	(572,337)	143,571,336
Depreciation and amortization	30,014,576	367,987	2,628,253	—	33,010,816
Utilities	4,645,687	187,416	920,372	—	5,753,475
Professional fees	4,786,952	—	7,090	—	4,794,042
Insurance	8,641,582	70,831	354,271	—	9,066,684
Interest	3,998,274	88,267	691,131	—	4,777,672
Total expenses	397,408,826	2,642,669	25,492,938	(572,337)	424,972,094
Income (loss) from operations	11,285,640	(414,164)	(745,126)	—	10,126,350
Nonoperating gains (losses):					
Investment income, net	35,227,884	1,566,855	2,454,796	—	39,249,535
Change in fair value of derivative instruments	362,422	150,083	95,260	—	607,765
Other, net	378,706	676,179	—	—	1,054,885
Net nonoperating gains, net	35,969,012	2,393,117	2,550,056	—	40,912,185
Revenue and gains in excess of expenses and losses	47,254,652	1,978,953	1,804,930	—	51,038,535
Other changes in net assets without donor restrictions:					
Net assets released from restriction for purchases of land, buildings, and equipment	351,844	—	27,762	—	379,606
Increase in net assets without donor restrictions	$ 47,606,496	1,978,953	1,832,692	—	51,418,141

See accompanying independent auditors' report.

Schedule 3

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Statement of Changes in Net Assets Information

Year ended December 31, 2021

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Net assets without donor restrictions:					
Revenue and gains deficient of expenses and losses	$ 47,254,652	1,978,953	1,804,930	—	51,038,535
Other changes in net assets without donor restrictions:					
Net assets released from restrictions used for the purchase of land, buildings, and equipment	351,844	—	27,762	—	379,606
Increase in net assets without donor restrictions	47,606,496	1,978,953	1,832,692	—	51,418,141
Net assets with donor restrictions:					
Contributions for specific purposes	737,054	—	39,967	—	777,021
Investment return earned on net assets with donor restrictions	42,665	—	—	—	42,665
Net assets released from restriction for purchases of land, buildings, and equipment	(351,844)	—	(27,762)	—	(379,606)
Increase in net assets with donor restrictions	427,875	—	12,205	—	440,080
Change in net assets	48,034,371	1,978,953	1,844,897	—	51,858,221
Net assets at beginning of year	498,052,536	27,357,405	30,260,671	—	555,670,612
Net assets at end of year	$ 546,086,907	29,336,358	32,105,568	—	607,528,833

See accompanying independent auditors' report.

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RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Financial
Statements and Combining Schedules

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

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

Independent Auditors' Report

The Board of Directors
Riverside Health System and Obligated Affiliates:

Report on the Audit of the Special-Purpose Combined Financial Statements

Opinion

We have audited the special-purpose combined financial statements of Riverside Health System and Obligated Affiliates (the Riverside Health System and Obligated Affiliate's) (as defined in the Amended Master Trust Indenture dated as of November 1, 1996 between Riverside Health System, Riverside Medical Center, Oakside Corporation, Riverside Senior Living Center, and Bank of New York Trust Company N.A., as successor Master Trustee), which comprise the special-purpose combined balance sheets as of December 31, 2023 and December 31, 2022, and the related special-purpose combined statements of operations and changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, and the related notes to the special-purpose combined financial statements.

In our opinion, the accompanying special-purpose combined financial statements present fairly, in all material respects, the financial position of the Riverside Health System and Obligated Affiliate's as of December 31, 2023 and December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting in note 2 to the special-purpose combined financial statements.

Basis for Opinion

We conducted our audits 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 Special-purpose Combined Financial Statements section of our report. We are required to be independent of the Riverside Health System and Obligated Affiliate's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to note 2, which describes the basis of accounting. The special-purpose combined financial statements are prepared by Riverside Health System and Obligated Affiliates on the basis of the financial reporting provisions of the Amended Master Trust Indenture, which is a basis of accounting other than U.S. generally accepted accounting principles, to comply with the financial reporting provisions of the Amended Master Trust Indenture referred to above. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Combined Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Riverside

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Health System and Obligated Affiliate's ability to continue as a going concern for one year after the date that the special-purpose combined financial statements are issued.

Auditors' Responsibilities for the Audit of the Special-Purpose Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose combined financial statements as a whole are 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 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 special-purpose combined financial statements.

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 special-purpose combined financial statements, 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 special-purpose combined financial statements.
- 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 Riverside Health System and Obligated Affiliate'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 special-purpose combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Riverside Health System and Obligated Affiliate's ability to continue as a going concern for a reasonable period of time.

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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the special-purpose combined 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 special-purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements or to the special-purpose combined financial statements themselves, and other

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additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose combined financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the boards of directors and management of Riverside Health System and Obligated Affiliates, the successor Master Trustee under the Amended Master Trust Indenture, and bondholders, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Chicago, Illinois
May 10, 2024

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Balance Sheets

December 31, 2023 and 2022

Assets		2023	2022
Current assets:			
Cash and cash equivalents	$	91,621,143	95,856,656
Short-term investments		47,918,503	47,231,901
Receivables:			
Patient and resident accounts receivable		35,266,189	30,891,811
Other		1,005,554	1,073,518
Total receivables		36,271,743	31,965,329
Inventory of supplies		9,237,456	8,289,879
Prepaid expenses		12,493,289	10,325,794
Current portion of estimated insurance recoveries		1,446,021	8,697,472
Total current assets		198,988,155	202,367,031
Assets whose use is limited or restricted:			
By board of directors for capital improvements and other		330,412,592	307,361,557
Deposits under residency agreements		2,933,506	3,280,980
Investments related to net assets with donor restrictions		3,556,993	4,763,982
Total assets whose use is limited or restricted		336,903,091	315,406,519
Land, buildings, and equipment, net of accumulated depreciation		294,824,754	297,421,479
Other assets:			
Due from Riverside HealthCare Foundation, Inc.		8,545,846	7,511,632
Estimated insurance recoveries		4,780,144	6,026,795
Other assets		302,631	36,027
Total other assets		13,628,621	13,574,454
Total assets	$	844,344,621	828,769,483

(Continued)

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Balance Sheets

December 31, 2023 and 2022

Liabilities and Net Assets		2023	2022
Current liabilities:			
Current installments of long-term debt	$	5,145,000	4,930,000
Accounts payable		7,927,600	10,104,151
Accrued expenses		37,151,185	37,735,214
Estimated payables under third-party reimbursement programs		15,699,643	45,729,856
Total current liabilities		65,923,428	98,499,221
Refundable security deposits		—	12,492
Refundable advance residency fees		2,933,506	3,280,980
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments		135,872,480	141,397,152
Construction payables		1,005,145	2,246,547
Estimated insurance liabilities		33,305,843	39,992,391
Other long-term liabilities		516,648	225,119
Total liabilities		239,557,050	285,653,902
Net assets:			
Net assets without donor restrictions		601,230,578	538,351,599
Net assets with donor restrictions		3,556,993	4,763,982
Total net assets		604,787,571	543,115,581
Total liabilities and net assets	$	844,344,621	828,769,483

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Operations and Changes
in Net Assets Without Donor Restrictions

Years ended December 31, 2023 and 2022

	2023	2022
Revenue:		
Patient service revenue	$ 449,278,320	402,314,802
Resident and health center services revenue	14,623,223	13,565,465
Other revenue	7,568,958	5,737,565
Total revenue	471,470,501	421,617,832
Expenses:		
Salaries and employee benefits	231,565,340	235,287,382
Purchased services and supplies	172,035,852	157,094,445
Depreciation and amortization	24,424,701	22,745,437
Utilities	6,009,251	5,616,348
Professional fees	6,881,031	7,119,003
Insurance	10,220,012	10,784,377
Interest	4,199,914	4,714,358
Total expenses	455,336,101	443,361,350
Income (loss) from operations	16,134,400	(21,743,518)
Nonoperating gains (losses):		
Investment income (losses), net	43,273,242	(44,234,205)
Change in fair value of derivative instruments	—	453,365
Other, net	1,400,408	126,008
Total nonoperating gains (losses), net	44,673,650	(43,654,832)
Revenue and gains in excess (deficient) of expenses and losses	60,808,050	(65,398,350)
Other changes in net assets without donor restrictions:		
Net assets released from restriction for purchases of land, buildings, and equipment	2,070,929	414,885
Increase (decrease) in net assets without donor restrictions	$ 62,878,979	(64,983,465)

