

26-031

RECEIVED

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

JUN 15 2026

HEALTH FACILITIES &
SERVICES REVIEW BOARD**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION****This Section must be completed for all projects.****Facility/Project Identification**

Facility Name:	Riverside Medical Center Pavilion II		
Street Address:	401 N. Wall Street		
City and Zip Code:	Kankakee, IL 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, IL 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, IL 60901
CEO Telephone Number:	815-935-7549

Type of Ownership of Applicants

- | | | |
|--|--|--------------------------------|
| ☒ Non-profit Corporation | ☐ Partnership | |
| ☐ For-profit Corporation | ☐ Governmental | |
| ☐ Limited Liability Company | ☐ Sole Proprietorship | ☐ Other |

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- Partnerships must provide the name of the state in which 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:	Stacey Ries
Title:	VP and General Counsel
Company Name:	Riverside Healthcare
Address:	350 N. Wall Street, Kankakee, IL 60901
Telephone Number:	(815) 936-7362 ext. 37226
E-mail Address:	sries@rhc.net
Fax Number:	None

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

Name:	Paula Jacobi
Title:	Of Counsel
Company Name:	Riverside Healthcare
Address:	350 N. Wall Street, Kankakee, IL 60901
Telephone Number:	815-922-5231
E-mail Address:	pjacobi@rhc.net
Fax Number:	None

**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 Pavilion II		
Street Address:	401 N. Wall Street		
City and Zip Code:	Kankakee, IL 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, IL 60901
Name of Registered Agent:	Phillip M. Kambic
Registered Agent Street Address:	350 N. Wall Street
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Name of Chief Executive Officer:	Phillip M. Kambic
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Type of Ownership of Applicants

☒ Non-profit Corporation	☐ Partnership
☐ For-profit Corporation	☐ Governmental
☐ Limited Liability Company	☐ Sole Proprietorship
	☐ Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
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Telephone Number:	815-922-5231
E-mail Address:	pjacobi@rhc.net
Fax Number:	None

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:	Stacey Ries
Title:	VP and General Counsel
Company Name:	Riverside Medical Center
Address:	350 N. Wall Street
Telephone Number:	815-936-7362
E-mail Address:	sries@rhc.net
Fax Number:	None

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, IL 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 ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name:	Riverside Medical Center		
Address:	350 N. Wall Street, Kankakee, IL 60901		
☒	Non-profit Corporation	☐	Partnership
☐	For-profit Corporation	☐	Governmental
☐	Limited Liability Company	☐	Sole Proprietorship
		☐	Other
- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. - Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. - Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.			
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. This map must be in a readable format. In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>). **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 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT 6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

Part 1110 Classification :

- ☐ Substantive
- ☒ 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 construct a four-story 80,000 square foot medical office building in Kankakee, Illinois ("Project"). The Project will include physician offices, as well as, diagnostic x-ray, CT, MRI, ultrasound, mammography, bone density, cardio-pulmonary rehabilitation and laboratory capabilities. The fourth floor will include a conference center and storage space for the services provided in the facility. An additional 15,000 square feet of basement level space will house the mechanical equipment to support the building.

The building will be constructed on land currently owned by Riverside which is a part of its main hospital campus located at 401 N. Wall Street in Kankakee.

This Project does not establish a new category of service or have an inpatient service component. As such, it is classified as non-substantive project.

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	0	0	0
Site Survey and Soil Investigation	0	0	0
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	21,842,453.50	28,698,671.50	50,541,125
Modernization Contracts	0	0	0
Contingencies	1,023,370.00	1,503,728.00	2,527,098
Architectural/Engineering Fees	789,296.60	1,159,786.40	1,949,083
Consulting and Other Fees	196,712.50	289,047.50	485,760
Movable or Other Equipment (not in construction contracts)	705,014.40	826,785.60	1,531,800
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	0	0	0
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs to Be Capitalized	2,601,000	0	2,601,000
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	27,157,847.00	32,478,019.00	59,635,866
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	27,157,847.00	32,478,019.00	59,635,866
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): May 1, 2028

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 ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable?

- ☒ 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]

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		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, 2025 to: December 31, 2025					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical	145	5,582	23,761	0	145
Obstetrics	30	1,053	2,350	0	30
Pediatrics					
Intensive Care	31	989	3,736	0	31
Comprehensive Physical Rehabilitation	30	811	8,804	0	30
Acute/Chronic Mental Illness	64	1,923	18,028	0	64
Neonatal Intensive Care					
General Long-Term Care					
Specialized Long-Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:	300	10,358	56,679	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 Health System d/b/a Riverside Healthcare in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Phillip M. Kambic

PRINTED NAME

President and CEO

PRINTED TITLE


SIGNATURE

Stacey Ries

PRINTED NAME

VP and General Counsel

PRINTED TITLE

Notarization:

Subscribed and sworn to before me
this 10 day of June 2020

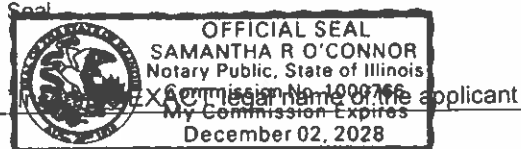
Notarization:

Subscribed and sworn to before me
this 10 day of June 2020

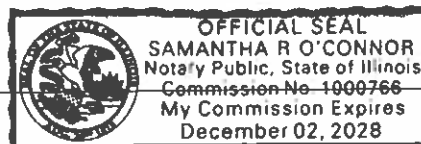

Signature of Notary


Signature of Notary

Seal



Seal

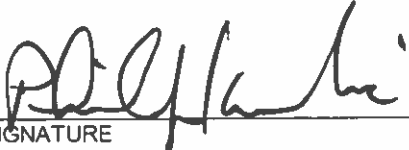


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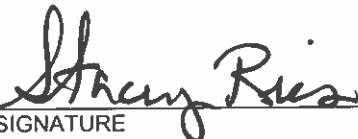
- in the case of a corporation, any two of its officers or members of its Board of Directors.
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist).
- in the case of a partnership, two of its 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 *
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

Phillip M. Kambic
PRINTED NAME

President and CEO
PRINTED TITLE


SIGNATURE

Stacey Ries
PRINTED NAME

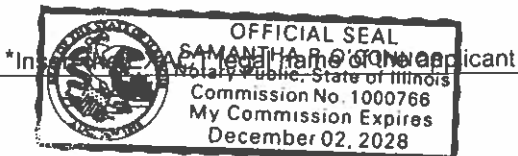
VP and General Counsel
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10 day of June 2026

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Subscribed and sworn to before me
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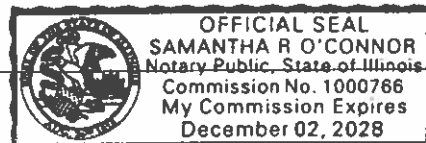

Signature of Notary

Seal




Signature of Notary

Seal



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 ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions, or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

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

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area, or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

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

M. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than categories of service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
☐		
☐		
☐		

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

Project Type	Required Review Criteria
New Services or Facility or Equipment	(b) – Need Determination – Establishment
Service Modernization	(c)(1) – Deteriorated Facilities
	AND/OR
	(c)(2) – Necessary Expansion PLUS
	(c)(3)(A) – Utilization – Major Medical Equipment
	OR
	(c)(3)(B) – Utilization – Service or Facility
1APPEND DOCUMENTATION AS ATTACHMENT 31, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

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]:

59,635,866	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.
	TOTAL FUNDS AVAILABLE
APPEND DOCUMENTATION AS <u>ATTACHMENT 34</u>, 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)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)	Year	Year	Year
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.

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

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant Identification including Certificate of Good Standing	27 - 29
2	Site Ownership	30 - 33
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	34
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	35
5	Flood Plain Requirements	36 - 38
6	Historic Preservation Act Requirements	39 - 40
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8	Financial Commitment Document if required	43 - 51
9	Cost Space Requirements	52
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11	Background of the Applicant	53 - 59
12	Purpose of the Project	60 - 63
13	Alternatives to the Project	64 - 65
14	Size of the Project	66 - 68
15	Project Service Utilization	69 - 73
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design and Related Projects	
	Service Specific:	
19	Medical Surgical Pediatrics, Obstetrics, ICU	
20	Comprehensive Physical Rehabilitation	
21	Acute Mental Illness	
22	Open Heart Surgery	
23	Cardiac Catheterization	
24	In-Center Hemodialysis	
25	Non-Hospital Based Ambulatory Surgery	
26	Selected Organ Transplantation	
27	Kidney Transplantation	
28	Subacute Care Hospital Model	
29	Community-Based Residential Rehabilitation Center	
30	Long Term Acute Care Hospital	
31	Clinical Service Areas Other than Categories of Service	74 - 78
32	Freestanding Emergency Center Medical Services	
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34	Availability of Funds	79 - 153
35	Financial Waiver	154 - 162
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37	Economic Feasibility	163 - 166
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	Flood Plain Information	

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 Certificate of Good Standing 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 Certificate of Good Standing is attached.

ATTACHMENT 1

File Number

5265-328-2



To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulas, 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 4TH day of JUNE A.D. 2026 .

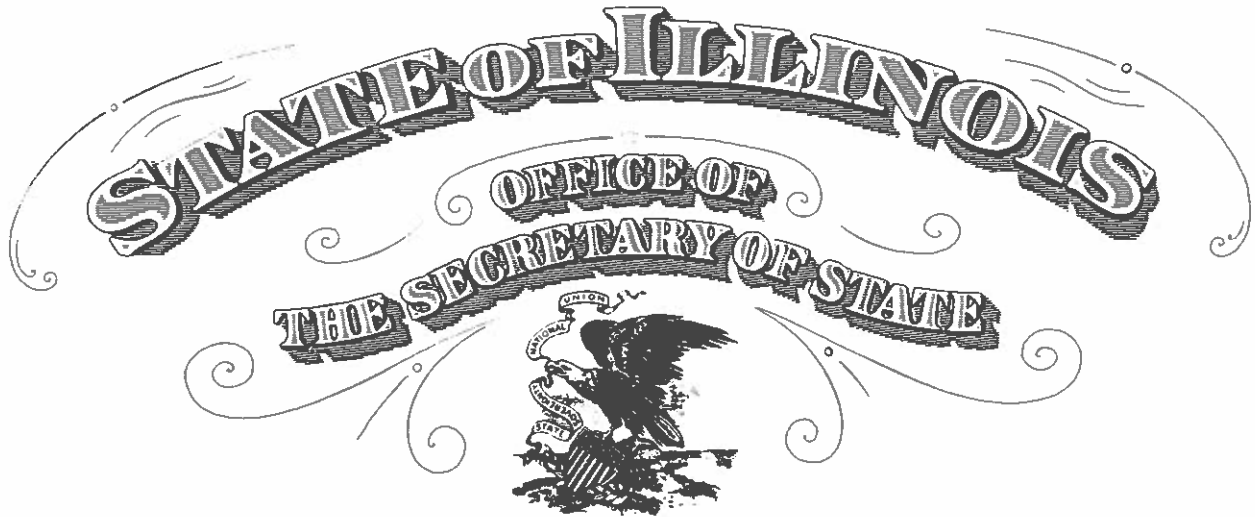
Authentication #: 2615501932 verifiable until 06/04/2027
Authenticate at: <https://www.ilsos.gov>

Alexi Giannoulas
SECRETARY OF STATE

ATTACHMENT 1

File Number

3882-598-4



To all to whom these Presents Shall Come, Greeting:

I, Alexi Giannoulas, 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 4TH day of JUNE A.D. 2026 .

Authentication #: 2615502002 verifiable until 06/04/2027
Authenticate at: <https://www.ilsos.gov>

Alexi Giannoulas
SECRETARY OF STATE

Section I, Site Ownership

Attachment 2

Attached is a copy of the 2025 tax bill for the site, which shows that the Hospital owns the site.

ATTACHMENT 2

Property Information

Parcel Number 16-09-31-100-006	Site Address 401 N WALL ST KANKAKEE, IL 60901	Owner Name & Address RIVERSIDE MEDICAL CENTER, 350 N WALL STREET KANKAKEE, IL 60901-2901
Tax Year 2024 (Payable 2025) ▼		
Sale Status None		
Property Class 0060 - IMPROVED	Tax Code 16003 - KANKAKEE 03	Tax Status Taxable
Net Taxable Value 528,945	Tax Rate 11.822700	Total Tax \$62,535.58
Township KANKAKEE	Acres 0.0000	Mailing Address RIVERSIDE MEDICAL CENTER, 350 N WALL STREET KANKAKEE, IL, 60901-2901

Legal Description
WASHINGTON-BOURB RES W OF RIVER EX 0.27AC ROW BAL 2.66AC 31-31-12E

Assessments

Level	Homesite	Dwelling	Farm Land	Farm Building	Mineral	Total	Partial Building
DOR Equalized	19,551	509,394	0	0	0	528,945	No
Department of Revenue	19,551	509,394	0	0	0	528,945	No
Board of Review Equalized	19,551	509,394	0	0	0	528,945	No
Board of Review	19,551	509,394	0	0	0	528,945	No
S of A Equalized	19,551	509,394	0	0	0	528,945	No
Supervisor of Assessments	19,551	509,394	0	0	0	528,945	No
Township Assessor	19,551	509,394	0	0	0	528,945	No
Prior Year Equalized	19,551	509,394	0	0	0	528,945	No

Billing

	1st Installment (Due 06/26/2025)	2nd Installment (Due 09/04/2025)	Totals
Tax Billed	\$31,267.79	\$31,267.79	\$62,535.58
Penalty Billed	\$0.00	\$0.00	\$0.00
Cost Billed	\$0.00	\$0.00	\$0.00
Drainage Billed	\$0.00	\$0.00	\$0.00
Total Billed	\$31,267.79	\$31,267.79	\$62,535.58
Amount Paid	\$31,267.79	\$31,267.79	\$62,535.58
Total Unpaid	\$0.00	\$0.00	\$0.00
Paid By	Riverside Health System	Riverside Health System	
Date Paid	6/20/2025	8/29/2025	

No Exemptions

No Farmland Information

No Genealogy Information

Related Names

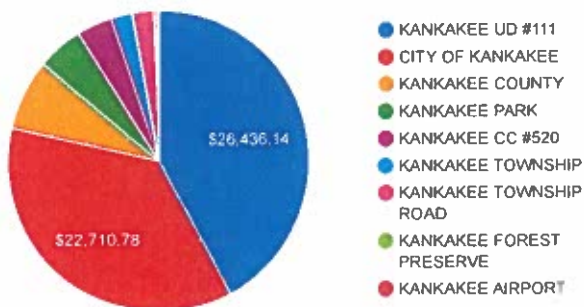
Parcel Owner
RIVERSIDE MEDICAL CENTER,
350 N WALL STREET
KANKAKEE, IL, 60901-2901

No Redemptions

No Sales History Information

Taxing Bodies

District	Tax Rate	Extension
KANKAKEE UD #111	4.997900	\$26,436.14
CITY OF KANKAKEE	4.293600	\$22,710.78
KANKAKEE COUNTY	0.910100	\$4,813.93
KANKAKEE PARK	0.577900	\$3,056.77
KANKAKEE CC #520	0.435500	\$2,303.56
KANKAKEE TOWNSHIP	0.271300	\$1,435.03
KANKAKEE TOWNSHIP ROAD	0.259600	\$1,373.14
KANKAKEE FOREST PRESERVE	0.047700	\$252.31
KANKAKEE AIRPORT	0.029100	\$153.92
TOTAL	11.822700	\$62,535.58



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 26, 2025

2nd Installment Due September 4, 2025

NO PERSONAL OR BUSINESS CHECKS WILL BE ACCEPTED AFTER SEPTEMBER 25, 2025.

© 2026 DEVNET, Inc

Data updated: 2026-03-25 17:15:00

wEdge Version: 5.1.9295.25689

Assembly Date: 2025/06/13

Section I, Operating Identity/Licensee

Attachment 3

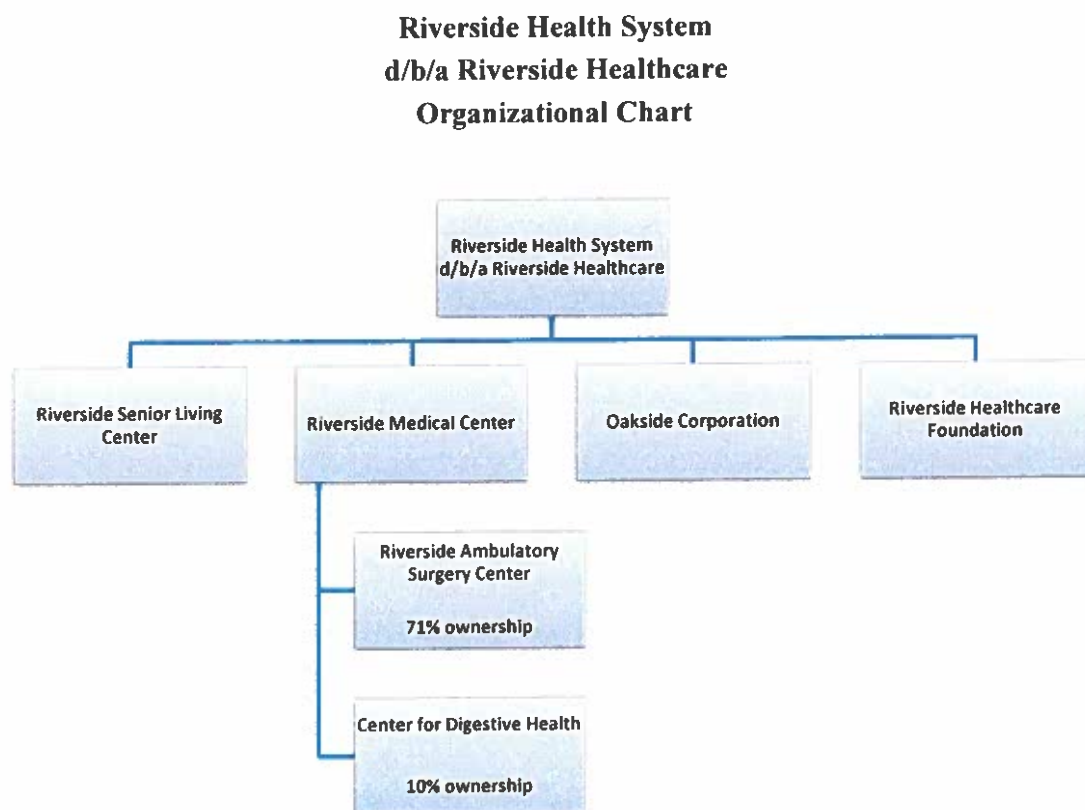
Riverside Medical Center ("RMC") is an Illinois not-for-profit organization. A copy of RMC's Good Standing Certificate is included in Attachment 1.

ATTACHMENT 3

Section I, Operating Identity/Licensee

Attachment 4

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



ATTACHMENT 4

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 the project complies with the Flood Plain Rules under Illinois Executive Order #2006-5.

ATTACHMENT 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 815-935-7549
(City) (State) (ZIP Code) (Telephone Number)
2. Project Location: 401 N. Wall Street Kankakee IL
(Address) (City) (State)
Kankakee County
(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? No

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: _____

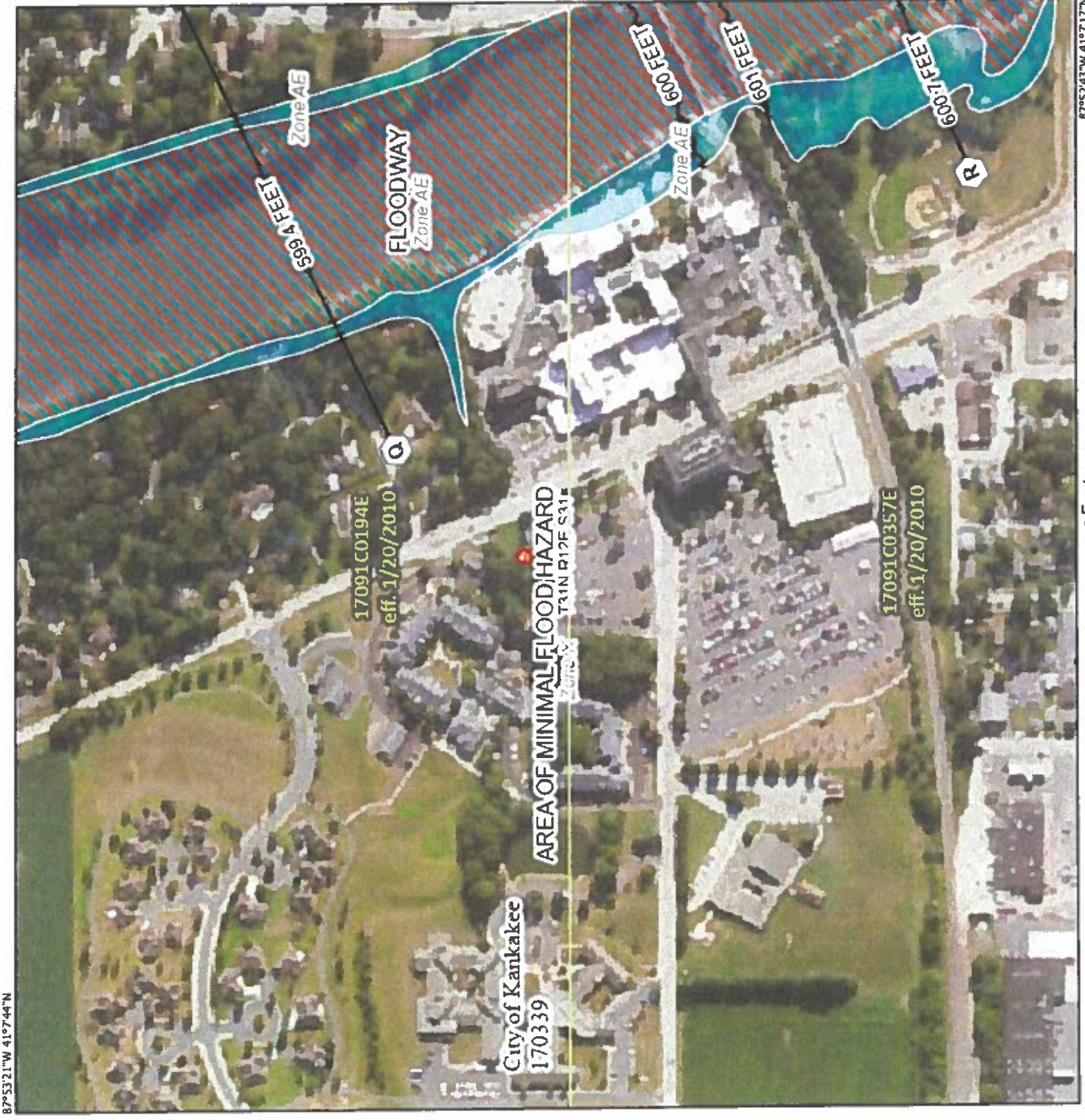
NOTE: This finding only means that the property in question is or is not in a Special Flood Hazard Area or a 500-year floodplain as designated on the map noted above. It does not constitute a guarantee that the property will or will not be flooded or be subject to local drainage problems.

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

National Flood Hazard Layer FIRMette



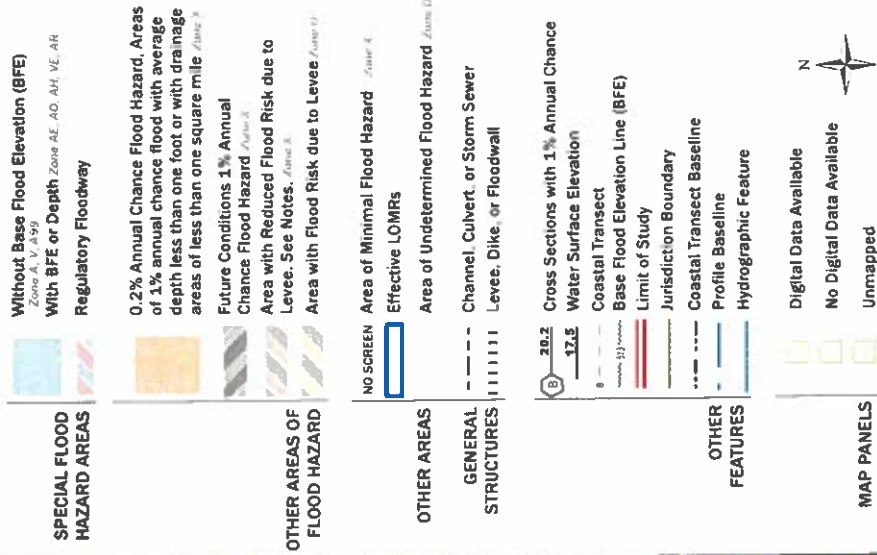
87°53'21"W 41°7'44"N



87°52'43"W 41°7'17"N
Date: 20 Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT



The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 3/26/2026 at 3:46 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Section I, Historic Resources Preservation Act Requirements

Attachment 6

The purpose of the Project is to construct a four-story medical office building, which will consist of 80,000 square feet of provider offices, radiology, laboratory and cardiopulmonary rehabilitation services. The Project will also include one floor of conference and storage space. The Project is proposed to provide improved patient access for primary and specialty services for patients in the primary service area of Riverside Medical Center. A letter from the Illinois Department of Natural Resources indicating that no historic, architectural or archaeological sites exist within the project area is attached.

ATTACHMENT 6



Illinois
Department of
**Natural
Resources**

JB Pritzker, Governor • Natalie Phelps Finnie, Director
One Natural Resources Way • Springfield, Illinois 62702-1271
www.dnr.illinois.gov

**Kankakee County
Kankakee**

**CON - Demolition and New Construction, Riverside Medical Center Office Building
401 N. Wall St.**

IHFSRB, SHPO Log #009050426

May 8, 2026

**Paula M. Jacobi
Riverside Healthcare
350 North Wall Street
Kankakee, IL 60901**

This letter is to inform you that we have reviewed the information provided concerning the referenced project. Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact Steve Dasovich, Cultural Resources Manager, at 217/782-7441 or at Steve.Dasovich@illinois.gov.

Sincerely,

**Carey L. Mayer, AIA
Deputy State Historic Preservation Officer**

ATTACHMENT 6

Section I, Project Costs and Sources of Funds

Attachment 7

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			0
Site Survey and Soil Investigation	0	0	0
Site Preparation	0	0	0
Off Site Work	0	0	0
New Construction Contracts	21,842,453.50	28,698,671.50	50,541,125
Modernization Contracts	0	0	0
Contingencies	1,023,370.00	1,503,728.00	2,527,098
Architectural/Engineering Fees	789,296.60	1,159,786.40	1,949,083
Consulting and Other Fees	196,712.50	289,047.50	485,760
Movable or Other Equipment (not in construction contracts)	705,014.40	826,785.60	1,531,800
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	0	0	0
Fair Market Value of Leased Space or Equipment	0	0	0
Other Costs to Be Capitalized	2,601,000	0	2,601,000
Acquisition of Building or Other Property (excluding land)	0	0	0
TOTAL USES OF FUNDS			
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	27,157,847.00	32,478,019.00	59,635,866
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	27,157,847.00	32,478,019.00	59,635,866
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

ATTACHMENT 7

Riverside Healthcare
Pavilion 2.0
Proposed Cost Detail
Attachment 7

New Construction Contracts	50,541,125
Buildout of 80,000 square foot medical office building with 15,000 square foot basement. Construction cost estimated at 532.02 per sq. ft. average across clinical and non-clinical spaces.	
Contingencies	2,527,098
Contingencies are 5% of the new construction	
Architectural and Engineers	1,949,083
Architectural and Engineering fees budgeted based on proposal. This cost includes Mechanical engineering, Plumbing Engineering, Electrical engineering, Fire Protection Engineering, Civil Engineering and Technology system engineering.	
Consulting and Other Fees	485,760
Includes municipal building permits and Consulting fees.	
Movable or Other Equipment	1,531,800
Exam Room Furniture	
Staff Furniture	
Signage	
Artwork	
IT equipment (Computers, printer, ect)	
Appliances	
Wall Hung Fixtures (Soaps, Paper towel, etc.)	
Storage, Utility rooms, Lockers	
TV / Media	
Security (Cameras, Access Control)	
Other Cost to be Capitalized	2,601,000
Imaging equipment – MRI, CT, X-Ray, Mammography	
Grand Total	59,635,866

ATTACHMENT 7

Section I, Project Status and Completion Schedules

Attachment 8

Attached is a copy of the Purchase Order issued to Jensen & Halstead, Ltd. for architectural and engineering services pertaining to the construction of a medical office building at 401 N. Wall Street, Kankakee, Illinois (the "Project"). There are no other contracts or purchase orders related to the Project issued at this time.