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Changes in Net Assets

Years ended December 31, 2023 and 2022

		2023	2022
Net assets without donor restrictions:			
Revenue and gains in excess (deficient) of expenses and losses	$	60,808,050	(65,398,350)
Other changes in net assets without donor restrictions:			
Net assets released from restrictions used for the purchase of land, buildings, and equipment		2,070,929	414,885
Increase (decrease) in net assets without donor restrictions		62,878,979	(64,983,465)
Net assets with donor restrictions:			
Contributions for specific purposes		699,370	1,044,159
Investment return earned on net assets with donor restrictions		164,570	(59,061)
Net assets released from restriction for purchases of land, buildings, and equipment		(2,070,929)	(414,885)
(Decrease) increase in net assets with donor restrictions		(1,206,989)	570,213
Change in net assets		61,671,990	(64,413,252)
Net assets at beginning of year		543,115,581	607,528,833
Net assets at end of year	$	604,787,571	543,115,581

See accompanying notes to special-purpose combined financial statements.

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Special-Purpose Combined Statements of Cash Flows

Years ended December 31, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	61,671,990	(64,413,252)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization		24,424,701	22,745,437
Gain on sale of land and building		(809,472)	—
Contributions and investment returns related to net assets with donor restrictions		(863,940)	(985,098)
Net realized and change in net unrealized gains and losses on investments		(27,938,832)	56,068,177
Change in fair value of derivative instruments		—	(453,365)
Changes in assets and liabilities:			
Patient and resident accounts receivable		(4,374,378)	562,631
Other receivables		67,964	(188,586)
Inventory of supplies, prepaid expenses, and other assets		(3,381,676)	(3,373,604)
Accounts payable and accrued expenses		(2,760,580)	7,561,594
Estimated payables under third-party reimbursement programs		(30,030,213)	(31,368,979)
Estimated insurance receivables and liabilities		1,811,554	1,880,482
Refundable security deposits		(12,492)	(15,295)
Refundable advance residency fees		(347,474)	(562,435)
Other long-term liabilities		291,529	(10,664)
Net cash provided by (used in) operating activities		17,748,681	(12,552,957)
Cash flows from investing activities:			
Sales of short-term investments		30,996,891	79,703,867
Purchases of short-term investments		(31,683,493)	(75,143,584)
Sales of assets whose use is limited or restricted		185,982,052	414,356,633
Purchases of assets whose use is limited or restricted		(179,539,792)	(425,813,642)
Acquisition of land, buildings, and equipment, net		(23,228,884)	(29,500,467)
Proceeds from sale of land and building		968,978	—
Net cash used in investing activities		(16,504,248)	(36,397,193)
Cash flows from financing activities:			
Repayment of long-term debt		(5,309,672)	(6,930,835)
Contributions and investment returns related to net assets with donor restrictions		863,940	985,098
Net change in due from Riverside HealthCare Foundation, Inc.		(1,034,214)	1,375,533
Net cash used in financing activities		(5,479,946)	(4,570,204)
Net change in cash and cash equivalents		(4,235,513)	(53,520,354)
Cash and cash equivalents at beginning of year		95,856,656	149,377,010
Cash and cash equivalents at end of year	$	91,621,143	95,856,656
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	5,000,388	5,650,347

See accompanying notes to special-purpose combined financial statements.

(1) Riverside Health System and Obligated Affiliates

The accompanying special-purpose combined financial statements include the accounts of Riverside Health System (RHS) and its obligated affiliates (obligated affiliates), Riverside Medical Center (Medical Center), Oakside Corporation (Oakside), and Riverside Senior Living Center (RSLC).

RHS, the not-for-profit parent corporation of the Riverside healthcare delivery system, was incorporated during 1982 to support and encourage health and human services by providing management assistance and in all other relevant ways. RHS serves as the parent for Riverside HealthCare Foundation, Inc. (Foundation), which promotes charitable activities through donation, educational programs, and other human services programs.

The Medical Center operates a short-term general acute care hospital and various community primary and specialty care clinics. The Medical Center is incorporated under the Illinois General Not-for-Profit Corporation Act. Included in the special-purpose combined financial accounts of the Medical Center are the accounts of Riverside Ambulatory Surgery Center (RASC), located in Bourbonnais, Illinois. RHS is the sole corporate member of the Medical Center. Oakside was incorporated as a not-for-profit corporation in 1982. Oakside provides retail services, including family pharmacy, gift shop, and fitness center services, and promotes community participation in charitable, educational, and public service programs. Oakside also operates a health and fitness facility. RHS is the sole corporate member of Oakside.

RSLC was incorporated as a not-for-profit corporation during 1990. RSLC operates a retirement housing community with both independent and assisted living services for senior persons. RSLC also operates a skilled nursing facility. RHS is the sole corporate member of RSLC.

RHS and its obligated affiliates principally provide health and residential care services through their inpatient and outpatient care facilities located in the Kankakee area and grant credit to patients and residents, substantially all of whom are residents of the service area. Expenses incurred by RHS and its obligated affiliates relate to the provision of healthcare and residential services and related general and administrative activities.

All significant intercompany balances and transactions have been eliminated in combination.

(2) Summary of Significant Accounting Policies

The following accounting policies are utilized in presenting the accompanying special-purpose combined financial statements of RHS and its obligated affiliates.

(a) Presentation

These special-purpose combined financial statements were prepared in accordance with the accounting requirements set forth in the Amended Master Trust Indenture dated as of November 1, 1996 between RHS, the Medical Center, Oakside, RSLC, and Bank of New York Trust Company, N.A., as successor Master Trustee. Pursuant to these requirements, certain affiliated entities of RHS required to be consolidated with RHS in accordance with U.S. generally accepted accounting principles have been excluded from the accompanying special-purpose combined financial statements or are presented on the equity basis of accounting. Accordingly, the accompanying special-purpose combined financial statements are not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

(b) Use of Estimates

The preparation of the accompanying special-purpose combined financial statements 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 special-purpose combined financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Patient Revenue, Resident, and Health Center Service Revenue

Patient, resident, and health center service revenue are reported at the amounts that reflect the consideration to which RHS expects to be entitled in exchange for providing patient, resident, and health center service care. These amounts are due from patients, residents, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. The Medical Center, RSLC, and Oakside have agreements with third-party payors, which provide for reimbursement at amounts different from their established rates Contractual adjustments under third-party reimbursement programs represent the difference between billings at list price and the amounts reimbursed by Medicare, Blue Cross, and certain other third-party payors; the difference between billings at list price and the allocated cost of services provided to Medicaid patients; and any differences between estimated retroactive third-party reimbursement settlements for prior years and subsequent final settlements.

In November 2023, the Centers for Medicare and Medicaid Services (CMS) published a final rule, "Medicare Program; Hospital Outpatient Prospective Payment System; Remedy for the 340-B-Acquired Drug Payment Policy for Calendar Years 2018-2022 (340B Payment Policy Final Rule).

The rule, describes CMS's plan to remedy its prior adjustment of Medicare Part B payment rates for drugs purchased by certain hospitals under the 340B program for calendar years 2018-2022. This remedy arose from the United States Supreme Court's June 2022 decision in *American Hospital Association vs. Becerra*, which invalidated earlier adjustments posted by CMS. In accordance with 340B Payment Policy Final Rule, the Medical Center received $14,308,413 in January 2024, related to the retrospective rule change. This amount has been reflected as a component of patient service revenue and as an offset to estimated payables under third-party reimbursement programs in the accompanying 2023 special-purpose combined financial statements.

Performance obligations are determined based on the nature of the services provided by RHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. RHS believes that this method provides an accurate estimate of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Medical Center receiving inpatient acute care services or patients and residents receiving outpatient services in the Medical Center, Oakside, and SLC. RHS determines the performance obligation as admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. RHS measures the performance obligation for resident revenue at the commencement of the services provided to the resident to the point through which care is no longer provided. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (e.g., pharmaceuticals and medical equipment) and RHS does not believe it is required to provide additional goods or services related to that sale.

RHS determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients and residents in accordance with RHS's policy, and implicit price concessions provided to uninsured patients and residents. RHS determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. RHS determines its estimate of implicit price concessions based on its historical collection experience with this class of patients and residents.

Settlements with third-party payers for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient and resident care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (i.e., new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients and residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. RHS also provides services to uninsured patients and residents and offers those uninsured patients and residents a discount, either by policy or law, from standard charges. RHS estimates the transaction price for patients and residents with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. In evaluating the collectibility of patients' and residents' accounts receivable, RHS analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the variable consideration. Management regularly reviews data about these major payor sources of revenue in evaluating the variable consideration. RHS uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends, RHS believes that revenue recognized using this approach approximates the revenue that would be recognized if an individual contract approach were used. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient and resident services revenue in the period of the change.

(d) Revenue and Gains in Excess (Deficient) of Expenses and Losses

The special-purpose combined statements of operations and changes in net assets without donor restrictions include revenue and gains in excess (deficient) of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of health and residential care services are reported as revenue and expenses. Transactions incidental to the provision of health and residential care services are reported as nonoperating gains and losses. Changes in net assets without donor restrictions that are excluded from revenue and gains in excess (deficient) of expenses and losses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets).

(e) Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist primarily of demand deposits with banks, cash on hand, overnight secured repurchase agreements, and securities with an original term of three months or less when purchased, excluding amounts limited or restricted as to use. Short-term investments consist of securities with an original term of one year or less, excluding cash and cash equivalents and amounts limited or restricted as to use plus equity securities, mutual funds and other investments that may be used for current obligations. Cash held temporarily by investment managers is treated as investment activity for cash flow purposes. The Medical Center has deposits in excess of FDIC limits at certain financial institutions, management does not consider this to be a concentration of credit risk.

(f) Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets set aside by the Medical Center's board of directors (Board) for future capital improvements and other, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by a trustee and limited as to use in accordance with the requirements of bond indenture agreements; donor-restricted investments; and deposits under occupancy agreements with RSLC residents.

Investment income or loss (including realized gains and losses on investments, changes in unrealized gains and losses on trading securities, interest, and dividends) is included in revenue and gains in excess (deficient) of expenses and losses unless the income or loss is restricted by donors, in which case, the investment return is recorded directly to net assets with donor restrictions in accordance with donor intent.

(g) Fair Value

RHS and its obligated affiliates apply the provisions of Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurement – Overall*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the special-purpose combined financial statements on a recurring basis. ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Subtopic 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 6).

RHS and its obligated affiliates apply the provisions of ASC Subtopic 825-10, *Financial Instruments – Overall*. ASC Subtopic 825-10 gives RHS the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. RHS and its obligated affiliates' management did not elect to measure any additional eligible financial assets or financial liabilities at fair value subsequent to the adoption of ASC Subtopic 825-10.

RHS has disclosed investments for which fair value is measured using net asset value per share as a practical expedient outside the fair value hierarchy in accordance with ASC Subtopic 820-10.

(h) Derivative Instruments

RHS and its obligated affiliates account for derivatives and hedging activities in accordance with ASC Topic 815, *Derivatives and Hedging*, as amended, which requires that all derivative instruments be recorded on the special-purpose combined balance sheets at their respective fair values.

On October 14, 2015, the Illinois Finance Authority issued revenue refunding bonds, Series 2015. Interest on the Series 2015 bonds is variable and determined monthly based on 79.00% of one-month LIBOR plus 0.53%. This debt exposed the Obligated Group to variability in interest payments due to changes in interest rates. Management believed it was prudent to limit the variability of a portion of its interest payments and manage fluctuations in cash flows resulting from interest rate risk. To meet this objective, management entered into an interest rate swap agreement in 2015. The swap was terminated on November 15, 2022. The change in fair value of the swap for the year ended December 31, 2022 of $(453,365) was recognized as a component of nonoperating gains (losses).

Payments by the Obligated Group equal to the differential to be paid or received under the interest rate swap agreements are recognized monthly and amounted to $492,737 paid and included as a component of interest expense in the accompanying 2022 special-purpose combined statements of operations and changes in net assets without donor restrictions.

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost if purchased or at fair value at the date of donation Depreciation is provided for over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction is capitalized as a component cost of acquiring those assets (note 7).

In 2022, RHS, using a valuation consultant, performed an asset useful life study at RHS on the major fixed assets in order to more appropriately assign useful lives reflective of the remaining expected lives of those assets taking into consideration the longevity and functional use of such long-lived assets. As a result of this study and the change in estimated useful lives, depreciation expense was reduced by $6,919,537 in 2022.

(j) Inventories

Supplies inventories are stated at the lower of cost or market. Cost is determined on the basis of the most recent purchase price, which approximates the first-in, first-out method.

(k) Gifts, Bequests, and Grants

Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for net assets without donor restrictions unless specifically restricted by donors. Contributions are reported as direct additions to net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the special-purpose combined statements of operations and changes in net assets without donor restrictions as net assets released from restriction. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported directly within the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(l) Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose. RHS and its obligated affiliates' net assets with donor restrictions are primarily restricted for land, building, and equipment acquisitions and for permanently donor-restricted contributions, the principal amount of which may not be expended, at both December 31, 2023 and 2022.

ASC Topic 958, *Not-for-Profit Entities*, 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 UPMIFA. ASC Topic 958 also enhances disclosures related to both donor-restricted and board-designated endowment funds.

The Foundation holds certain assets contributed for the benefit of the Medical Center and RSLC. Amounts due from the Foundation of $2,687,762 and $4,000,838 at December 31, 2023 and 2022, respectively, are restricted by donors for specified programs and the acquisition of property and equipment. Remaining amounts due from the Foundation at December 31, 2023 and 2022 are unrestricted as to use by the Medical Center and RSLC.

(m) Charity Care

The Medical Center, RSLC, and Oakside provide care to patients and residents who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because the Medical Center, RSLC, and Oakside do not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

RHS follows the provisions in ASC Subtopic 954-605, *Health Care Entities – Revenue Recognition*. ASC Subtopic 954-605 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost can be identified as direct and indirect costs of providing charity care.

(n) Deferred Financing Costs

Deferred financing costs are amortized using the bonds outstanding method. Bond discount and premium are amortized using the straight-line method over the periods in which the related bonds are outstanding. Debt issuance costs, discounts, and premiums are presented in the balance sheet as a direct deduction from the carrying amount of the debt liability.

(o) Refundable Security Deposits and Refundable Advance Residency Fees

Refundable security deposits and advance residency fees represent fully refundable fees and deposits received from residents of RSLC who have signed occupancy agreements.

(p) Long-Lived Assets

RHS and its obligated affiliates evaluate long-lived assets for impairment on an annual basis. Long-lived assets are considered to be impaired whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable from future cash flows. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. When such assets are considered to be impaired, the impairment loss recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. RHS and its obligated affiliates do not believe that there are any factors or circumstances indicating impairment of its long-lived assets as of December 31, 2023 and 2022.

(q) Income Taxes

RHS and its obligated affiliates account for uncertain tax positions in accordance with ASC Subtopic 740-10, *Income Taxes – Overall*. ASC Subtopic 740-10 addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the special-purpose combined financial statements. Under ASC Subtopic 740-10, RHS and its obligated affiliates must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the special-purpose combined financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. RHS and its obligated affiliates do not have a liability for unrecognized tax benefits.

RHS and its obligated affiliates are separate not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

(r) Liquidity and Availability of Resources

Cash and cash equivalents, short-term investments, assets whose use is limited or restricted, and patient and resident accounts receivable, net, as reported on the special-purpose combined balance sheets at December 31, 2023 and 2022, are the primary liquid resources used by RHS to meet general expenditure needs within the next year. As part of liquidity management, RHS's policy is to structure and manage its financial assets to be available to meet its general expenditure needs. RHS invests cash in excess of daily requirements in short-term investments. As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital construction costs not financed with debt, were as follows:

	2023	2022
Cash and cash equivalents	$ 91,621,143	95,856,656
Total receivables	36,271,743	31,965,329
Total assets whose use is limited or restricted	384,821,594	362,638,420
Total financial assets	512,714,480	490,460,405
Less assets unavailable to management without approval	336,903,091	315,406,519
Total financial assets available within one year	$ 175,811,389	175,053,886

To help manage unanticipated liquidity needs, although intended to satisfy long-term obligations, 94% of assets whose use is limited at December 31, 2023, could be utilized within the next year if necessary.