ATTACHMENT 8



PURCHASE ORDER

To: **Jensen & Halstead, Ltd.**
820 W. Jackson Boulevard, Suite 850
Chicago, IL 60607

P.O. NUMBER **F183031**

** must appear on all related correspondence, shipping papers, and invoices **

Ship To: **Riverside Medical Center**
350 North Wall Street
Kankakee, IL 60901

A/P CONTACT: **Amy Kolwelter, Facilities**
akolwelter@RHC.net

P.O. DATE		REQUISITIONER		SHIP VIA	F.O.B. POINT	TERMS
05/27/26		MILLER		OPEN	DESTINATION	NET 30
#	QTY	UNIT	PART #	DESCRIPTION	UNIT PRICE	TOTAL
				Revised Proposal dated 01/08/2026 401 Building Redevelopment Kankakee, IL Architectural & Engineering Services J&H Project No. RMC25214		
1	1	EA		Schematic Design		\$293,925.00
2	1	EA		Design Development		\$364,070.00
3	1	EA		Construction Documents		\$622,195.00
4	1	EA		Bidding/Negotiation		\$36,895.00
5	1	EA		Construction Administration		\$314,075.00
6	1	EA		CON Consulting		\$5,612.00
7	1	EA		Artwork Coordination		\$11,300.00
8	1	EA		Civil Engineering		\$57,750.00
9	1	EA		Chilled/Hot Water Service from Hospital		\$36,300.00
10	1	EA		Bridge from Pavilion		\$68,948.00
11	1	EA		Basement		\$93,130.00
12	1	EA		Technology Engineering		\$65,283.00
13	1	EA		Reimbursables		\$10,500.00
14	1	EA		Credit for PO F182939 - Programming/Consulting		-\$30,900.00
				--See Proposal for additional details--		
				<i>Riverside's specific performance of the Contract with Jensen & Halstead is expressly contingent upon the receipt of a CON Permit for the Project from the Illinois Health Facilities and Services Review Board</i>		

#26-620 Pavilion 2.0

SUBTOTAL \$ 1,949,083.00

SALES TAX

SHIPPING & HANDLING

OTHER

TOTAL \$ 1,949,083.00

1. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
2. Please notify us immediately if you are unable to ship as specified.
3. Send all correspondence to:

BILL TO: Riverside Medical Center
350 North Wall Street
Kankakee, IL 60901

DocuSigned by:

Sean Miller

5/27/2026

AUTHORIZED BY Sean Miller

DATE

Page 44

Jon Overacker

DocuSigned by:

Jon Overacker

ATTACHMENT 8

5/27/2026



JENSEN & HALSTEAD LTD.

October 23, 2025
Revised December 4, 2025
Revised January 8, 2026

Jon Overacker
Director of Facilities and Support Services
Riverside Medical Center
350 North Wall Street
Kankakee, Illinois 60901

Re: **401 Building Redevelopment**
Kankakee, Illinois
Architectural and Engineering Services
J&H Project No. RMC25214

Dear Jon,

Thank you for the opportunity to work with Riverside Medical Center again on the design of the new Medical Office Building on the site of the 401 Building for the Riverside Heart and Vascular Institute.

PROJECT SCOPE:

The project scope, as we understand it, will be to design a new 80,000 sf building on the southeast corner of the 401 Building site with an alternate to design a pedestrian bridge across Butterfield Trail to the existing Pavilion Building. The existing 401 Building will be demolished ahead of time to make space for the new building. 60,000 SF of the building is anticipated to be built out for Diagnostic Radiology, Immediate Care, Cardiology and clinic space with one floor to be left as shell space. This proposal includes an alternate fee to route Hot and Chilled water from the Hospital under route 113 for the HVAC system, as well as an alternate fee to add up to a 15,000 SF basement. Riverside will engage a General Contractor early in the process to act as a Construction Manager that will also engage Trade Partners for the major trades. We are estimating a total construction cost of between \$44,000,000.00 and \$55,600,000.00, depending on the options being built.

SCOPE OF SERVICES:

Jensen & Halstead will be the architect of record providing architectural design services. TLC Engineering Solutions will provide mechanical, electrical, plumbing and fire protection engineering services; Pease Borst & Associates will provide structural engineering services; and Eriksson Engineering Associates, Ltd. will provide Civil Engineering services under contract to Jensen & Halstead. We will coordinate with the Landscape Designer under contract to Riverside

300 W. Jackson Blvd., Suite 850
Chicago, Illinois 60607

T 312 664-7537
www.jandh.com

David J. Dwyer, AIA, LEED AP
Senior Principal

Glenn C. Steiner, AIA, LEED AP
Senior Principal

Barry J. Gordon, AIA
Principal

Samuel Kline, LEED AP
Principal



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 2 of 7

We are anticipating that the project will be bid out in two (2) packages – One for the Core & Shell and another for the build-out of the Diagnostic Radiology, Immediate Care, Cardiology and Clinic spaces. Since there is a question as to whether a zoning change will be required, we have included an allowance for these services, should they be needed.

Services included in each of the project phases are as follows

Programming

1. Attend One (1) in-person Kick-off meeting to define the project goals
2. Review Owner supplied census numbers
3. Prepare a written program defining the number of spaces with assigned square footages
4. Attend One (1) virtual meeting to review the preliminary program
5. Modify the program based upon Riverside's input
6. Attend One (1) virtual meeting to review the modified program
7. Modify the program based upon Riverside's input

CON Consulting

1. Attend one (1) virtual meeting with Riverside's CON Consultant to review the project and obtain information on items that the Consultant will need from J&H
2. Prepare items required by the CON Consultant
3. One (1) virtual meeting to present the items prepared
4. Revise the items based upon the meeting comments
5. Submit the required items to the CON Consultant for submission to the State

Zoning Procurement (Alternate)

1. Review Zoning Requirements
2. Assist in preparing the zoning application for the City
3. Coordinate with the Civil Engineer
4. Coordinate with Riverside's Landscape Designer
5. Attend up to two (2) meetings with the City Staff
6. Revise plans based on comments from the City
7. Prepare presentation materials for Planning Board and City Council meetings
8. Prepare building rendering
9. Attend One (1) Planning Board meeting
10. Attend up to two (2) City Council meetings



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 3 of 7

Core & Shell

Schematic Design

1. Prepare Building Floor Plans showing core layout
2. Prepare conceptual building elevation options for discussion
3. Coordinate with Civil Engineer to prepare site options
4. Attend one (1) in-person meeting with Owner and Contractor to review the plans and elevations
5. Revise Floor Plan and elevations based upon meeting comments
6. Refine selected building elevation and prepare conceptual renderings for up to two views of the building
7. Prepare preliminary typical wall sections
8. Attend one (1) virtual meeting with Owner and Contractor to review the designs to date
9. Coordinate with MEP and Structural Engineers for preliminary design concepts
10. Coordinate with Civil Engineer and Owner's Landscape Architect

Design Development

1. Prepare Design Development Level Plans, Building Elevations and additional Wall Sections
2. Engineering Systems Development
3. Prepare Outline Specification
4. Coordinate with Civil Engineer and Owner's Landscape Architect
5. Release Design Development Drawings for Pricing
6. Attend up to two (2) virtual meetings with Owner

Construction Documents

1. Prepare Drawings for Bid & Permit
2. Prepare Specifications
3. Coordinate with Civil Engineer and Owner's Landscape Architect
4. Release Drawings for Bid
5. Submit permit drawings for review
6. Attend one (1) virtual meeting with the Project Team

Bidding

1. Respond to Contractor Questions
2. Prepare Addenda as Required
3. Respond to Permit Review Comments from the City
4. Attend one (1) meeting for Bid review



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 4 of 7

Tenant Build-out Development

Schematic Design

1. Prepare Schematic Design Floor Plans based upon the Space Program
2. Attend one (1) in-person meeting with each User Group – Up to five (5) User Groups – assumes all five (5) groups will meet on the same day for each set of schematic design and design development in-person meetings
3. Refine Floor Plan
4. Attend one (1) virtual meeting with each User Group
5. Revise the plans based upon the meeting comments
6. Coordinate with the MEP Engineers for preliminary design concepts
7. Coordinate with the Trade Partners
8. Present preliminary options for new interior design finishes, including finish materials, furniture and lighting
9. Prepare preliminary graphics that represent the design concepts (simple renderings)
10. Attend one (1) in-person meeting with each User Group to review the designs to date
11. Revise the design documents based upon the meeting comments
12. Prepare preliminary furniture budget estimates

Schematic Design Deliverables

1. Schematic level floor plans
2. MEP Narratives
3. Preliminary furniture budget
4. Up to four (4) preliminary interior renderings

Design Development

1. Prepare Design Development level plans and interior elevations
2. Prepare room data sheets
3. Prepare interior elevations
4. Prepare reflected ceiling plans
5. Finalize interior design
6. Refine the interior renderings
6. Update furniture budget estimate
7. Engineering systems development
8. Prepare outline specifications
9. Release Design Development drawings for pricing
10. Attend up to three (3) virtual meetings per User Group

Design Development Deliverables

1. Design Development level floor plans
2. Reflected ceiling plans
3. Design Development Manual with data sheets and cuts of pertinent equipment
4. Outline specifications
5. Preliminary MEP drawings
6. Interior finish presentation boards
7. Up to four (4) interior renderings



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 5 of 7

Construction Documents

1. Prepare drawings for bid & permit
2. Prepare specifications
3. Release drawings for bid
4. Prepare furniture specifications
5. Attend one (1) project team meeting

Construction Document Deliverables

1. Full set of documents for bid and permit

Bidding

1. Respond to contractor questions
2. Prepare addenda as required
3. Respond to permit review comments from the City
4. Attend one (1) meeting for bid review

Construction Administration

1. Attend construction meetings - twenty-four (24) meetings on-site and thirty-six (36) virtual meetings for architecture; two (2) site visits for Structural engineering; eight (8) site visits for MEP, with participation in virtual meetings every two weeks; and three (3) visits for Civil Engineering- assuming a sixty (60) week construction schedule
2. Respond to contractor requests for information
3. Review shop drawings
4. Prepare bulletins as required
5. Prepare punchlist
6. Attend furniture and artwork installation and prepare punchlist as required.

Post Occupancy Evaluation

1. Attend Post Occupancy Evaluation 11 months after project completion

Artwork Consulting

1. Engage artwork dealer and give direction for artwork selections
2. Review artwork dealer selections and coordinate items to present to Riverside
3. Attend One (1) meeting with Riverside to review the artwork selections
4. Review the modified artwork selections from the dealer and then present to Riverside
5. Coordinate all artwork locations with the dealer
6. Attend the artwork installation



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 6 of 7

COMPENSATION:

Base Fee	J&H – Arch & Interior Design		TLC Fee	Pease Borst Fee	Total Fee
Phase	Hours	Fee			
Schematic Design	1,143	\$217,170.00	\$65,205.00	\$11,550.00	\$293,925.00
Design Development	1,253	\$238,070.00	\$108,675.00	\$17,325.00	\$364,070.00
Construction Documents	2,170	\$412,300.00	\$152,145.00	\$57,750.00	\$622,195.00
Bidding / Negotiation	158	\$30,020.00	\$1,100.00	\$5,775.00	\$36,895.00
Construction Administration	1,070	\$203,300.00	\$87,675.00	\$23,100.00	\$314,075.00
Sub-Total Fee	5,794	\$1,100,860.00	\$414,800.00	\$115,500.00	\$1,631,160.00

Itemized Services			
CON Consulting			\$5,612.00
Artwork Coordination			\$11,300.00
Civil Engineering			\$57,750.00
Chilled/Hot Water service from the hospital			\$36,300.00
Bridge From Pavilion			\$68,948.00
Basement			\$93,130.00
Zoning Assistance (if needed)			*\$28,203.00
Technology Engineering			\$65,283.00
Reimbursables	Allowance		\$10,500.00
Sub-Total Itemized			-\$377,026.00

\$348,823

Total Fee	-\$2,008,186.00
------------------	----------------------------

*Includes up to 30 hours of Civil Engineering time

Total Fee: \$1,979,983
Current PO issued: (\$30,900)
Updated Total Fee: \$1,949,083

REIMBURSABLE EXPENSES:

We contemplate that our reimbursable expenses for CAD plotting, printing reproduction, mileage, postage and messenger services and will be marked up ten percent (10%) for processing and handling. These expenses are in addition to professional fees and will be itemized separately on each invoice.



Mr. Jon Overacker
Riverside 401 Building Redevelopment

Page 7 of 7

ADDITIONAL SERVICES:

For additional services beyond those identified for the original scope of this project, time for changes and/or revisions to previously approved segments of the project, 3D Renderings beyond to those listed above, Furniture books, Finish Boards, Security System design, site survey work, off-site utility and/or right of way improvements, design or layout of "dry" public utilities, design of structural retaining walls, TI structural work other than for the Diagnostic Radiology equipment, special inspection services, for foundation design due to poor soils or interior remodeling, beyond adding a simple corridor to get to the new bridge from the Pavilion Building, Jensen & Halstead, Ltd. shall be reimbursed at the normal hourly rates as itemized below:

Normal Itemized Hourly Rates

Senior Principal	\$281.00/hour
Principal	\$265.00/hour
Interior Design Principal	\$224.00/hour
Expert Witness	\$414.00/hour
Life Safety Consultant	\$319.00/hour
Project Manager	\$223.00/hour
Project Architect	\$207.00/hour
Senior Project Designer	\$207.00/hour
Project Designer	\$197.00/hour
Senior Interior Design Project Manager	\$194.00/hour
Interior Design Project Manager	\$179.00/hour
Project Designer II	\$170.00/hour
Interior Designer	\$166.00/hour
Staff Designer	\$136.00/hour
Specification Writer	\$207.00/hour
Clerical	\$123.00/hour
Engineering Principal	Up to \$352.00/hour
Engineer	Up to \$279.00/hour

The above hourly rates are valid through June 2026

We appreciate the opportunity to submit this proposal and look forward to working with you, your team, and your consultants again on another successful project. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,

Jensen & Halstead, Ltd.



David K. Dastur, AIA, NCARB

Senior Principal



Section I, Cost Space Requirements

Attachment 9

Cost Space Requirements

Department	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet that is:				
		Existing	Proposed	cost per Sq Ft.	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE								
General Radiology (2)	\$1,180,735.92	0	1092	\$1,081.26	1092	0	0	0
Mammography (2)	\$1,726,992.54	0	1534	\$1,125.81	1534	0	0	0
CT (2)	\$2,882,111.44	0	2444	\$1,179.26	2444	0	0	0
MRI (2)	\$2,041,792.48	0	1768	\$1,154.86	1768	0	0	0
Ultrasound (4)	\$2,562,825.33	0	2379	\$1,077.27	2379	0	0	0
Cardio-Pulmonary Rehab	\$1,821,003.04	0	3500	\$520.29	3500	0	0	0
Lab	\$1,434,342.00	0	1924	\$745.50	1924	0	0	0
Clinic / Physician Offices	\$13,508,044.24	0	23830	\$566.85	23830	0	0	0
Total clinical services	\$27,157,846.99	0	38471	\$705.93	38471	0	0	0
NON-REVIEWABLE								
Public (Including Conference Center)	\$7,786,482.07	0	14370	\$541.86	14370	0	0	0
Staff Support	\$2,050,792.94	0	3820	\$536.86	3820	0	0	0
Building Systems	\$14,751,463.57	0	19230	\$767.11	19230	0	0	0
Circulation / Elevators	\$7,889,280.40	0	19109	\$412.86	19109	0	0	0
Total non-clinical areas	\$32,478,018.98	0	56529	\$574.54	56529	0	0	0
TOTAL PROJECT	\$59,635,865.97	0	95,000	\$627.75	95,000	0	0	0

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, 2026, issued by IDPH, is attached. The Hospital's most recent certificate 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 Surgery 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 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.