(s) *COVID-19 Pandemic and CARES Act Funding*

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Patient volumes and the related revenues for most of our services were impacted beginning in March 2020 and continue to be impacted to date.

In March 2020, the Coronavirus Aid, Relief and Economic Securities Act (CARES Act) was signed into law, providing temporary and limited relief to companies during the COVID-19 outbreak. During fiscal years 2023 and 2022, RHS and its obligated affiliates received approximately $0 and $2,143,133, respectively, in general and targeted Provider Relief Fund distributions, as provided for under the CARES Act. In 2022, $210,166 was received from the general distribution fund and $1,932,967 was received from targeted distributions from the CARES Act Provider Relief Fund. Generally, these distributions from the Provider Relief Fund are not subject to repayment, provided the recipient is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on operating results through December 31,2022, RHS and its obligated affiliates recognized $210,166 and $1,932,967, related to these general distribution funds and targeted distributions in 2022 as part of other revenue in the statement of operations.

RHS and its obligated affiliates will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the impact of the pandemic on our revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the ability to retain some or all of the distributions received may be impacted.

In fiscal year 2020, RHS and its obligated affiliates also received $51,153,330 of accelerated Medicare payments under the Medicare Advanced Payment Program (APP). APP payments allow eligible healthcare facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other healthcare providers. In fiscal year 2023, Medicare continued to recoup the APP funds which have been applied against the advance payment balance. As of December 31, 2023 all $51,153,330 of the accelerated Medicare payments have been recouped.

(3) Patient, Resident, and Health Center Service Revenue

A summary of the basis of reimbursement with major third-party payors is as follows:

(a) Medicare

The Medical Center is paid for inpatient acute care and outpatient services rendered to Medicare program beneficiaries under prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. The Medical Center's payment classification of patients under the prospective payment system and the appropriateness of the patients' admissions are subject to validation reviews.

Certain services rendered to Medicare beneficiaries are reimbursed based upon cost-reimbursement methodologies. The Medical Center is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. As of December 31, 2023, Medicare reimbursement reports have been audited through December 31, 2011.

RSLC is reimbursed by Medicare under a prospective payment system based primarily upon a clinical classification system for Medicare residents.

(b) Medicaid

The Medical Center is paid for inpatient acute care service rendered to Medicaid program beneficiaries under prospectively determined rates-per-discharge and on a per diem basis for psychiatric and rehabilitation services. RSLC is reimbursed on a per diem basis for nursing home services. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based upon fee schedules. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment methodologies and rates, based on the amount of funding available to the State of Illinois Medicaid program.

The Medical Center participates in all State of Illinois Hospital Assessment programs. Assessment programs provide hospitals within the State additional Medicaid reimbursement based on funding formulas approved by the Centers for Medicare and Medicaid Services (CMS). The Medical Center has included its reimbursement for the years ended December 31, 2023 and 2022 of $33,309,774 and $29,930,110, respectively, within patient service revenue in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions.

The Medical Center included its related assessment tax payments of $18,772,098 and $14,999,053 for the years ended December 31, 2023 and 2022, respectively, within purchased services and supplies expense in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions.

(c) Other

The Medical Center 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 is negotiated by the Medical Center and includes discounts from established charges and prospectively determined per diem rates.

The Medical Center and RSLC grant credit without collateral to their patients and residents, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of December 31, 2023 and 2022 is as follows:

	2023	2022
Medicare	41 %	41 %
Medicaid	10	10
Blue Cross	20	19
Managed care/commercial	13	13
Self-pay and other	16	17
	100 %	100 %

A summary of Medical Center and RSLC utilization based upon patient and resident service revenue for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Medicare	53 %	53 %
Medicaid	18	18
Blue Cross	15	15
Managed care/commercial	9	9
Self-pay and other	5	5
	100 %	100 %

For receivables associated with self-pay patients and residents (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), RHS has determined it has provided implicit price concessions to uninsured patients and residents and patients and residents with other uninsured balances (e.g., pays and deductibles). RHS records this in the period of service on the basis of its past experience, which indicates that many patients and residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and residents and the amounts RHS expects to collect based on its collection history with those patients and residents.

Patient service revenue is recognized in the period from these major payor sources, as follows:

		2023	2022
Medicare	$	225,741,264	199,199,989
Medicaid		101,692,384	90,928,873
Blue Cross		60,412,218	55,279,739
Managed care/commercial		37,506,921	34,877,600
Self-pay and other		23,925,533	22,028,601
Patient service revenue		449,278,320	402,314,802
Resident and health center services revenue		14,623,223	13,565,465
Other revenue		7,568,958	5,737,565
Total revenue	$	471,470,501	421,617,832

Total revenue recognized in the period by type of service is as follows:

		2023	2022
Inpatient	$	116,299,804	113,696,013
Outpatient/ambulatory		332,978,516	288,618,789
Senior living center		14,623,223	13,565,465
Provider relief funds		—	2,143,133
Other		7,568,958	3,594,432
	$	471,470,501	421,617,832

(4) Charity Care

The Medical Center, RSLC, and Oakside maintain policies whereby patients and residents in need of medical services are treated without regard to their ability to pay for such services. The Medical Center, RSLC, and Oakside maintain records to identify and monitor the level of charity care they provide. These records include the amount of charges foregone for services and supplies furnished under their charity care policies. The following information measures the approximate level of charity care provided at cost in accordance with Medical Center's, RSLC's, and Oakside's policies during the years ended December 31, 2023 and 2022:

		2023	2022
Costs of charity care provided	$	2,832,850	2,587,111

The Medical Center provides discounts from charges of 45% to all patients without any form of insurance. In addition, patients may also be eligible for additional discounts from charges based upon certain income criteria.

(5) Assets whose use is Limited or Restricted

A summary of the composition of the RHS and obligated affiliates' investment portfolios at December 31, 2023 and 2022 is as follows:

		2023	2022
Accrued interest	$	1,724,483	1,444,530
Short-term investments, consisting primarily of money market funds		17,905,139	19,703,444
Common stock		73,947,357	62,919,556
Mutual equity funds		144,643,035	129,274,300
U.S. Treasury and U.S. government agency securities		68,758,034	58,809,099
Corporate bonds and notes		50,621,085	58,115,416
Limited partnerships		27,222,461	32,372,075
	$	384,821,594	362,638,420

Investments are reported in the accompanying special-purpose combined balance sheets as follows at December 31, 2023 and 2022:

		2023	2022
Short-term investments	$	47,918,503	47,231,901
Assets whose use is limited or restricted:			
By board of directors for capital improvements and other		330,412,592	307,361,557
Deposits under residency agreements		2,933,506	3,280,980
Donor-restricted investments		3,556,993	4,763,982
	$	384,821,594	362,638,420

The composition of investment return on RHS and its obligated affiliates' investment portfolios and Riverside Foundation Trust assets for the years ended December 31, 2023 and 2022 is as follows:

		2023	2022
Interest and dividend income, net of fees an expenses	$	15,498,980	11,774,911
Net realized losses on sale of investments		(903,480)	(2,645,722)
Change in net unrealized gains and losses during the holding period		28,842,312	(53,422,455)
Investment return	$	43,437,812	(44,293,266)

Investment returns are included in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions and changes in net assets for the years ended December 31, 2023 and 2022 as follows:

		2023	2022
Nonoperating gains (losses):			
Investment income (losses), net	$	43,273,242	(44,234,205)
Other changes in net assets:			
Investment return earned on net assets with donor restrictions		164,570	(59,061)
Investment return	$	43,437,812	(44,293,266)

(6) Fair Value Measurements

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by RHS and its obligated affiliates in estimating the fair value of its financial instruments:

- The carrying amount reported in the special-purpose combined balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, patient, resident and other accounts receivable, accounts payable and accrued expenses, and estimated third-party payor settlements.
- Assets limited as to use: Fair values are estimated based on prices provided by its investment managers, custodian banks, and valuations provided by an independent investment reporting service. Common stocks, quoted mutual funds, and U.S. Treasury obligations are measured using quoted market prices at the reporting date multiplied by the quantity held. Corporate bonds, notes, and U.S. agency securities are measured using other observable inputs. The carrying value equals fair value.
- RHS has two limited partnership investments for which quoted market prices are not available. The two limited partnership investments are the Barings Core Property Fund, L.P. and JP Morgan Infrastructure Investment Fund (JP Morgan IIF) Tax-Exempt Hedged L.P. RHS elected to apply the

concepts of ASC Subtopic 820-10 to its alternative investments using net asset value as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of RHS's interests in the funds. The carrying value equals fair value. The estimated fair value of these investments includes estimates, appraisals, assumptions, and methods provided by external financial advisers and reviewed by RHS.

The investment objective of the Barings Core Property Fund, L.P. is to achieve total returns with reduced risk. This is achieved through a diversified investment fund that primarily comprises stabilized, income-producing equity real estate. There is no additional contractual commitment to fund the Barings Core Property Fund, L.P.

The investment objective of the JP Morgan IIF Tax-Exempt Hedged L.P. is to achieve positive returns with low volatility and risk. This is achieved through a multimanager, multistrategy, and diversified investment approach. There is no additional contractual commitment to fund the IIF Tax-Exempt Hedged L.P.

(b) Fair Value Hierarchy

RHS and its obligated affiliates apply ASC Subtopic 820-10 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the special-purpose combined financial statements on a recurring basis. ASC Subtopic 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that RHS has the ability to access at the measurement date. Level 1 investments include cash and cash equivalents, common stock, and quoted mutual funds.
- Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 investments include certain money market funds, corporate obligations, and U.S. Treasury and U.S. government agency securities.
- Level 3 inputs to the valuation methodology are unobservable and significant inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between levels for the fiscal year ended December 31, 2023 or 2022.

The following table presents assets and liabilities, excluding accrued interest, which are measured at fair value on a recurring basis at December 31, 2023.

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets:						
Cash and cash equivalents:						
Cash	$ 91,621,143	91,621,143	—	—	Daily	One
Total cash and cash equivalents	91,621,143	91,621,143	—	—		
Short-term investments, excluding accrued interest of $197,414:						
Quoted mutual equity funds	19,448,640	19,448,640	—	—	Daily	One
Common stocks	4,164,185	4,164,185	—	—	Daily	One
Money market funds	3,061,560	—	3,061,560	—	Daily	One
U.S. Treasury and U.S. government agency securities	10,444,720	—	10,444,720	—	Daily	One
Corporate bonds and notes	6,886,318	—	6,886,318	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	2,177,844	—	—	—	Quarterly	Thirty
IF Tax-Exempt Hedged L.P. (1)	1,537,822	—	—	—	Quarterly	Thirty
Total short-term investments	47,721,089	23,612,825	20,392,598	—		
Assets limited as to use, excluding accrued interest of $1,527,069:						
Quoted mutual equity funds	125,194,395	125,194,395	—	—	Daily	One
Common stocks	69,783,172	69,783,172	—	—	Daily	One
Money market funds	14,843,579	—	14,843,579	—	Daily	One
U.S. Treasury and U.S. government agency securities	58,313,314	—	58,313,314	—	Daily	One
Corporate bonds and notes	43,734,767	—	43,734,767	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	13,777,917	—	—	—	Quarterly	Thirty

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
IF Tax-Exempt Hedged L.P. (1)	$ 9,728,878	—	—	—	Quarterly	Thirty
Total assets limited as to use	335,376,022	194,977,567	116,891,660	—		
Total assets	$ 474,718,254	310,211,535	137,284,258	—		

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the special-purpose combined balance sheets.

The following table presents assets and liabilities, including accrued interest, which are measured at fair value on a recurring basis at December 31, 2022:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets:						
Cash and cash equivalents:						
Cash	$ 95,856,656	95,856,656	—	—	Daily	One
Total cash and cash equivalents	95,856,656	95,856,656	—	—		
Short-term investments, excluding accrued interest of $140,337:						
Quoted mutual equity funds	17,144,150	17,144,150	—	—	Daily	One
Common stocks	3,438,672	3,438,672	—	—	Daily	One
Money market funds	4,914,767	—	4,914,767	—	Daily	One
U.S. Treasury and U.S. government agency securities	9,100,714	—	9,100,714	—	Daily	One
Corporate bonds and notes	8,108,633	—	8,108,633	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	2,934,796	—	—	—	Quarterly	Thirty
IF Tax-Exempt Hedged L.P. (1)	1,449,832	—	—	—	Quarterly	Thirty
Total short-term investments	47,091,564	20,582,822	22,124,114	—		

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Redemption or liquidation	Days notice
Assets limited as to use, excluding accrued interest of $1,304,193:						
Quoted mutual equity funds	$ 112,130,150	112,130,150	—	—	Daily	One
Common stocks	59,480,884	59,480,884	—	—	Daily	One
Money market funds	14,788,677	—	14,788,677	—	Daily	One
U.S. Treasury and U.S. government agency securities	49,708,385	—	49,708,385	—	Daily	One
Corporate bonds and notes	50,006,783	—	50,006,783	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	18,733,051	—	—	—	Quarterly	Thirty
IF Tax-Exempt Hedged L.P. (1)	9,254,396	—	—	—	Quarterly	Thirty
Total assets limited as to use	314,102,326	171,611,034	114,503,845	—		
Total assets	$ 457,050,546	288,050,512	136,627,959	—		

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the special-purpose combined balance sheets.

(7) Land, Buildings, and Equipment

A summary of land, buildings, and equipment at December 31, 2023 and 2022 is as follows:

	2023		2022	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	$ 13,941,781	—	14,101,287	—
Land improvements	15,192,574	8,664,762	14,448,092	7,916,818
Buildings	380,193,886	191,340,178	362,748,710	181,435,657
Equipment	243,527,387	160,657,330	224,096,620	149,605,633
Construction in progress	2,631,396	—	20,984,878	—
	$ 655,487,024	360,662,270	636,379,587	338,958,108

The Medical Center and RSLC are currently engaged in various construction, renovation, and software implementation projects. Outstanding contractual commitments related to these projects approximate $8,758,000 at December 31, 2023.

Interest cost is capitalized as a component cost of significant capital projects. Interest income earned on any project-specific borrowed funds is offset against interest cost capitalized. A summary of interest cost capitalized for the years ended December 31, 2023 and 2022 is as follows:

		2023	2022
Gross interest cost capitalized	$	304,689	412,704
Investment income on borrowed funds held by trustee		—	—
Net interest cost capitalized	$	304,689	412,704

(8) Long-Term Debt

A summary of long-term debt as of December 31, 2023 and 2022 is as follows:

		2023	2022
Revenue bonds, Series 2013, at varying fixed effective interest rates (4.70% and 4.36% at December 31, 2023 and 2022, respectively), depending on date of maturity, and subject to mandatory annual redemption through 2042	$	29,680,000	32,000,000
Revenue bonds, Series 2016, at varying fixed effective interest rates (3.55% and 3.56% at December 31, 2023 and 2022, respectively), depending on date of maturity, and subject to annual mandatory redemption through 2045		67,900,000	70,010,000
Revenue bonds, Series 2020, at varying fixed effective interest rates (1.74% at December 31, 2023 and 2022), depending on date of maturity and subject to mandatory redemption through 2050		39,000,000	39,500,000
		136,580,000	141,510,000
Less:			
Current installments of long-term debt		5,145,000	4,930,000
Deferred financing costs, net		1,284,656	1,405,565
Plus:			
Unamortized bond premium		5,722,136	6,222,717
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	$	135,872,480	141,397,152

RHS, the Medical Center, Oakside, and RSLC (collectively referred to as the Obligated Group) entered into an Amended Master Trust Indenture (Master Trust Indenture) dated as of November 1, 1996. The purpose of the Master Trust Indenture is to provide a mechanism for the efficient and economical issuance of notes by individual members of the Obligated Group using the collective borrowing capacity and credit rating of the Obligated Group. The Medical Center, Oakside, and RSLC became members of the Obligated Group by executing contribution agreements with RHS pursuant to the Master Trust Indenture. The Master Trust Indenture requires members of the Obligated Group to make principal and interest payments on notes issued for their benefit and to pay such amounts as are otherwise necessary to enable RHS to satisfy other obligations issued under the Master Trust Indenture. The obligations of each member of the Obligated Group under its contribution agreement are secured by the unrestricted receivables of the Obligated Group.