None.

3. 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)

ATTACHMENT 11

years prior to the filing of this application.

4. 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.

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.

Not applicable.

→ DISPLAY THIS PART IN A CONSPICUOUS PLACE



ILLINOIS DEPARTMENT OF PUBLIC HEALTH

HF134903

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

Issued under the authority of
the Illinois Department of
Public Health

Sameer Vohra, MD,JD,MA

EXPIRATION DATE
12/31/2026

CATEGORY

ID NUMBER

12/31/2026

0002014

General Hospital

Effective: 01/01/2026

**Riverside Medical Center
350 N Wall Street
Kankakee, IL 60901**

Exp. Date 12/31/2026

Lic Number 0002014

Date Printed 10/8/2025

Validation Num

Riverside Medical Center

**350 N Wall Street
Kankakee, IL 60901**

ATTACHMENT 11

FEE RECEIPT NO.

The face of this license has a colored background • Printed by Authority of the State of Illinois • P O #4025001 2M 4/25



ILLINOIS DEPARTMENT OF
PUBLIC HEALTH

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DR. Sameer Vohra
DIRECTOR OF IDPH

Issued under the authority of the
Illinois Department of Public Health

EFFECTIVE DATE	EXPIRATION DATE	LICENSE NUMBER	STATUS
10/1/2025	9/30/2026	0040659	Unrestricted

Category: Long Term Care

Total Licensed Beds

LICENSEE NAME RIVERSIDE SENIOR LIVING CENTER

LICENSEE BUSINESS NAME

MILLER HEALTH CARE CENTER
1601 BUTTERFIELD TRAIL
KANKAKEE Illinois 60901

DISPLAY THIS PART IN A
CONSPICUOUS PLACE



ILLINOIS DEPARTMENT OF
PUBLIC HEALTH

HF134612

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

Issued under the authority of
the Illinois Department of
Public Health

Sameer Vohra, MD, JD, MA

EXPIRATION DATE
11/30/2026

CATEGORY
Director

ID NUMBER
7003049

Ambulatory Surgery Treatment Center

Effective: 12/01/2025

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

Exp. Date 11/30/2026

Lic Number 7003049

Date Printed 9/10/2025

Validation Num 5045

Riverside Ambulatory Surgery Center

300 Riverside Dr Ste 1100
Bourbonnais, IL 60914-4997

FEE RECEIPT NO.

ATTACHMENT 11



HEALTHCARE CERTIFICATE

Certificate no.:
10000486636-MSC-CMS-USA

Initial certification date:
24 January, 2013

Valid:
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



ACCREDITATION ASSOCIATION
for AMBULATORY HEALTH CARE, INC.

grants this

CERTIFICATE OF ACCREDITATION

to

RIVERSIDE AMBULATORY SURGERY CENTER

300 RIVERSIDE DR SUITE 1100
BOURBONNAIS, ILLINOIS 60914

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

70608

Organization Identification Number

Steven Butz, MD
Board Chair



03/31/2029

The Award of Certification expires on the above date

Noel M. Adachi
President & CEO

Section III, Background, Purpose of the Project, and Alternatives - Information Requirements

Attachment 12

Section 1110.230(b) Purpose of Project

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

The purpose of the Project is to construct a four-story medical office building, which will consist of 80,000 square feet of provider offices, radiology (including general radiology, bone density, MRI and CT), laboratory and cardiopulmonary rehabilitation services. The Project will include one floor of conference and storage space.

The Project is proposed to provide improved patient access for primary and specialty services for patients in the primary service area of Riverside Medical Center ("Riverside"). The Riverside Medical Group ("RMG") is a physician and advanced practice provider ("APP") group owned by Riverside, which has grown in size from 43 providers in 2009 to a current complement of primary care, multi-specialty providers, residents, and fellows to 182. The Project is proposed to accommodate continued growth in radiology, laboratory and cardiopulmonary rehabilitation services. Patient volume in laboratory and radiology have increased between 15-25% in the past four years. The Project is intended for occupancy by outpatient ancillary services to address the critical shortage of available space at the main campus, as well as, providing access to, and growth for, newly recruited primary care providers and cardiologists in the community.

Improving physical access to care is particularly important for addressing social determinants of health (SDOH), including transportation barriers that can limit patients' ability to attend appointments or obtain timely services.

2. Define the planning area or market area, or other per the applicant's definition.

Riverside Medical Center and its medical group serve patients from the following areas:

General Service Area

Zip City	Percent
60901 - Kankakee	19.55%
60914 - Bourbonnais	15.71%
60950 - Manteno	6.79%
60915 - Bradley	5.63%
60481 - WILMINGTON	4.12%
60954 - MOMENCE	3.56%
60970 - Watseka	3.23%
60964 - Saint Anne	2.78%
60468 - PEOTONE	2.11%
60408 - BRAIDWOOD	1.98%
60416 - COAL CITY	1.86%
60940 - GRANT PARK	1.58%
60922 - CHEBANSE	1.22%
60927 - Clifton	1.19%
60941 - HERSCHER	1.06%
60958 - Pembroke Township	1.04%
60423 - Frankfort	1.03%
60401 - Beecher	0.92%
60938 - GILMAN	0.83%
60449 - MONEE	0.80%
60450 - MORRIS	0.80%
60913 - BONFIELD	0.78%
60420 - Dwight	0.74%
60911 - Ashkum	0.68%
60966 - SHELDON	0.62%
60935 - Essex	0.56%
60955 - ONARGA	0.55%
60416 - DIAMOND	0.54%
60442 - MANHATTAN	0.54%
60953 - MILFORD	0.54%

60424 - GARDNER	0.53%
60951 - MARTINTON	0.46%
60481 - CUSTER PARK	0.46%
60930 - DANFORTH	0.46%
60451 - NEW LENOX	0.42%
60928 - CRESCENT CITY	0.38%
60961 - REDDICK	0.37%
60931 - DONOVAN	0.36%
60407 - BRACEVILLE	0.32%
60417 - Crete	0.30%
60448 - MOKENA	0.29%
60477 - TINLEY PARK	0.28%
60917 - BUCKINGHAM	0.28%
Other	11.77%

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

As stated above, the Medical Group has grown more than four times its size in the past sixteen years, with the majority over the past five years. Riverside continues to focus on recruitment for primary care and specialists for the communities it serves.

Riverside currently owns approximately 251,528 s.f. of office real estate. Of that, 228,443 s.f. is currently occupied by RMG providers and a small number of independent practitioners. The balance of the space not occupied by physicians houses various hospital programs and services. There is currently no vacant space in these facilities to accommodate any future growth of the medical group. Additionally, some RMG providers are working in over-crowded facilities in space inadequate to serve patients' needs.

4. Cite the sources of the information provided as documentation.

Riverside relied on the inventory of leased and occupied space as provided by McColly Bennett, our real estate advisor. To determine the need for additional physicians and APPs to serve the community, Riverside continually evaluates recruitment trends and data for RMG office visits, admissions and appointment wait times available in EPIC EMR. External data, including CompData and MGMA, were also considered in the development of the medical staff recruitment plan.

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

The Project is essential to improving patient access to care while supporting the continued growth in clinical services. As new providers are recruited, additional clinical space is required to ensure they can practice efficiently while meeting the increasing demand for services. The Project will also allow for the expansion of ancillary services, such as imaging, laboratory and other outpatient support functions, helping to accommodate rising ancillary volumes and enabling patients to receive multiple services in a single, convenient location. Improving physical access to care is particularly important for addressing social determinants of health (SDOH), including transportation barriers and meeting accessibility standards that can limit patients' ability to attend appointments or obtain timely services. By strategically locating and designing the Project to be more accessible—with improved parking, proximity to public transit routes, and streamlined patient flow—the organization can reduce transportation challenges, enhance care coordination, and ensure more patients can access the care they need in a timely and convenient manner.

By expanding provider clinic capacity and improving accessibility, the Project will strengthen provider recruitment, support patient-centered care, and ensure the health system can better serve the evolving needs of the patients in our community.

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

The goal of the Project is to provide high-quality, easily accessible office space and ancillary services for our patients. Upon completion, the Project will enhance access to care and ensure that Riverside can effectively meet the needs of patients within its primary service market.

Section III, Background, Purpose of the Project, and Alternatives - Information Requirements

Attachment 13

Alternatives

Riverside proposes construction of a four-story medical office building on currently owned land as the most appropriate and least costly alternative among those discussed below.

1. Maintain Status Quo

Maintaining the status quo would do nothing to alleviate the current capacity issues of the Riverside Medical Group. Further, it would not address the growing demand for physician services and need to improve accessibility for the patients in our primary service area. In addition to adversely affecting patient satisfaction, the potential for unnecessary utilization of more expensive ER visits could result as access to physician practices is limited. For the foregoing reasons, maintaining the status quo was rejected as an alternative.

2. Expand Current Physician Office Building

Riverside currently has physician office buildings located in Kankakee, Bradley and Bourbonnais – its primary service area. An evaluation of these facilities was made to determine if expansion/modernization of these locations was feasible. This alternative was rejected as the age and/or structural limitations of the properties prevented adding additional floors or square footage. The cost to address these issues was prohibitive when compared with new construction and for this reason this alternative was not considered advisable.

3. Lease or Purchase Existing Space

Riverside sought the input of a commercial realtor to determine if a suitable commercial space was available in proximity to the main hospital campus to lease or possibly acquire. The inventory of facilities that would provide the necessary square footage and be suitable to function as a physician office with select outpatient ancillary services yielded no viable options. As such, this alternative was rejected.

4. Joint Venture with Other Providers

A typical venture for a medical office building would involve physician partners. Riverside is an integrated health system with an employed physician group (RMG) that is owned and operated through the medical center. The proposed Project will be collaborative with RMG providers, but it will, based on the aforementioned employed physician structure, not be a joint venture between different entities because RMG is part of Riverside.

5. Construct Proposed Pavilion II Project

The construction of the proposed four-story physician office building will address current and future demand for provider and ancillary support services in Riverside's primary market. The facility will address current space limitations in primary and specialty practices thus improving access for patients and feasibility to recruit additional providers.

Its location on the main hospital campus will also increase operational integration of services across the healthcare continuum. For the foregoing reasons, this alternative was viewed as the most appropriate approach to addressing the aforementioned issues.

Comparison of Alternatives

Option	Cost	Pros	Cons
Maintain Status Quo	\$0	No Capital investment required	- Dose not address current facility deficiencies - Fails to support Riverside HealthCare's current and future growth needs.
Renovate / Expand Existing Physician Office Building	Expansion not feasible to support operational needs therefor cost not determinable	Potentially faster occupancy than ground-up construction	- Aging infrastructure requires comprehensive renovation - Additions needed to meet operational demands - Limited long-term flexibility
Lease or purchase Existing Building	\$358/S.F. plus \$15 s.f. lease cost of triple net lease (est.)	Potentially faster occupancy than ground-up construction	- Limited availability of suitable properties - Services not adjacent to main hospital campus, impacting patient convenience and care integration
Joint Venture Project	N/A	Physicians and services already aligned with Riverside Healthcare	No clear strategic or financial advantage over direct ownership model
Proposed Pavilion II Project	\$59,635,863 Construction	- Fully addresses current and future capacity needs - Enhances patient and physician access. - Located adjacent to the main hospital campus, strengthening operational integration	Significant capital investment required

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

Attachment 14

Project Scope and Utilization

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

As previously discussed, the Riverside Medical Group (“RMG”) has grown from 43 providers in 2009 to a current complement of primary care, multi-specialty providers, residents and fellows to 182. The proposed Project is needed to support the organization’s continued clinical services growth and increasing demand for same in the community.

The physicians and advanced practice providers relocating to the Project, support primary care, cardiology, and immediate care services in the community. RMG is expected to add three to five providers in the next two years to support the growing need for physician and APP providers in the community. The proposed expansion from this Project will result in efficiencies in healthcare delivery for Riverside patients. As new providers are recruited, additional clinical space is required to ensure they can practice efficiently and meet increasing community demand for services. The expanded space and facility location are designed to eliminate access barriers related to improved layouts for workflows and access to public transportation. An immediate care will be located in the Project to offset the rise in patients seeking care seven days a week that do not have a primary care provider or access to their provider on off hours. The immediate care clinic provides much-needed services that do not warrant an emergency room level of care and directs the patient to a more appropriate and cost effective care setting.

The primary care, cardiology and immediate care clinics will have dedicated space of 23,830 s.f. to support an historical volume of 49,850 clinic visits. The provider and immediate care clinics do not have a utilization or space allocation standard.

The Project is designed to address the growing needs of an aging population and the increasing demand for ancillary services within the community. It will enhance patient access to essential services, including radiology, laboratory and cardiopulmonary rehabilitation. Ancillary service utilization has demonstrated consistent year-over-year growth of 10–20%, underscoring the importance of expanding capacity to ensure timely and efficient patient care.

Currently, inpatient MRI resources are shared across emergency department, inpatient, and outpatient populations. Emergency department volumes, along with inpatient volumes, have increased by more than 9% annually in 2025 and 2026, placing significant strain on MRI and CT service availability. Additionally, the existing outpatient imaging location—housing x-ray,

mammography, ultrasound, and CT—lacks the physical capacity to accommodate MRI services or additional CT equipment, further limiting access.

The sustained growth in imaging volumes supports the need for expanded capacity. The Project will address these constraints through the relocation of radiology services and the addition of a second CT unit and two MRI units, thereby improving access, reducing delays and enhancing overall patient throughput.

Furthermore, the relocation of radiology services to the Project will free space to accommodate an expanded ambulatory infusion center, which is currently experiencing increased demand and requires additional capacity. The vacated space will include a physical therapy suite, improving access to rehabilitative services for patients in the Kankakee community who may face barriers to seeking care outside the area.

Plans for the Project include approximately 9,217 s.f. for radiology services. The space designated for general radiology will include treatment and support areas for x-ray. The historical volume of 8,195 general radiology procedures justifies two x-ray units satisfying the standard. The footprint for radiology is planned at 1092 g.s.f., which meets the state standard of 1300 d.g.s.f. per unit.

The space designated for MRI will include treatment and support areas for this modality. The historical volume of 7,000 MRI procedures justifies two MRI units satisfying the standard. The footprint for MRI is planned at 1768 g.s.f., which meets the state standard of 1800 d.g.s.f. per unit.

The space designated for CT will include treatment and support areas for this modality. The historical volume of 7,092 CT procedures justifies two CT units satisfying the standard. The footprint for CT is planned at 2444 g.s.f. which meets the state standard of 1800 d.g.s.f. per unit.

The space designated for ultrasound (US) will include treatment and support areas for for US. The historical volume of 7,233 US procedures justifies three US units and satisfies the standard. The footprint for US is planned at 2379 g.s.f., which meets the state standard of 900 d.g.s.f. per unit.

The space designated for mammography will include treatment and support areas for mammography. The historical volume of 6,036 mammography procedures justifies two mammography units satisfying the standard. The footprint for mammography units is planned at 1534 g.s.f., which meets the state standard of 900 d.g.s.f. per unit.

The space designated for cardiopulmonary rehabilitation of 3500 s.f. will support historical volume of 9,975 procedures. Cardiopulmonary rehabilitation as a hospital-based clinical service does not have a utilization or space allocation standard.

The 1,924 s.f. of space designated for laboratory draw rooms, EKG, respiratory testing, and dietary consultations areas will support the historical volume of 20,000 outpatient visits for these services. These hospital-based clinical services do not have a utilization or space allocation standard.

Size of Project

Department/Service	Proposed DGSF	State Standard	Difference/Unit	Met Standard
General Radiology	1092 dgsf (2 units)	1300 dgsf/unit	-754	Yes
MRI	1768 dgsf (2 units)	1,800 dgsf/unit	-916	Yes
CT	2444 dgsf (2 units)	1,800 dgsf	-578	Yes
Ultrasound	2379 dgsf (3 units)	900 dgsf/unit	-107	Yes
Mammography	1534 dgsf (2 units)	900 dgsf/unit	-133	Yes
Cardiopulmonary Rehab	3500 dgsf	N/A	N/A	N/A
Clinic/Physician Offices	23830 dgsf	N/A	N/A	N/A
Laboratory , EKG, Respiratory Testing	1924 dgsf	N/A	N/A	N/A
Public and Conference Center	14370 dgsf	N/A	N/A	N/A
Support Staff	3820 dgsf	N/A	N/A	N/A
Building Systems	19230 dgsf	N/A	N/A	N/A
Circulation/Elevators	19109 dgsf	N/A	N/A	N/A

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

Attachment 15

Project Services Utilization

1. Project Services Utilization – For Areas for Which There is a Utilization Standard as Shown in Appendix B.

General Radiology

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Radiology	8195		8000/unit	Yes	2
2026			9100		Yes	2
2027			10010		Yes	2
2028			11011		Yes	2

The Project proposes to install and operate two general radiology suites for use by the physician occupants of the medical office building and those who have provider orders requiring the service. This modality will be used for diagnosis of fractures, soft tissue injuries and other diagnostic measures. The proposed Project, including the radiology suites, is expected to be completed and operational by the third quarter of 2028.

The principal user of this radiology equipment will be Riverside Medical Group and independent providers. With historical volume of 8,195 exams and projected volume in 2026 of 9,100 exams, both historical and projected volume meet the standard for two units. The expected growth of the Medical Group, and current exam volume, supports the installation of two radiographic units. In addition, with the projected growth in immediate care visits, an anticipated increase in general radiology exams is anticipated.

MRI

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	MRI	7000		2500/unit	Yes	2
2026			7150		Yes	2
2027			7865		Yes	2
2028			8652		Yes	2

The Project proposes to install and operate two MRI suites for use by the physician occupants of the medical office building and those who have provider orders requiring the service. MRI scans provide images of non-bony areas or soft tissues of the body. MRI scans facilitate the diagnosis of injuries to soft tissues, joints or injury to organs including the heart, brain, lungs and digestive system. The proposed Project, including the MRI suites, is expected to be completed and operational by the third quarter of 2028.

The principal user of this radiology equipment will be Riverside Medical Group and independent providers. With historical volume of 7,000 scans and projected volume in 2026 of 7,150 scans, both historical and projected volume meet the standard for two units. The expected growth of the Medical Group, and current exam volume, supports the installation of two MRI units.

CT

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	CT	7092		7000/unit	Yes	2
2026			9850		Yes	2
2027			10835		Yes	2
2028			11919		Yes	2

The Project proposes to install and operate two CT suites for use by the physician occupants of the medical office building and those who have provider orders requiring the service. This modality will be used for diagnosis of cancer, infections and internal injuries. CT scans provide detailed images of tumors, abscesses and other abnormalities that may not be visible on a plane film x-ray. The proposed Project, including the CT suites, is expected to be completed and operational by the third quarter of 2028.

The principal user of the CT scanners will be Riverside Medical Group and independent providers. With historical volume of 7,092 scans and projected volume in 2026 of 9,850 scans, both historical and projected volume meet the standard for two units. The expected growth of the Medical Group, and current exam volume, supports the installation of two CT units. In

addition, the CT units will be strategically located by the immediate care clinic thereby enhancing and expediting care to patients seen there.

Ultrasound (US)

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	US	7233		3100/unit	Yes	3
2026			10400		Yes	3
2027			11440		Yes	3
2028			12584		Yes	4

The Project proposes to install and to operate three ultrasound suites for use by the physician occupants of the medical office building and those who have provider orders requiring the service. Ultrasound is used as a non-invasive imaging technique to visualize organ, tissue and other structures. Ultrasound is used by obstetrics, gynecology, cardiology and primary care. Riverside is the only provider in the community currently offering obstetric services which require ultrasound. The proposed Project, including the ultrasound suites, is expected to be completed and operational by the third quarter of 2028.

The principal user of this radiology equipment will be Riverside Medical Group and independent providers. With historical volume of 7,233 exams and projected volume in 2026 of 10,400 exams, both historical and projected volume meet the standard for three units. The expected growth of the Medical Group, and current exam volume, supports the installation of three US units.

Mammography

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Mammography	6036		5000/unit	Yes	2
2026			7645		Yes	2
2027			8410		Yes	2
2028			9250		Yes	2

The Project proposes to install and operate two mammography suites for use by the physician occupants of the medical office building and those who have provider orders requiring the service. Mammography is a specialized medical imaging device that creates detailed images of breast tissue for early detection and diagnosis of breast diseases, particularly breast cancer. Breast cancer is the second most frequently diagnosed cancer among American women making the availability of this diagnostic modality important to insuring early detection of breast malignancies. Mammography is used by obstetrics, gynecology, primary care and surgical specialists. The proposed Project, including the mammography suites, is expected to be completed and operational by the third quarter of 2028.

The principal user of mammography will be Riverside Medical Group and independent providers. With historical volume of 6,036 exams and projected volume in 2026 of 7,645 exams, both historical and projected volume meet the standard for three units. The expected growth of the Medical Group, and current exam volume, supports the installation of two mammography units.

For Areas without utilization standards as shown in Appendix B

Clinic and Physician Offices

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Physician Offices and Immediate Care	49,850		None	N/A	
2026			59820		N/A	
2027			65802		N/A	
2028			72382		N/A	

The Project will support Riverside Medical Group's fifteen provider cardiology team, five internal medicine providers, four family practice providers, and two immediate care providers. Riverside is recruiting an additional three to five providers to join these practices in the next year. The combined historical volume for these providers for 2025 is 49,850 patient visits with a projected 2026 volume of 59,820 patient visits. The addition of newly recruited providers will generate growth in patient visits over the next three years of 10% - 20%. There is no standard for this area.

Cardiopulmonary Rehab

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Cardio Pulmonary Rehab	9,975		None	N/A	
2026			10,274		N/A	
2027			10,582		N/A	
2028			10,900		N/A	

The Project supports a cardiopulmonary rehab department for use by the physician occupants of the medical office building and those who have provider orders requiring the service. Cardiopulmonary rehabilitation is a program to improve heart and lung health, restore strength and reduce future health risks. The proposed Project, including the cardiopulmonary department, is expected to be completed and operational by the third quarter of 2028.

The principal user of this department will be Riverside Medical Group and independent providers. Cardiopulmonary rehab has an historical volume of 9,975 visits and projected volume in 2026 of 10,274 visits. There is not a standard for a cardiopulmonary rehabilitation department.

Laboratory

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Outpatient Draw Station	20,000		None	N/A	
2026			24,000		N/A	
2027			26,400		N/A	
2028			29,040		N/A	

The Project will include a laboratory draw station for use by the physician occupants of the medical office building and those who have provider orders requiring laboratory testing. The laboratory draw setting is designed as a safe and efficient collection of blood samples for diagnostic testing. In the laboratory draw station suite, patients will also be able to receive EKG testing, pulmonary function testing and dietary consults. The proposed Project, including the laboratory draw center, EKG, PFT and dietary consults, is expected to be completed and operational by the third quarter of 2028.

The principal user of this department will be Riverside Medical Group and independent providers. The laboratory and other ancillary services have an historical volume of 20,000 annual visits and projected volume in 2026 of 24,000 annual visits. There is not a standard for the laboratory or other ancillary departments described above.

Section V, Service Specific Review Criteria

Attachment 31

Clinical Service Area Other Than Categories of Service

1. Need Determination – Establishment

The main purpose of this Project is to increase accessibility for patients in Riverside's primary service area of Kankakee, Bradley and Bourbonnais to physician, APP and ancillary testing services. The Riverside Medical Group provides the vast majority of clinic visits and ancillary services to patients in Riverside's primary service area. Constructing this project allows patients to receive care in an accessible, convenient and close-to-home, state-of-the-art environment. For patients with social determinants of health issues, the Kankakee location is convenient and close to public transportation.

General Service Area

Zip City	Percent
60901 - Kankakee	19.55%
60914 - Bourbonnais	15.71%
60950 - Manteno	6.79%
60915 - Bradley	5.63%
60481 - WILMINGTON	4.12%
60954 - MOMENCE	3.56%
60970 - Watseka	3.23%
60964 - Saint Anne	2.78%
60468 - PEOTONE	2.11%
60408 - BRAIDWOOD	1.98%
60416 - COAL CITY	1.86%
60940 - GRANT PARK	1.58%
60922 - CHEBANSE	1.22%
60927 - Clifton	1.19%
60941 - HERSCHER	1.06%
60958 - Pembroke Township	1.04%
60423 - Frankfort	1.03%
60401 - Beecher	0.92%
60938 - GILMAN	0.83%
60449 - MONEE	0.80%
60450 - MORRIS	0.80%

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60420 - Dwight	0.74%
60911 - Ashkum	0.68%
60966 - SHELDON	0.62%
60935 - Essex	0.56%
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60931 - DONOVAN	0.36%
60407 - BRACEVILLE	0.32%
60417 - Crete	0.30%
60448 - MOKENA	0.29%
60477 - TINLEY PARK	0.28%
60917 - BUCKINGHAM	0.28%
Other	11.77%

2. Service Demand

The purpose of the Project is to construct a four-story medical office building, which will consist of 80,000 square feet of provider offices, radiology, laboratory, and cardiopulmonary rehabilitation services. The Project will include one floor of conference and storage space and an additional 15,000 square feet of basement level space which will house the mechanical systems for this Project.

The Project will provide improved access for primary and specialty services for patients in the primary service area of Riverside Medical Center. The primary care and cardiology providers who will be located in the Project are projected to grow patient visits to over 72,000 by 2028. With an aging community, demand will continue for primary care and cardiology services. The growth in provider services will be accompanied by a concomitant increase in radiology, laboratory, respiratory, dietary consultation and cardiopulmonary rehabilitation services. Laboratory tests and radiology exams have increased between 15- 25% in the past four years. To accommodate current and future service demand the need for additional clinic and ancillary service suites, which is not available in their current hospital location, is needed.

The Project will have 9,217 g.s.f. dedicated to the various imaging modalities to include general radiology, MRI, CT, ultrasound and mammography.

General Radiology

The general radiology space in the Project is justified using the state's utilization standard of 8,000 exams per unit. Both historical and projected utilization for general radiology justifies the need for two units.

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Radiology	8195		8000/unit	Yes	2
2026			9100		Yes	2
2027			10010		Yes	2
2028			11011		Yes	2

MRI

The MRI space in the Project is justified using the state's utilization standard of 2,500 exams per unit. Both historical and projected utilization for MRI justifies the need for two units.

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	MRI	7000		2500/unit	Yes	2
2026			7150		Yes	2
2027			7865		Yes	2
2028			8652		Yes	2

CT

The CT space in the Project is justified using the state's utilization standard of 7,000 exams per unit. Both historical and projected utilization for CT justifies the need for two units.

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	CT	7092		7000/unit	Yes	2
2026			9850		Yes	2
2027			10835		Yes	2
2028			11919		Yes	2

Ultrasound (US)

The ultrasound space in the Project is justified using the state's utilization standard of 3,100 exams per unit. Both historical and projected utilization for US justifies the need for three units.

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	US	7233		3100/unit	Yes	3
2026			10400		Yes	3
2027			11440		Yes	3
2028			12584		Yes	4

Mammography

The mammography space in the Project is justified using the state's utilization standard of 5,000 exams per unit. Both historical and projected utilization for mammography justifies the need for two units.

Utilization	Department	Historical Utilization	Projected Utilization	State Standard	Meet Standard?	Units
2025	Mammography	6036		5000/unit	Yes	2
2026			7645		Yes	2
2027			8410		Yes	2
2028			9250		Yes	2

By completion of the Project, primary care, cardiology and immediate care volume is projected to exceed 72,000 visits. The clinic space is planned for 23,830 g.s.f. to support these areas. The cardiopulmonary rehabilitation area will serve patients of the cardiologists in the Project with 3,500 g.s.f. to support an historical volume of 9,975 visits. The remaining treatment space of 1,924 g.s.f. will consist of laboratory draw rooms, EKG, respiratory testing and dietary consultations with volume exceeding 20,000 visits annually. Physician office and the above-described ancillary services departments do not have state utilization or space allocation standards.

3. Impact on Other Area Providers

The proposed Project should have no impact on other area providers. Riverside Medical Center and its employed physician group is part of a fully integrated health system. Currently, most referrals come from within the Medical Group or from independent providers for radiology, cardiopulmonary rehabilitation, laboratory, EKG, respiratory or dietary consults. The Project

will provide accessible, state-of-the-art convenience for the care and treatment of patients in the community.

Section VII

Section 1120.120 Availability of Funds

Attachment 34

Riverside Medical Center's Financial Statements for the years 2023, 2024, and 2025 are attached.