On September 30, 2020, the Illinois Finance Authority issued revenue bonds, Series 2020, in the principal amount not to exceed 40,000,000 on behalf of the Medical Center. The loan proceeds of the Series 2020 bonds are secured by direct note obligations issued under the Master Trust Indenture. The proceeds from the sale of the Series 2020 bonds were used by the Medical Center to pay and reimburse a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities. The Medical Center issued $12,543,383 in revenue bonds in fiscal years 2021.

On September 13, 2016, the Illinois Finance Authority issued revenue bonds, Series 2016, in the principal amount of $79,545,000: $67,460,524 on behalf of the Medical Center, $10,856,302 on behalf of RSLC, and $1,228,174 on behalf of Oakside. The loan proceeds of the Series 2016 bonds are secured by direct note obligations issued under the Master Trust Indenture. In addition to the principal amounts issued, RHS received a bond premium of $7,632,173 as part of the proceeds: $6,500,794 on behalf of the Medical Center, $1,010,858 on behalf of RSLC, and $120,521 on behalf of Oakside. The proceeds from the sale of the Series 2016 bonds were used to pay and reimburse the Obligated Group for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities, to pay for certain expenses incurred in connection with the issuance of the Series 2016 bonds, and to refund all of the Series 2006C bonds and a portion of the Series 2009 bonds.

On October 14, 2015, the Illinois Finance Authority issued revenue refunding bonds, Series 2015, in the principal amount of $37,165,000: $27,665,510 on behalf of the Medical Center, $5,811,090 on behalf of Oakside, and $3,688,400 on behalf of RSLC. The loan proceeds of the Series 2015 bonds are secured by direct note obligations issued under the Master Trust Indenture. Interest on the Series 2015 bonds is variable and determined monthly based on 79.00% of one-month LIBOR plus 0.53%. The proceeds from the sale of the Series 2015 bonds were used by the Obligated Group to advance-refund the Obligated Group's outstanding principal amounts of the Illinois Finance Authority Revenue Bonds, Series 2006A and Illinois Finance Authority Variable Rate Demand Revenue Bonds, Series 2004. In June 2018, RHS retired $15,705,000 of the Series 2015 bonds relating to the principal years 2023 through 2029. In November 2022, RHS fulfilled its obligation and made the final principal payment on the Series 2015 bonds.

On May 16, 2013, the Illinois Finance Authority issued revenue bonds, Series 2013, in the principal amount of $32,000,000: $24,905,600 on behalf of the Medical Center and $7,094,400 on behalf of RSLC. The loan proceeds of the Series 2013 bonds are secured by direct note obligations issued under the Master Trust Indenture. In addition to the principal amounts issued, RHS received a bond premium of $1,887,767 as part of the proceeds: $1,686,723 on behalf of the Medical Center and $201,044 on behalf of RSLC. The proceeds from the sale of the Series 2013 bonds were used to pay and reimburse the Obligated Group for a portion of the costs of acquiring, constructing, renovating, remodeling, and equipping certain healthcare facilities and to pay for certain expenses incurred in connection with the issuance of the Series 2013 bonds.

Under the terms of the related Series Bond Indentures, the Medical Center and RSLC are required to maintain certain reserve, construction, and sinking funds with their Bond Trustee. Such funds are restricted to pay for capital project costs as well as to provide funds for the repayment of principal and interest on outstanding bonds when due.

Scheduled principal repayments on the long-term debt based on the scheduled redemptions according to the Master Trust Indenture are as follows:

Year ending December 31:		
2024	$	5,145,000
2025		5,370,000
2026		5,615,000
2027		5,870,000
2028		6,125,000
Thereafter		108,455,000
	$	136,580,000

(9) Self-Insurance

(a) Professional and General Liability Insurance

The Medical Center participates in the Illinois Provider Trust (Provider Trust), which was established on a pooled-risk basis to provide primary professional and general liability coverage to member hospitals. The Provider Trust provided primary insurance coverage on an occurrence basis through December 31, 2004. Effective January 1, 2005, the Provider Trust began providing primary insurance coverage on a claims-made basis. Excess liability coverage is currently provided through the Trust on a claims-made basis.

Funding of the Provider Trust is determined by annual actuarial valuations based on member hospitals' loss experience. If the actual loss experience of the Provider Trust exceeds the actuarially projected loss experience, additional contributions to the Provider Trust may be required from the Medical Center. No retroactive assessments were assessed in 2023 or 2022. For the 2023 fiscal year, the Provider Trust committed to refund excess contributions to its members, of which the Medical Center will receive $1,139,086 included in current portion of estimated insurance recoveries in the special-purpose combined balance sheet. The 2022 fiscal year excess contribution refund was $611,909 and was received in 2023. Total contributions to the Provider Trust amounted to $2,365,910 and $3,717,716 for the years ended December 31, 2023 and 2022, respectively, and have been charged to operating expenses as the Medical Center's best estimate of professional and general liability cost. The Medical Center also recognizes provisions for the estimated incurred-but-not-reported loss exposures under claims-made basis policies as of each balance sheet date. The Medical Center's gross undiscounted incurred-but-not-reported claim liabilities of $25,387,450 and $32,005,934 at December 31, 2023 and 2022, respectively, have been included as components of estimated insurance liabilities in the accompanying special-purpose combined balance sheets. Such estimates were actuarially determined based primarily on the Medical Center's historical claims incurred and reporting experience.

The Provider Trust provided full coverage for primary professional and general liability exposure through December 31, 2006. Beginning January 1, 2007, the Medical Center began retaining the first $250,000 per claim with a $1,500,000 annual aggregate. Beginning January 1, 2013, the annual aggregate increased to $2,000,000. Beginning January 1, 2015, the retention per claim increased to $1,000,000 and the annual aggregate increased to $3,000,000. Beginning January 1, 2017, the annual aggregate increased to $4,000,000. In connection with their self-insured retention, the Medical Center has engaged the services of a professional consultant for actuarial valuations of self-insured funding requirements and claim liability estimates. The amount included in expenses for professional and general liability insurance for 2023 and 2022 was $6,475,428 and $5,627,372, respectively, and is included in insurance expense in the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(b) Workers' Compensation

The Medical Center, RSLC, and Oakside maintain a self-insurance program for workers' compensation coverage. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retentions. The Medical Center and RSLC's provision for workers' compensation insurance expense includes undiscounted estimates of the ultimate cost of asserted and unasserted claims, as well as claims incurred but not reported as of fiscal year-end. At December 31, 2023 and 2022, the related estimated insurance liabilities are $2,961,485 and $3,062,870, respectively. The amount included in employee benefits for 2023 and 2022 was $716,558 and $656,382, respectively, and is included in insurance expense in the special-purpose combined statements of operations and changes in net assets without donor restrictions.

(c) Employee Health Insurance

The Medical Center, RSLC, and Oakside maintain a self-insurance program for employee healthcare coverage, combining various levels of self-insured retentions and excess coverage. The Medical Center and RSLC's provision for employee health insurance expenses includes estimates of known claims as well as claims incurred but not reported as of fiscal year-end. At December 31, 2023 and 2022, related estimated self-insurance liabilities are $4,550,751 and $4,521,207, respectively, and are included as components of estimated insurance liabilities in the accompanying special-purpose combined balance sheets.

(d) Receivable for Insurance Recoveries and Management Estimates

Related to ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, the Medical Center and RSLC record separate receivables of $6,226,165 and $14,724,267 from gross estimated insurance liabilities as their estimate of insurance recoveries in the 2023 and 2022 special-purpose combined balance sheets, respectively.

Management believes the estimated self-insurance claims liabilities at December 31, 2023 are adequate to cover the ultimate liabilities; however, such estimates may be more or less than the amounts ultimately paid when claims are resolved.