ATTACHMENT 34



**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Financial
Statements and Combining Schedules

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

ATTACHMENT 34

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

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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 Affiliates) (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 sheet as of December 31, 2024 and December 31, 2023, and the related special-purpose combined statement 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, financial position of the Riverside Health System and Obligated Affiliates as of December 31, 2024 and December 31, 2023, 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 Affiliates 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.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 of the special-purpose combined financial statements, which describes the basis of accounting. The special-purpose combined financial statements are prepared 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 the 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 Affiliates' 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 Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Affiliates' 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 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 Affiliates' 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 board 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 22, 2025

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Balance Sheets

December 31, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents	\$ 126,213,100	91,621,143
Short-term investments	52,546,774	47,918,503
Receivables:		
Patient and resident accounts receivable	33,374,411	35,266,189
Other	1,378,421	1,005,554
Total receivables	34,752,832	36,271,743
Inventory of supplies	10,390,000	9,237,456
Prepaid expenses	11,475,587	12,493,289
Current portion of estimated insurance recoveries	1,639,090	1,446,021
Total current assets	237,017,383	198,988,155
Assets whose use is limited or restricted:		
By board of directors for capital improvements and other	359,200,263	330,412,592
Deposits under residency agreements	2,566,330	2,933,506
Investments related to net assets with donor restrictions	4,015,743	3,556,993
Total assets whose use is limited or restricted	365,782,336	336,903,091
Land, buildings, and equipment, net of accumulated depreciation	299,511,274	294,824,754
Other assets:		
Due from Riverside HealthCare Foundation, Inc.	9,866,532	8,545,846
Estimated insurance recoveries	6,745,904	4,780,144
Other assets	243,594	302,631
Total other assets	16,856,030	13,628,621
Total assets	\$ 919,167,023	844,344,621

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Balance Sheets

December 31, 2024 and 2023

Liabilities and Net Assets	2024	2023
Current liabilities:		
Current installments of long-term debt	\$ 5,370,000	5,145,000
Accounts payable	7,481,001	7,927,600
Accrued expenses	45,947,006	37,151,185
Estimated payables under third-party reimbursement programs	32,562,602	15,699,643
Total current liabilities	91,360,609	65,923,428
Refundable advance residency fees	2,566,330	2,933,506
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	130,130,486	135,872,480
Construction payables	3,084,212	1,005,145
Estimated insurance liabilities	35,041,734	33,305,843
Other long-term liabilities	597,193	516,648
Total liabilities	262,780,564	239,557,050
Net assets:		
Net assets without donor restrictions	652,370,716	601,230,578
Net assets with donor restrictions	4,015,743	3,556,993
Total net assets	656,386,459	604,787,571
Total liabilities and net assets	\$ 919,167,023	844,344,621

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
Patient service revenue	\$ 475,506,210	449,278,320
Resident and health center services revenue	15,871,745	14,623,223
Other revenue	<u>18,133,124</u>	<u>7,568,958</u>
Total revenue	<u>509,511,079</u>	<u>471,470,501</u>
Expenses:		
Salaries and employee benefits	252,518,422	231,565,340
Purchased services and supplies	192,277,253	172,035,852
Depreciation and amortization	24,661,268	24,424,701
Utilities	6,235,746	6,009,251
Professional fees	7,915,646	6,881,031
Insurance	9,817,260	10,220,012
Interest	<u>4,149,430</u>	<u>4,199,914</u>
Total expenses	<u>497,575,025</u>	<u>455,336,101</u>
Income from operations	<u>11,936,054</u>	<u>16,134,400</u>
Nonoperating gains:		
Investment income, net	38,156,132	43,273,242
Other, net	<u>284,582</u>	<u>1,400,408</u>
Total nonoperating gains, net	<u>38,440,714</u>	<u>44,673,650</u>
Revenue and gains in excess of expenses and losses	50,376,768	60,808,050
Other changes in net assets without donor restrictions:		
Net assets released from restriction for purchases of land, buildings, and equipment	<u>763,370</u>	<u>2,070,929</u>
Increase in net assets without donor restrictions	<u>\$ 51,140,138</u>	<u>62,878,979</u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Revenue and gains in excess of expenses and losses	\$ 50,376,768	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	<u>763,370</u>	<u>2,070,929</u>
Increase in net assets without donor restrictions	<u>51,140,138</u>	<u>62,878,979</u>
Net assets with donor restrictions:		
Contributions for specific purposes	1,150,118	699,370
Investment return earned on net assets with donor restrictions	72,002	164,570
Net assets released from restriction for purchases of land, buildings, and equipment	<u>(763,370)</u>	<u>(2,070,929)</u>
Increase (decrease) in net assets with donor restrictions	<u>458,750</u>	<u>(1,206,989)</u>
Change in net assets	51,598,888	61,671,990
Net assets at beginning of year	<u>604,787,571</u>	<u>543,115,581</u>
Net assets at end of year	<u>\$ 656,386,459</u>	<u>604,787,571</u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:	\$ 51,598,888	61,671,990
Change in net assets		
Adjustments to reconcile change in net assets to net cash provided by operating activities:	24,661,268	24,424,701
Depreciation and amortization	—	(809,472)
Gain on sale of land and building		
Contributions and investment returns related to net assets with donor restrictions	(1,222,120)	(863,940)
Net realized and change in net unrealized gains and losses on investments	(20,583,202)	(27,938,832)
Changes in assets and liabilities:		
Patient and resident accounts receivable	1,891,778	(4,374,378)
Other receivables	(372,867)	67,964
Inventory of supplies, prepaid expenses, and other assets	(75,805)	(3,381,676)
Accounts payable and accrued expenses	8,349,222	(2,760,580)
Estimated payables under third-party reimbursement programs	16,862,959	(30,030,213)
Estimated insurance receivables and liabilities	(422,938)	1,811,554
Refundable security deposits	—	(12,492)
Refundable advance residency fees	(367,176)	(347,474)
Other long-term liabilities	80,545	291,529
Net cash provided by operating activities	<u>80,400,552</u>	<u>17,748,681</u>
Cash flows from investing activities:	63,594,729	30,996,891
Sales of short-term investments	(68,223,000)	(31,683,493)
Purchases of short-term investments	378,300,959	185,982,052
Sales of assets whose use is limited or restricted	(386,597,002)	(179,539,792)
Purchases of assets whose use is limited or restricted	(27,268,721)	(23,228,884)
Acquisition of land, buildings, and equipment, net	—	968,978
Proceeds from sale of land and building	<u>(40,193,035)</u>	<u>(16,504,248)</u>
Net cash used in investing activities		
Cash flows from financing activities:	(5,516,994)	(5,309,672)
Repayment of long-term debt	1,222,120	863,940
Contributions and investment returns related to net assets with donor restrictions	(1,320,686)	(1,034,214)
Net change in due from Riverside HealthCare Foundation, Inc.	<u>(5,615,560)</u>	<u>(5,479,946)</u>
Net cash used in financing activities	34,591,957	(4,235,513)
Net change in cash and cash equivalents	<u>91,621,143</u>	<u>95,856,656</u>
Cash and cash equivalents at beginning of year	\$ 126,213,100	91,621,143
Cash and cash equivalents at end of year		
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 4,770,288	5,000,388

See accompanying notes to special-purpose combined financial statements.

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**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

(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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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 collectability 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.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

(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 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 Federal Deposit Insurance Company (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 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).

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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) 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).

(i) 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.

(j) 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.

(k) 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, 2024 and 2023.

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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

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of Uniform Prudent Management of Institutional Funds Act (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 \$3,123,049 and \$2,687,762 at December 31, 2024 and 2023, respectively, are restricted by donors for specified programs and the acquisition of property and equipment. Remaining amounts due from the Foundation at December 31, 2024 and 2023 are unrestricted as to use by the Medical Center and RSLC.

(l) 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.

(m) 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.

(n) 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.

(o) 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, 2024 and 2023.

(p) 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

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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.

(q) 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, 2024 and 2023, 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, 2024, 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 126,213,100	91,621,143
Total receivables	34,752,832	36,271,743
Total assets whose use is limited or restricted and short-term investments	<u>418,329,110</u>	<u>384,821,594</u>
Total financial assets	579,295,042	512,714,480
Less assets unavailable to management without approval	<u>365,782,336</u>	<u>336,903,091</u>
Total financial assets available within one year	<u>\$ 213,512,706</u>	<u>175,811,389</u>

To help manage unanticipated liquidity needs, although intended to satisfy long-term obligations, 95% of assets whose use is limited at December 31, 2024, could be utilized within the next year if necessary.

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(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, 2024, Medicare reimbursement reports have been audited through December 31, 2020.

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, 2024 and 2023 of \$34,866,487 and \$33,309,774, 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 \$18,818,292 and \$18,772,098 for the years ended December 31, 2024 and 2023, respectively, within purchased services and supplies expense in the accompanying special-purpose combined statements of operations and changes in net assets without donor restrictions.

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(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, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Medicare	32 %	41 %
Medicaid	8	10
Blue Cross	29	20
Managed care/commercial	14	13
Self-pay and other	17	16
	<u>100 %</u>	<u>100 %</u>

A summary of Medical Center and RSLC utilization based upon patient and resident service revenue for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Medicare	53 %	53 %
Medicaid	18	18
Blue Cross	15	15
Managed care/commercial	9	9
Self-pay and other	5	5
	<u>100 %</u>	<u>100 %</u>

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.

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Resident and health center services revenue consists of rental income from RSLC residential retirement housing community. Other revenue includes revenues from nonpatient care services, rental income, ancillary and pharmacy sales and other miscellaneous income. Patient service revenue is recognized in the period from these major payor sources, as follows:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 235,889,506	225,741,264
Medicaid	106,324,908	101,692,384
Blue Cross	65,550,764	60,412,218
Managed care/commercial	40,825,848	37,506,921
Self-pay and other	<u>26,915,184</u>	<u>23,925,533</u>
Patient service revenue	475,506,210	449,278,320
Resident and health center services revenue	15,871,745	14,623,223
Other revenue	<u>18,133,124</u>	<u>7,568,958</u>
Total revenue	<u>\$ 509,511,079</u>	<u>471,470,501</u>

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

	<u>2024</u>	<u>2023</u>
Inpatient	\$ 121,172,941	116,299,804
Outpatient/ambulatory	354,333,269	332,978,516
Senior living center	15,871,745	14,623,223
Other	<u>18,133,124</u>	<u>7,568,958</u>
	<u>\$ 509,511,079</u>	<u>471,470,501</u>

(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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Costs of charity care provided	\$ 3,698,586	2,832,850

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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, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Accrued interest	\$ 2,238,616	1,724,483
Short-term investments, consisting primarily of money market funds	75,114,489	17,905,139
Common stock	54,311,057	73,947,357
Mutual equity funds	125,060,455	144,643,035
U.S. Treasury and U.S. government agency securities	82,385,832	68,758,034
Corporate bonds and notes	54,197,672	50,621,085
Limited partnerships	25,020,989	27,222,461
	<u>\$ 418,329,110</u>	<u>384,821,594</u>

Investments are reported in the accompanying special-purpose combined balance sheets as follows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Short-term investments	\$ 52,546,774	47,918,503
Assets whose use is limited or restricted:		
By board of directors for capital improvements and other	359,200,263	330,412,592
Deposits under residency agreements	2,566,330	2,933,506
Donor-restricted investments	4,015,743	3,556,993
	<u>\$ 418,329,110</u>	<u>384,821,594</u>

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The composition of investment return on RHS and its obligated affiliates' investment portfolios and Riverside Foundation Trust assets for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividend income, net of fees and expenses	\$ 17,644,932	15,498,980
Net realized gains (losses) on sale of investments	12,393,165	(903,480)
Change in net unrealized gains and losses during the holding period	<u>8,190,037</u>	<u>28,842,312</u>
Investment return	<u>\$ 38,228,134</u>	<u>43,437,812</u>

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, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Nonoperating gains:		
Investment income, net	\$ 38,156,132	43,273,242
Other changes in net assets:		
Investment return earned on net assets with donor restrictions	<u>72,002</u>	<u>164,570</u>
Investment return	<u>\$ 38,228,134</u>	<u>43,437,812</u>

(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

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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.

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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, 2024 or 2023.

The following table presents assets and liabilities, excluding accrued interest, which are measured at fair value on a recurring basis at December 31, 2024:

	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 and cash equivalents	\$ 126,213,100	126,213,100	—	—	Daily	One
Total cash and cash equivalents	126,213,100	126,213,100	—	—		
Short-term investments, excluding accrued interest of \$174,571						
Quoted mutual equity funds	15,346,181	15,346,181	—	—	Daily	One
Common stocks	4,221,429	4,221,429	—	—	Daily	One
Money market funds	10,436,367	10,436,367	—	—	Daily	One
U.S. Treasury and U.S. government agency securities	12,092,984	—	12,092,984	—	Daily	One
Corporate bonds and notes	7,143,615	—	7,143,615	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	1,659,089				Quarterly	Sixty
IF Tax-Exempt Hedged L.P. (1)	1,472,538				Quarterly	Sixty
Total short-term investments	52,372,203	30,003,977	19,236,599	—		
Assets limited as to use, excluding accrued interest of \$2,084,045						
Quoted mutual equity funds	109,714,274	109,714,274	—	—	Daily	One
Common stocks	50,089,628	50,089,628	—	—	Daily	One
Money market funds	64,678,122	64,678,122	—	—	Daily	One
U.S. Treasury and U.S. government agency securities	70,292,847	—	70,292,847	—	Daily	One
Corporate bonds and notes	47,054,056	—	47,054,056	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	11,596,655				Quarterly	Sixty

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	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	<u>Redemption or liquidation</u>	<u>Days notice</u>
■ Tax-Exempt Hedged L.P. (1)	\$ <u>10,292,707</u>				Quarterly	Sixty
Total assets limited as to use	<u>363,718,291</u>	<u>224,482,026</u>	<u>117,346,903</u>	<u>—</u>		
Total assets	\$ <u>542,303,594</u>	<u>380,699,103</u>	<u>136,583,502</u>	<u>—</u>		

(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.

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The following table presents assets and liabilities, including 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 and cash equivalents	\$ 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 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	Sixty
IF Tax-Exempt Hedged L.P. (1)	1,537,822				Quarterly	Sixty
Total short-term investments	47,721,089	26,674,385	17,331,038	—		

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	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 \$1,527,069:						
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	Sixty
HF Tax-Exempt Hedged L.P. (1)	9,728,878				Quarterly	Sixty
Total assets limited as to use	335,376,022	209,821,146	102,048,081	—		
Total assets	\$ 474,718,254	328,116,674	119,379,119	—		

(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, 2024 and 2023 is as follows:

	2024		2023	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	\$ 14,100,131	—	13,941,781	—
Land improvements	17,267,947	9,462,093	15,192,574	8,664,762
Buildings	387,769,854	201,807,831	380,193,886	191,340,178
Equipment	254,618,885	172,049,865	243,527,387	160,657,330
Construction in progress	9,074,246	—	2,631,396	—
	<u>\$ 682,831,063</u>	<u>383,319,789</u>	<u>655,487,024</u>	<u>360,662,270</u>

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The Medical Center and RSLC are currently engaged in various construction, renovation, and software implementation projects. Outstanding contractual commitments related to these projects approximate \$18,609,000 at December 31, 2024.

Interest cost is capitalized as a component cost of significant capital projects. A summary of interest cost capitalized for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Interest cost capitalized	\$ 143,745	304,689

(8) Long-Term Debt

A summary of long-term debt as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Revenue bonds, Series 2013, at varying fixed effective interest rates (4.70% at December 31, 2024 and 2023), depending on date of maturity, and subject to mandatory annual redemption through 2042	\$ 27,245,000	29,680,000
Revenue bonds, Series 2016, at varying fixed effective interest rates (3.55% at December 31, 2024 and 2023), depending on date of maturity, and subject to annual mandatory redemption through 2045	65,690,000	67,900,000
Revenue bonds, Series 2020, at varying fixed effective interest rates (1.74% at December 31, 2024 and 2023), depending on date of maturity and subject to mandatory redemption through 2050	<u>38,500,000</u>	<u>39,000,000</u>
	131,435,000	136,580,000
Less:		
Current installments of long-term debt	5,370,000	5,145,000
Deferred financing costs, net	1,168,918	1,284,656
Plus:		
Unamortized bond premium	<u>5,234,404</u>	<u>5,722,136</u>
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	\$ <u>130,130,486</u>	<u>135,872,480</u>

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

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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 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.

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**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2024 and 2023

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:	
2025	\$ 5,370,000
2026	5,615,000
2027	5,870,000
2028	6,125,000
2029	5,525,000
Thereafter	<u>102,930,000</u>
	<u>\$ 131,435,000</u>

(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 2024 or 2023. For the 2024 fiscal year, the Provider Trust committed to refund excess contributions to its members, of which the Medical Center will receive \$1,207,458 included in current portion of estimated insurance recoveries in the special-purpose combined 2024 balance sheet. The 2023 fiscal year excess contribution refund was \$1,139,086 and was received in 2024. Total contributions to the Provider Trust amounted to \$3,947,679 and \$2,365,910 for the years ended December 31, 2024 and 2023, 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 \$27,756,958 and \$25,387,450 at December 31, 2024 and 2023, 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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

(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 \$6,400,000 and \$6,000,000 in 2024 and 2023, 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, 2024 and 2023, RHS and its obligated affiliates recognized approximately \$235,900,000 and \$225,700,000, 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

(Continued)

ATTACHMENT 34

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2024 and 2023

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 2024 or 2023 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, 2024 and December 31, 2023 are as follows:

	<u>Healthcare services</u>	<u>General and administration</u>	<u>Total</u>
2024:			
Salaries and employee benefits	\$ 235,920,841	16,597,581	252,518,422
Purchased services and supplies	181,893,799	10,383,454	192,277,253
Depreciation and amortization	24,661,268	—	24,661,268
Utilities	6,208,263	27,483	6,235,746
Professional fees	7,900,222	15,424	7,915,646
Insurance	9,493,959	323,301	9,817,260
Interest	4,015,359	134,071	4,149,430
	<u>\$ 470,093,711</u>	<u>27,481,314</u>	<u>497,575,025</u>

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2024 and 2023

	<u>Healthcare services</u>	<u>General and administration</u>	<u>Total</u>
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
	<u>\$ 428,691,336</u>	<u>26,644,765</u>	<u>455,336,101</u>

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, 2024 through May 22, 2025, which was the date the special-purpose combined financial statements were issued, and determined no subsequent events requiring recording or disclosure.

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**
Combining Schedule – Balance Sheet Information
December 31, 2024

Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current assets					
Cash and cash equivalents	\$ 113,244,417	5,051,487	7,917,196	—	126,213,100
Short-term investments	—	18,647,157	33,899,617	—	52,546,774
Receivables:					
Patient and resident accounts receivable	31,817,290	20,928	1,536,193	—	33,374,411
Other	27,103,934	2,095,567	27,557	(27,848,637)	1,378,421
Total receivables	58,921,224	2,116,495	1,563,750	(27,848,637)	34,752,832
Inventory of supplies	10,249,126	74,924	65,950	—	10,390,000
Prepaid expenses	11,359,691	105,203	10,693	—	11,475,587
Current portion of estimated insurance recoveries	1,639,090	—	—	—	1,639,090
Total current assets	195,413,548	25,995,266	43,457,206	(27,848,637)	237,017,383
Assets whose use is limited or restricted					
By board of directors for capital improvements and other	359,200,263	—	—	—	359,200,263
Deposits under residency agreements	—	—	2,566,330	—	2,566,330
Investments related to net assets with donor restrictions	3,766,244	—	249,499	—	4,015,743
Total assets whose use is limited or restricted	362,966,507	—	2,815,829	—	365,782,336
Land, buildings, and equipment, net of accumulated depreciation	258,883,053	9,444,425	31,183,796	—	299,511,274
Other assets					
Due from Riverside HealthCare Foundation, Inc.	9,269,699	—	596,833	—	9,866,532
Estimated insurance recoveries	6,745,904	—	—	—	6,745,904
Other assets	243,594	—	—	—	243,594
Total other assets	16,259,197	—	596,833	—	16,856,030
Total assets	\$ 833,522,305	35,439,691	78,053,664	(27,848,637)	919,167,023
Current liabilities:					
Current installments of long-term debt	\$ 4,452,909	35,975	881,116	—	5,370,000
Accounts payable	5,411,513	3,706,859	24,026,786	(25,664,157)	7,481,001
Accrued expenses	44,388,633	414,264	3,328,589	(2,184,480)	45,947,006
Estimated payables under third party reimbursement programs	32,562,602	—	—	—	32,562,602
Total current liabilities	86,815,657	4,157,098	28,236,491	(27,848,637)	91,360,609
Refundable advance residency fees	—	—	2,566,330	—	2,566,330
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	114,327,335	1,031,658	14,771,493	—	130,130,486
Construction payables	3,084,212	—	—	—	3,084,212
Estimated insurance liabilities	35,041,734	—	—	—	35,041,734
Other long-term liabilities	597,193	—	—	—	597,193
Total liabilities	239,866,131	5,188,756	45,574,314	(27,848,637)	262,780,564
Net assets					
Net assets without donor restrictions	589,889,930	30,250,935	32,229,851	—	652,370,716
Net assets with donor restrictions	3,766,244	—	249,499	—	4,015,743
Total net assets	593,656,174	30,250,935	32,479,350	—	656,386,459
Total liabilities and net assets	\$ 833,522,305	35,439,691	78,053,664	(27,848,637)	919,167,023

See accompanying independent auditors' report.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

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

Year ended December 31, 2024

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Revenue:					
Patient service revenue	\$ 459,683,211	3,020,415	12,792,584	—	475,506,210
Resident and health center services revenue	—	—	15,871,745	—	15,871,745
Other revenue	18,002,419	47,962	591,145	(508,402)	18,133,124
Total revenue	477,695,630	3,068,377	29,255,474	(508,402)	509,511,079
Expenses:					
Salaries and employee benefits	234,979,955	1,526,233	16,012,234	—	252,518,422
Purchased services and supplies	183,211,516	1,239,372	8,334,767	(508,402)	192,277,253
Depreciation and amortization	21,954,346	340,185	2,366,737	—	24,661,268
Utilities	4,925,291	228,835	1,081,620	—	6,235,746
Professional fees	7,900,222	—	15,424	—	7,915,646
Insurance	9,347,715	79,470	390,075	—	9,817,260
Interest	3,512,634	35,811	600,985	—	4,149,430
Total expenses	465,831,679	3,449,906	28,801,842	(508,402)	497,575,025
Income (loss) from operations	11,863,951	(381,529)	453,632	—	11,936,054
Nonoperating gains:					
Investment income, net	34,043,044	1,626,434	2,486,654	—	38,156,132
Other, net	284,582	—	—	—	284,582
Total nonoperating gains, net	34,327,626	1,626,434	2,486,654	—	38,440,714
Revenue and gains in excess of expenses and losses	46,191,577	1,244,905	2,940,286	—	50,376,768
Other changes in net assets without donor restrictions:					
Net assets released from restriction for purchases of land, buildings, and equipment	750,681	—	12,689	—	763,370
Increase in net assets without donor restrictions	\$ 46,942,258	1,244,905	2,952,975	—	51,140,138

See accompanying independent auditors' report.

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Combining Schedule – Statement of Changes in Net Assets Information

Year ended December 31, 2024

	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	\$ 46,191,577	1,244,905	2,940,286	—	50,376,768
Other changes in net assets without donor restrictions:					
Net assets released from restrictions used for the purchase of land, buildings, and equipment	<u>750,681</u>	<u>—</u>	<u>12,689</u>	<u>—</u>	<u>763,370</u>
Increase in net assets without donor restrictions	<u>46,942,258</u>	<u>1,244,905</u>	<u>2,952,975</u>	<u>—</u>	<u>51,140,138</u>
Net assets with donor restrictions:					
Contributions for specific purposes	1,126,350	—	23,768	—	1,150,118
Investment return earned on net assets with donor restrictions	72,002	—	—	—	72,002
Net assets released from restriction for purchases of land, buildings, and equipment	<u>(750,681)</u>	<u>—</u>	<u>(12,689)</u>	<u>—</u>	<u>(763,370)</u>
Increase in net assets with donor restrictions	<u>447,671</u>	<u>—</u>	<u>11,079</u>	<u>—</u>	<u>458,750</u>
Change in net assets	<u>47,389,929</u>	<u>1,244,905</u>	<u>2,964,054</u>	<u>—</u>	<u>51,598,888</u>
Net assets at beginning of year	<u>546,266,245</u>	<u>29,006,030</u>	<u>29,515,296</u>	<u>—</u>	<u>604,787,571</u>
Net assets at end of year	<u>\$ 593,656,174</u>	<u>30,250,935</u>	<u>32,479,350</u>	<u>—</u>	<u>656,386,459</u>

See accompanying independent auditors' report.



**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Financial
Statements and Combining Schedules

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

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**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

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Independent Auditors' Report

The Board of Directors
Riverside Medical System:

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 (Riverside Health System and Obligated Affiliates) (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, 2025 and 2024, 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 Riverside Health System and Obligated Affiliates as of December 31, 2025 and 2024, 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 Riverside Health System and Obligated Affiliates 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.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 of the special-purpose combined financial statements, which describes the basis of accounting. The special-purpose combined financial statements are prepared 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 the financial reporting provisions of the Amended Master Trust Indenture described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose combined financial statements that is free from material misstatement, whether due to fraud or error.

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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 Riverside 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 certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Riverside Health System and Obligated Affiliates' 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 Riverside Health System and Obligated Affiliates' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The accompanying Schedules 1 through 3 are presented for purposes of additional analysis and are 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.

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Restriction on Use

This report is intended solely for the information and use of the board 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 21, 2026

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Balance Sheets

December 31, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 142,723,673	126,213,100
Short-term investments	59,655,049	52,546,774
Receivables:		
Patient and resident accounts receivable	51,310,569	33,374,411
Other	1,327,616	1,378,421
Total receivables	52,638,185	34,752,832
Inventory of supplies	10,276,467	10,390,000
Prepaid expenses	13,434,894	11,475,587
Current portion of estimated insurance recoveries	4,038,676	1,639,090
Total current assets	<u>282,766,944</u>	<u>237,017,383</u>
Assets whose use is limited or restricted:		
By board of directors for capital improvements and other	400,415,318	359,200,263
Deposits under residency agreements	2,245,041	2,566,330
Investments related to net assets with donor restrictions	3,621,944	4,015,743
Total assets whose use is limited or restricted	<u>406,282,303</u>	<u>365,782,336</u>
Land, buildings, and equipment, net of accumulated depreciation	311,167,116	299,511,274
Other assets:		
Due from Riverside HealthCare Foundation, Inc.	12,013,996	9,866,532
Estimated insurance recoveries	14,610,613	6,745,904
Other assets	179,086	243,594
Total other assets	<u>26,803,695</u>	<u>16,856,030</u>
Total assets	<u>\$ 1,027,020,058</u>	<u>919,167,023</u>

(Continued)

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**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Special-Purpose Combined Balance Sheets

December 31, 2025 and 2024

Liabilities and Net Assets	2025	2024
Current liabilities:		
Current installments of long-term debt	\$ 5,615,000	5,370,000
Accounts payable	9,084,216	7,481,001
Accrued expenses	49,679,014	45,947,006
Estimated payables under third-party reimbursement programs	37,134,652	32,562,602
Total current liabilities	101,512,882	91,360,609
Refundable advance residency fees	2,245,041	2,566,330
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	124,151,537	130,130,486
Construction payables	400,082	3,084,212
Estimated insurance liabilities	45,843,376	35,041,734
Other long-term liabilities	490,935	597,193
Total liabilities	274,643,853	262,780,564
Net assets:		
Net assets without donor restrictions	748,754,261	652,370,716
Net assets with donor restrictions	3,621,944	4,015,743
Total net assets	752,376,205	656,386,459
Total liabilities and net assets	\$ 1,027,020,058	919,167,023

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Patient service revenue	\$ 540,701,684	475,506,210
Resident and health center services revenue	17,059,323	15,871,745
Other revenue	<u>28,540,763</u>	<u>18,133,124</u>
Total revenue	<u>586,301,770</u>	<u>509,511,079</u>
Expenses:		
Salaries and employee benefits	267,643,687	252,518,422
Purchased services and supplies	215,524,917	192,277,253
Depreciation and amortization	26,532,467	24,661,268
Utilities	7,926,384	6,235,746
Professional fees	13,876,409	7,915,646
Insurance	11,025,693	9,817,260
Interest	<u>3,910,040</u>	<u>4,149,430</u>
Total expenses	<u>546,439,597</u>	<u>497,575,025</u>
Income from operations	<u>39,862,173</u>	<u>11,936,054</u>
Nonoperating gains:		
Investment income, net	53,009,019	38,156,132
Other, net	<u>2,248,646</u>	<u>284,582</u>
Total nonoperating gains, net	<u>55,257,665</u>	<u>38,440,714</u>
Revenue and gains in excess of expenses and losses	95,119,838	50,376,768
Other changes in net assets without donor restrictions:		
Net assets released from restriction for purchases of land, buildings, and equipment	<u>1,263,707</u>	<u>763,370</u>
Increase in net assets without donor restrictions	<u>\$ 96,383,545</u>	<u>51,140,138</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Revenue and gains in excess of expenses and losses	\$ 95,119,838	50,376,768
Other changes in net assets without donor restrictions:		
Net assets released from restrictions used for the purchase of land, buildings, and equipment	<u>1,263,707</u>	<u>763,370</u>
Increase in net assets without donor restrictions	<u>96,383,545</u>	<u>51,140,138</u>
Net assets with donor restrictions:		
Contributions for specific purposes	745,876	1,150,118
Investment return earned on net assets with donor restrictions	124,032	72,002
Net assets released from restriction for purchases of land, buildings, and equipment	<u>(1,263,707)</u>	<u>(763,370)</u>
(Decrease) increase in net assets with donor restrictions	<u>(393,799)</u>	<u>458,750</u>
Change in net assets	95,989,746	51,598,888
Net assets at beginning of year	<u>656,386,459</u>	<u>604,787,571</u>
Net assets at end of year	<u>\$ 752,376,205</u>	<u>656,386,459</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 95,989,746	51,598,888
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,532,467	24,661,268
Noncash contributions – donated land	(2,000,000)	—
Contributions and investment returns related to net assets with donor restrictions	(869,908)	(1,222,120)
Net realized and change in net unrealized gains and losses on investments	(35,346,483)	(20,583,202)
Changes in assets and liabilities:		
Patient and resident accounts receivable	(17,936,158)	1,891,778
Other receivables	50,805	(372,867)
Inventory of supplies, prepaid expenses, and other assets	(1,781,266)	(75,805)
Accounts payable and accrued expenses	5,335,223	8,349,222
Estimated payables under third-party reimbursement programs	4,572,050	16,862,959
Estimated insurance receivables and liabilities	537,347	(422,938)
Refundable advance residency fees	(321,289)	(367,176)
Other long-term liabilities	(106,258)	80,545
Net cash provided by operating activities	<u>74,656,276</u>	<u>80,400,552</u>
Cash flows from investing activities:		
Sales of short-term investments	47,518,872	63,594,729
Purchases of short-term investments	(54,627,147)	(68,223,000)
Sales of assets whose use is limited or restricted	304,400,346	378,300,959
Purchases of assets whose use is limited or restricted	(309,553,830)	(386,597,002)
Acquisition of land, buildings, and equipment, net	(39,236,388)	(27,268,721)
Net cash used in investing activities	<u>(51,498,147)</u>	<u>(40,193,035)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(5,370,000)	(5,516,994)
Contributions and investment returns related to net assets with donor restrictions	869,908	1,222,120
Net change in due from Riverside HealthCare Foundation, Inc.	(2,147,464)	(1,320,686)
Net cash used in financing activities	<u>(6,647,556)</u>	<u>(5,615,560)</u>
Net change in cash and cash equivalents	16,510,573	34,591,957
Cash and cash equivalents at beginning of year	<u>126,213,100</u>	<u>91,621,143</u>
Cash and cash equivalents at end of year	<u>\$ 142,723,673</u>	<u>126,213,100</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 4,529,438	4,770,288
Supplemental disclosure of noncash transactions:		
Donated land, buildings, and equipment, net of accumulated depreciation	\$ 2,000,000	—

See accompanying notes to special-purpose combined financial statements

ATTACHMENT 34

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

(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 donations, 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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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 include 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 RSLC. 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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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 collectability 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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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 Federal Deposit Insurance Corporation (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 purposes, 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) 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

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2025 and 2024

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).