(10) Pension Plan

RHS and its obligated affiliates sponsor tax-deferred annuity plans under Section 403(b) of the Code and defined-contribution plans under Section 401(a) of the Code. Significant provisions of the plans are as follows:

- Contributions – Employees contribute to the 403(b) plans through salary reductions specified in the participant's salary reduction agreement. RHS and its obligated affiliates, at their sole discretion, may make matching contributions to the 401(a) plans equal to a defined percentage of the participant's contributions.
- Qualifications – Employees are eligible to participate in the 403(b) plans on the first day of any full pay period following their date of hire.
- Vesting – Medical Center employees are fully and immediately vested in the 403(b) plans and the 401(a) plans. RSLC and Oakside employees are fully and immediately vested in the 403(b) Plan and are 100% vested in the 401(a) Plan after three years of service.

Pension expense that is funded on a current basis was approximately $6,000,000 and $6,210,000 in 2023 and 2022, respectively, and is included in salaries and employee benefits expense.

(11) Commitments and Contingencies

(a) Medicare and Medicaid Reimbursement

For the years ended December 31, 2023 and 2022, RHS and its obligated affiliates recognized approximately $225,700,000 and $199,200,000, respectively, of patient and resident service revenue from services provided to Medicare beneficiaries. Recently enacted healthcare reform and other Medicare legislation may have an adverse effect on RHS and its obligated affiliates' net patient and resident service revenue.

Medicaid-payment methodologies and rates may be subject to modification based on the amount of funding available to the State of Illinois Medicaid Program.

(b) Litigation

RHS and its obligated affiliates are subject to complaints, claims, and litigation, which have risen in the normal course of business. In addition, RHS and its obligated affiliates are subject to reviews by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of these suits cannot be determined at this time, management, based on advice from legal counsel, believes that any loss, which may arise from these actions, will not have a material adverse effect on the financial position or results of operations of RHS or its obligated affiliates.

(c) Regulatory Investigations

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. RHS is subject to these regulatory efforts. Additionally, the laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for the Medical Center and other healthcare organizations. RHS maintains a systemwide compliance program and conducts audits and other activities to identify potential compliance issues, including overpayments to government payors. Management is currently unaware of any regulatory matters, which may have a material effect on the RHS and its obligated affiliates' financial position or results of operations.

(d) Property and Sales Tax Exemption Legislation

On June 14, 2012, the governor of Illinois signed into law *Public Act 97-0688* (2012 Hospital Exemption Law), which creates new standards for property and sales tax exemptions for hospitals and hospital affiliates in Illinois. The law establishes new eligibility standards for the issuance of such exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals having a value at least equal to the hospital's estimated property tax liability. Management has not recorded a liability for related property taxes in 2023 or 2022 based upon management's determination of qualified services provided.

(e) Investment Risks and Uncertainties

RHS invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities and current market conditions, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying special-purpose combined balance sheets.

(12) Functional Expenses

RHS provides healthcare services to residents within its geographic location. Expenses related to providing these services included in the special-purpose combined statements of operations and changes in net assets without donor restrictions as of December 31, 2023 and December 31, 2022 are as follows:

		Healthcare services	General and administration	Total
2023:				
Salaries and employee benefits	$	215,475,136	16,090,204	231,565,340
Purchased services and supplies		161,974,557	10,061,295	172,035,852
Depreciation and amortization		24,424,701	—	24,424,701
Utilities		5,982,028	27,223	6,009,251
Professional fees		6,867,967	13,064	6,881,031
Insurance		9,905,510	314,502	10,220,012
Interest		4,061,437	138,477	4,199,914
	$	428,691,336	26,644,765	455,336,101

		Healthcare services	General and administration	Total
2022				
Salaries and employee benefits	$	219,733,194	15,554,188	235,287,382
Purchased services and supplies		142,572,423	14,522,022	157,094,445
Depreciation and amortization		22,745,437	—	22,745,437
Utilities		5,590,239	26,109	5,616,348
Professional fees		7,108,565	10,438	7,119,003
Insurance		10,486,922	297,455	10,784,377
Interest		4,714,358	—	4,714,358
	$	412,951,138	30,410,212	443,361,350

Some categories of natural class expenses are attributable to more than one activity and require allocation, applied on a consistent basis. Property costs, including depreciation, are allocated on the basis of square footage. Indirect salaries and benefits are allocated on the basis of budgeted full-time equivalent employees. Purchased services and supplies are assigned directly to specific activities as expenditures are made.

(13) Subsequent Events

In connection with the preparation of the special-purpose combined financial statements and in accordance with the recently issued ASC Topic 855, *Subsequent Events*, RHS evaluated subsequent events after the special-purpose combined balance sheet date of December 31, 2023 through May 10, 2024, which was the date the special-purpose combined financial statements were issued, and determined no subsequent events requiring recording or disclosure with the exception of the event noted below.

RIVERSIDE HEALTH SYSTEM AND OBLIGATED AFFILIATES

Combining Schedule – Balance Sheet Information

December 31, 2023

Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current assets:					
Cash and cash equivalents	$ 84,525,372	3,222,714	3,873,057	—	91,621,143
Short-term investments	—	17,047,536	30,870,967	—	47,918,503
Receivables:					
Patient and resident accounts receivable	33,616,396	25,621	1,624,172	—	35,266,189
Other	19,373,422	2,090,491	—	(20,458,359)	1,005,554
Total receivables	52,989,818	2,116,112	1,624,172	(20,458,359)	36,271,743
Inventory of supplies	9,137,160	49,824	50,472	—	9,237,456
Prepaid expenses	12,308,053	108,426	76,810	—	12,493,289
Current portion of estimated insurance recoveries	1,446,021	—	—	—	1,446,021
Total current assets	160,406,424	22,544,612	36,495,478	(20,458,359)	198,988,155
Assets whose use is limited or restricted:					
By board of directors for capital improvements and other	330,412,592	—	—	—	330,412,592
Deposits under residency agreements	—	—	2,933,506	—	2,933,506
Investments related to net assets with donor restrictions	3,318,573	—	238,420	—	3,556,993
Total assets whose use is limited or restricted	333,731,165	—	3,171,926	—	336,903,091
Land, buildings, and equipment, net of accumulated depreciation	254,359,386	9,542,338	30,923,030	—	294,824,754
Other assets:					
Due from Riverside HealthCare Foundation, Inc.	7,961,702	—	584,144	—	8,545,846
Estimated insurance recoveries	4,780,144	—	—	—	4,780,144
Other assets	302,631	—	—	—	302,631
Total other assets	13,044,477	—	584,144	—	13,628,621
Total assets	$ 761,541,452	32,086,950	71,174,578	(20,458,359)	844,344,621

Schedule 1

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Balance Sheet Information

December 31, 2023

Liabilities and Net Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current liabilities:					
Current installments of long-term debt	$ 4,269,417	34,122	841,461	—	5,145,000
Accounts payable	5,844,958	1,551,003	18,784,686	(18,253,047)	7,927,600
Accrued expenses	35,542,547	422,783	3,391,167	(2,205,312)	37,151,185
Estimated payables under third-party reimbursement programs	15,699,643	—	—	—	15,699,643
Total current liabilities	61,356,565	2,007,908	23,017,314	(20,458,359)	65,923,428
Refundable advance residency fees	—	—	2,933,506	—	2,933,506
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	119,091,006	1,073,012	15,708,462	—	135,872,480
Construction payables	1,005,145	—	—	—	1,005,145
Estimated insurance liabilities	33,305,843	—	—	—	33,305,843
Other long-term liabilities	516,648	—	—	—	516,648
Total liabilities	215,275,207	3,080,920	41,659,282	(20,458,359)	239,557,050
Net assets:					
Net assets without donor restrictions	542,947,672	29,006,030	29,276,876	—	601,230,578
Net assets with donor restrictions	3,318,573	—	238,420	—	3,556,993
Total net assets	546,266,245	29,006,030	29,515,296	—	604,787,571
Total liabilities and net assets	$ 761,541,452	32,086,950	71,174,578	(20,458,359)	844,344,621

See accompanying independent auditors' report.

Schedule 2

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Statement of Operations and Changes in
Net Assets Without Donor Restrictions Information

Year ended December 31, 2023

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Revenue:					
Patient service revenue	$ 434,453,318	2,805,433	12,019,569	—	449,278,320
Resident and health center services revenue	—	—	14,623,223	—	14,623,223
Other revenue	7,671,858	55,492	351,941	(510,333)	7,568,958
Total revenue	442,125,176	2,860,925	26,994,733	(510,333)	471,470,501
Expenses:					
Salaries and employee benefits	215,179,376	1,425,965	14,959,999	—	231,565,340
Purchased services and supplies	163,671,910	1,130,063	7,744,212	(510,333)	172,035,852
Depreciation and amortization	21,743,959	335,221	2,345,521	—	24,424,701
Utilities	4,753,350	204,876	1,051,025	—	6,009,251
Professional fees	6,867,967	—	13,064	—	6,881,031
Insurance	9,754,879	79,098	386,035	—	10,220,012
Interest	3,524,178	37,251	638,485	—	4,199,914
Total expenses	425,495,619	3,212,474	27,138,341	(510,333)	455,336,101
Income (loss) from operations	16,629,557	(351,549)	(143,608)	—	16,134,400
Nonoperating gains:					
Investment income, net	38,467,540	1,670,133	3,135,569	—	43,273,242
Other, net	1,400,408	—	—	—	1,400,408
Total nonoperating gains, net	39,867,948	1,670,133	3,135,569	—	44,673,650
Revenue and gains in excess of expenses and losses	56,497,505	1,318,584	2,991,961	—	60,808,050
Other changes in net assets without donor restrictions:					
Net assets released from restriction for purchases of land, buildings, and equipment	2,050,118	—	20,811	—	2,070,929
Increase in net assets without donor restrictions	$ 58,547,623	1,318,584	3,012,772	—	62,878,979

See accompanying independent auditors' report.

Schedule 3

RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES

Combining Schedule – Statement of Changes in Net Assets Information

Year ended December 31, 2023

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Net assets without donor restrictions:					
Revenue and gains in excess of expenses and losses	$ 56,497,505	1,318,584	2,991,961	—	60,808,050
Other changes in net assets without donor restrictions:					
Net assets released from restrictions used for the purchase of land, buildings, and equipment	2,050,118	—	20,811	—	2,070,929
Increase in net assets without donor restrictions	58,547,623	1,318,584	3,012,772	—	62,878,979
Net assets with donor restrictions:					
Contributions for specific purposes	642,789	—	56,581	—	699,370
Investment return earned on net assets with donor restrictions	164,570	—	—	—	164,570
Net assets released from restriction for purchases of land, buildings, and equipment	(2,050,118)	—	(20,811)	—	(2,070,929)
Increase (decrease) in net assets with donor restrictions	(1,242,759)	—	35,770	—	(1,206,989)
Change in net assets	57,304,864	1,318,584	3,048,542	—	61,671,990
Net assets at beginning of year	488,961,381	27,687,446	26,466,754	—	543,115,581
Net assets at end of year	$ 546,266,245	29,006,030	29,515,296	—	604,787,571

See accompanying independent auditors' report.

Section IX, Financial Viability

Attachment 35

Financial Viability

Riverside Health System's most recent bond ratings from Standard and Poor's (A+) and Moody's (A2) are included in Attachment 33.

Section IX, Economic Feasibility

Attachment 37

Economic Feasibility

A. Reasonableness of Financing Arrangements.

The Project will be financed through cash on hand and securities.

B. Conditions of Debt Financing.

Not applicable.

C. Reasonableness of Project and Related Costs.

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	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
Reviewable									
AMI Clinical Pt RMS		$530			16,216			$8,594,480	$8,594,480
AMI Clinical Support Area		$530			11,436			$6,061,080	$6,061,080
AMI Clinical Circ.		$530			7,476			$3,962,280	$3,962,280
Contingency		$53						$1,861,784	$1,861,784
Reviewable Total		$583			35,128			$18,617,840	$18,617,840
Non-Reviewable									
Non-Clinical Support		$530			4,396			$2,329,880	$2,329,880
Non-Clinical Public Spaces		$530			394			$208,820	$208,820
Non-Clinical Public Circulation		$530			3,487			$1,848,110	$1,848,110
Non-Clinical MEP/Stair/Elev.		$530			3,340			$1,770,200	$1,770,200
Contingency		$53						$615,701	$615,701
Non-Reviewable Total		$583			11,617			$6,157,701	$6,157,701
GRAND TOTAL		583			46,745			$24,774,850	$24,774,850
* Include the percentage (%) of space for circulation 32.6%									

D. Project Operating Costs.

Estimated Costs, Procedures and Cost Per Procedure

	Project
Total Operating Cost	$8,418,338.00
Equivalent Patient Days	$19,710.00
Direct Cost per Equivalent Patient Day	$427.11

E. Total Effect of Project on Capital Costs.

	Project	Total Hospital
Equivalent Patient Days	19,710.00	61,516.00
Total Project Capital Cost	29,869,777.00	
Useful Life	27.50	
Total Annual Depreciation	1,086,173.71	29,262,149.00
Depreciation Cost per Equivalent Patient Day	55.11	475.68

Riverside acknowledges its current construction budget may exceed the state standard for construction cost per square foot. This variance in cost per square foot can be explained by construction issues unique to this Project and the special physical requirements required in mental health units to ensure patient safety. The cost per square foot figures included in the application were adjusted due to several factors as discussed below:

- Mechanical, Electrical and Plumbing (MEP)
    - Existing medical gas will have to be removed in approx. 11,858 GSF of this project and then added in 17 patient rooms that are not currently outfitted.
    - Approx. 25,870 gsf. of this project is not currently under fire suppression (sprinkled) and will be required to be sprinkled with tamper proof fixtures.
    - All items in patient care areas are required to be ligature resistant including all plumbing fixtures (toilets, shower valves, sinks, patient HVAC units)

- Active Unit
    - Riverside will maintain patient care during this project resulting in a multi phased construction schedule estimated at 104 weeks.
    - Temporary barriers and walls are required to maintain a safe and compliant phased project adding to construction cost.
    - Additional need for personnel will be required where patients are present due to safety considerations

- Location of project
    - This project is located on the 2nd floor of the main hospital with active patient care and critical departments above and below the entire scope of the project. There will be added cost due to scheduling shutdowns, working off hours and additional infection control measures to ensure the safe care of all patients and staff.

- Mental Health Codes & Regulations
    - Anti-ligature and psych-safe materials are required throughout the entire scope of this Project. This includes, but is not limited to, ceiling construction, door hardware, specialized furniture and plumbing fixtures. These materials can cost up to three times the cost of normal construction materials and require additional time and quality checks for installation.

- Inflation & Tariff
    - Additional construction costs are expected due to inflation over the duration of the Project, as well as the impact of tariffs on supplies and construction material costs.

Project Item	Estimated Cost
MEP	55 per sq. ft. x 46,745 = 2,570,975
Multi-Phase Project	25 per sq. ft. x 46,745 = 1,168,625
Active Healthcare Facility	25 per sq. ft. x 46,745 = 1,168,625
Psych Safe material	45 per sq. ft. x 46,745 = 2,103,525
Inflation & Tariff	27 per sq. ft. x 46,745 = 1,262,115
Total	177 per sq. ft. 8,273,865

Section XI, Safety Net Impact Statement

Attachment 38

The proposed Project is a non-substantive project, and the safety net impact statement should not be applicable.

Section XII, Charity Care Information

Attachment 39

RIVERSIDE MEDICAL CENTER

CHARITY CARE			
	2022	**2023**	**2024**
Net Patient Revenue	$375,531,172	$467,763,091	$494,559,698
Cost of Charity Care	$2,587,111	$2,832,851	$3,698,586
Ratio of Charity Care Cost to Net Patient Rev.	.79%	.60%	.75%

RIVERSIDE AMBULATORY SURGERY CENTER

CHARITY CARE			
	2022	**2023**	**2024**
Net Patient Revenue	$4,089,652	$3,255,046	$3,370,358
Cost of Charity Care	0	0	0
Ratio of Charity Care Cost to Net Patient Revenue	N/A	N/A	N/A

RIVERSIDE SENIOR LIVING CENTER D/B/A MILLER REHABILITATION

CHARITY CARE			
	2022	**2023**	**2024**
Net Patient Revenue	$10,680,664	$11,903,938	$12,795,376
Amount of Charity Care	0	0	0