(i) 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.

(j) 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.

(k) 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, 2025 and 2024.

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 Uniform Prudent Management of Institutional Funds Act (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 \$2,672,149 and \$3,123,049 at December 31, 2025 and 2024, respectively, are restricted by donors for specified programs and the acquisition of property and equipment. Remaining amounts due from the Foundation at December 31, 2025 and 2024 are unrestricted as to use by the Medical Center and RSLC.

(l) Charity Care

The Medical Center, RSLC, and Oakeside 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.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

Because the Medical Center, RSLC, and Oakeside 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.

(m) 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.

(n) Refundable Advance Residency Fees

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

(o) 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, 2025 and 2024.

(p) 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.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2025 and 2024

(q) 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, 2025 and 2024, 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, 2025, 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:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 142,723,673	126,213,100
Total receivables	52,638,185	34,752,832
Total assets whose use is limited or restricted and short-term investments	<u>465,937,352</u>	<u>418,329,110</u>
Total financial assets	661,299,210	579,295,042
Less assets unavailable to management without approval	<u>406,282,303</u>	<u>365,782,336</u>
Total financial assets available within one year	<u>\$ 255,016,907</u>	<u>213,512,706</u>

To help manage unanticipated liquidity needs, although intended to satisfy long-term obligations, 91% of assets whose use is limited at December 31, 2025, could be utilized within the next year if necessary.

(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, 2025, Medicare reimbursement reports have been audited through December 31, 2021.

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**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024 of \$63,010,957 and \$34,866,487, 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 \$31,274,262 and \$18,818,292 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Medicare	35 %	32 %
Medicaid	11	8
Blue Cross	23	29
Managed care/commercial	14	14
Self-pay and other	17	17
	<u>100 %</u>	<u>100 %</u>

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2024 and 2023

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 2024 and 2023 was \$4,514,510 and \$6,475,428, 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, 2024 and 2023, the related estimated insurance liabilities are \$2,248,067 and \$2,961,485, respectively. The amount included in employee benefits for 2024 and 2023 was \$766,673 and \$716,558, 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, 2024 and 2023, related estimated self-insurance liabilities are \$4,579,826 and \$4,550,751, 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 \$8,384,994 and \$6,226,165 from gross estimated insurance liabilities as their estimate of insurance recoveries in the 2024 and 2023 special-purpose combined balance sheets, respectively.

Management believes the estimated self-insurance claims liabilities at December 31, 2024 are adequate to cover the ultimate liabilities; however, such estimates may be more or less than the amounts ultimately paid when claims are resolved.

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**RIVERSIDE HEALTH SYSTEM
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Notes to the Special-Purpose Combined Financial Statements
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A summary of Medical Center and RSLC utilization based upon patient and resident service revenue for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Medicare	53 %	53 %
Medicaid	19	18
Blue Cross	15	15
Managed care/commercial	9	9
Self-pay and other	4	5
	<u>100 %</u>	<u>100 %</u>

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., copays 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.

Resident and health center services revenue consists of rental income from RSLC residential retirement housing community. Other revenue includes revenues from nonpatient care services, rental income, ancillary and pharmacy sales and other miscellaneous income. Patient service revenue is recognized in the period from these major payor sources, as follows:

	<u>2025</u>	<u>2024</u>
Medicare	\$ 257,636,686	235,889,506
Medicaid	139,218,140	106,324,908
Blue Cross	71,933,182	65,550,764
Managed care/commercial	42,053,245	40,825,848
Self-pay and other	29,860,431	26,915,184
Patient service revenue	540,701,684	475,506,210
Resident and health center services revenue	17,059,323	15,871,745
Other revenue	28,540,763	18,133,124
Total revenue	<u>\$ 586,301,770</u>	<u>509,511,079</u>

(Continued)

**RIVERSIDE HEALTH SYSTEM
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Notes to the Special-Purpose Combined Financial Statements
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Total revenue recognized in the period by type of service is as follows:

	<u>2025</u>	<u>2024</u>
Inpatient	\$ 137,967,607	121,172,941
Outpatient/ambulatory	402,734,077	354,333,269
Senior living center	17,059,323	15,871,745
Other	28,540,763	18,133,124
	<u>\$ 586,301,770</u>	<u>509,511,079</u>

(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 forgone 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Costs of charity care provided	\$ 4,097,666	3,698,586

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, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Accrued interest	\$ 2,213,754	2,238,616
Short-term investments, consisting primarily of money market funds	13,225,428	75,114,489
Common stock	59,871,933	54,311,057
Mutual equity funds	139,184,985	125,060,455
U.S. Treasury and U.S. government agency securities	95,179,807	82,385,832
Corporate bonds and notes	54,163,413	54,197,672
Limited partnerships	102,098,032	25,020,989
	<u>\$ 465,937,352</u>	<u>418,329,110</u>

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**RIVERSIDE HEALTH SYSTEM
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Notes to the Special-Purpose Combined Financial Statements
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Investments are reported in the accompanying special-purpose combined balance sheets as follows at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Short-term investments	\$ 59,655,049	52,546,774
Assets whose use is limited or restricted:		
By board of directors for capital improvements and other	400,415,318	359,200,263
Deposits under residency agreements	2,245,041	2,566,330
Donor-restricted investments	3,621,944	4,015,743
	<u>\$ 465,937,352</u>	<u>418,329,110</u>

The composition of investment return on RHS and its obligated affiliates' investment portfolios and Riverside Foundation Trust assets for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Interest and dividend income, net of fees and expenses	\$ 17,786,568	17,644,932
Net realized gains (losses) on sale of investments	192,250	12,393,165
Change in net unrealized gains and losses during the holding period	35,154,233	8,190,037
Investment return	<u>\$ 53,133,051</u>	<u>38,228,134</u>

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, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Nonoperating gains:		
Investment income, net	\$ 53,009,019	38,156,132
Other changes in net assets:		
Investment return earned on net assets with donor restrictions	124,032	72,002
Investment return	<u>\$ 53,133,051</u>	<u>38,228,134</u>

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
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(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 five limited partnership investments for which quoted market prices are not available. The five limited partnership investments are the Barings Core Property Fund, L.P., J.P. Morgan Infrastructure Investment Fund (J.P. Morgan IIF) Tax-Exempt Hedged, L.P., Aristotle Pacific Asset Management Bank Loan Fund L.P., MetLife Emerging Market Debt, L.P. and Morgan Stanley Prime Property Fund, LLC. 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 J.P. 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.

The investment objective of the Aristotle Pacific Asset Management Bank Loan Fund, L.P. is to capture attractive relative-value opportunities in bank loans through a disciplined, fundamental and active management approach. There is no additional contractual commitment to fund the Aristotle Pacific Asset Management Bank Loan Fund, L.P.

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**RIVERSIDE HEALTH SYSTEM
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The investment objective of the MetLife Emerging Market Debt, L.P. is to generate total returns while diversifying risk through an active management approach. There is no additional contractual commitment to fund the MetLife Emerging Market Debt, L.P.

The investment objective of the Morgan Stanley Prime Property Fund, LLC is to achieve total returns with reduced risk. This is achieved through a diversified, open-end core real estate fund focusing on high quality properties in select U.S. markets. There is no additional contractual commitment to fund the Morgan Stanley Prime Property Fund, LLC.

(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 years ended December 31, 2025 or 2024.

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**RIVERSIDE HEALTH SYSTEM
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The following table presents assets and liabilities, excluding accrued interest, which are measured at fair value on a recurring basis at December 31, 2025:

	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 and cash equivalents	\$ 142,723,673	142,723,673	—	—	Daily	One
Total cash and cash equivalents	142,723,673	142,723,673	—	—		
Short-term investments, excluding accrued interest of \$175,754:						
Quoted mutual equity funds	17,766,951	17,766,951	—	—	Daily	One
Common stocks	4,851,222	4,851,222	—	—	Daily	One
Money market funds	2,063,650	2,063,650	—	—	Daily	One
U.S. Treasury and U.S. government agency securities	15,543,250	—	15,543,250	—	Daily	One
Corporate bonds and notes	6,016,767	—	6,016,767	—	Daily	One
Limited partnerships:						
Aristotle Pac. Asset Mgmt Bank Loan Fund, L.P. (1)	3,505,514				Quarterly	Sixty
Barings Core Property Fund, L.P. (1)	1,196,261				Quarterly	Sixty
IIF Tax-Exempt Hedged L.P. (1)	3,416,690				Quarterly	Sixty
MetLife Emerging Mkt Debt (1)	2,898,392				Quarterly	Sixty
Morgan Stanley Prime Property Fund (1)	2,220,598				Quarterly	Sixty
Total short-term investments	59,479,295	24,681,823	21,560,017	—		
Assets limited as to use, excluding accrued interest of \$2,038,000:						
Quoted mutual equity funds	121,418,034	121,418,034	—	—	Daily	One
Common stocks	55,020,711	55,020,711	—	—	Daily	One
Money market funds	11,161,778	—	11,161,778	—	Daily	One
U.S. Treasury and U.S. government agency securities	79,636,557	—	79,636,557	—	Daily	One
Corporate bonds and notes	48,146,646	—	48,146,646	—	Daily	One
Limited partnerships:						
Aristotle Pac. Asset Mgmt Bank Loan Fund, L.P. (1)	23,531,866				Quarterly	Sixty

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**RIVERSIDE HEALTH SYSTEM
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Notes to the Special-Purpose Combined Financial Statements

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	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
Barings Core Property Fund, L.P. (1)	8,030,279				Quarterly	Sixty
IIF Tax-Exempt Hedged L.P. (1)	22,935,603				Quarterly	Sixty
MetLife Emerging Mkt Debt (1)	19,456,364				Quarterly	Sixty
Morgan Stanley Prime Property Fund (1)	14,906,465				Quarterly	Sixty
Total assets limited as to use	404,244,303	176,438,745	138,944,981	—		
Total assets	\$ 606,447,271	341,780,591	162,568,648	—		

(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.

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**RIVERSIDE HEALTH SYSTEM
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The following table presents assets and liabilities, including accrued interest, which are measured at fair value on a recurring basis at December 31, 2024:

	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 and cash equivalents	\$ 126,213,100	126,213,100	—	—	Daily	One
Total cash and cash equivalents	126,213,100	126,213,100	—	—		
Short-term investments, excluding accrued interest of \$174,571:						
Quoted mutual equity funds	15,346,181	15,346,181	—	—	Daily	One
Common stocks	4,221,429	4,221,429	—	—	Daily	One
Money market funds	10,436,367	10,436,367	—	—	Daily	One
U.S. Treasury and U.S. government agency securities	12,092,984	—	12,092,984	—	Daily	One
Corporate bonds and notes	7,143,615	—	7,143,615	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	1,659,089				Quarterly	Sixty
IIF Tax-Exempt Hedged L.P. (1)	1,472,538				Quarterly	Sixty
Total short-term investments	52,372,203	30,003,977	19,236,599	—		
Assets limited as to use, excluding accrued interest of \$2,064,045:						
Quoted mutual equity funds	109,714,274	109,714,274	—	—	Daily	One
Common stocks	50,089,628	50,089,628	—	—	Daily	One
Money market funds	64,678,122	64,678,122	—	—	Daily	One
U.S. Treasury and U.S. government agency securities	70,292,847	—	70,292,847	—	Daily	One
Corporate bonds and notes	47,054,056	—	47,054,056	—	Daily	One
Limited partnerships:						
Barings Core Property Fund, L.P. (1)	11,596,655				Quarterly	Sixty

(Continued)

**RIVERSIDE HEALTH SYSTEM
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	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
IIF Tax-Exempt Hedged L.P. (1)	\$ 10,292,707				Quarterly	Sixty
Total assets limited as to use	363,718,291	224,482,026	117,346,903	—		
Total assets	\$ 542,303,594	380,699,103	136,583,502	—		

(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, 2025 and 2024 is as follows:

	2025		2024	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	\$ 16,100,131	—	14,100,131	—
Land improvements	18,125,003	10,328,144	17,267,947	9,462,093
Buildings	399,291,384	212,383,039	387,769,854	201,807,831
Equipment	281,225,111	184,394,468	254,618,885	172,049,865
Construction in progress	3,531,138	—	9,074,246	—
	<u>\$ 718,272,767</u>	<u>407,105,651</u>	<u>682,831,063</u>	<u>383,319,789</u>

The Medical Center and RSLC are currently engaged in various construction, renovation, and software implementation projects. Outstanding contractual commitments related to these projects approximate \$4,265,000 at December 31, 2025.

Interest cost is capitalized as a component cost of significant capital projects. A summary of interest cost capitalized for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Interest cost capitalized	\$ 148,716	143,745

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**RIVERSIDE HEALTH SYSTEM
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(8) Long-Term Debt

A summary of long-term debt as of December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Revenue bonds, Series 2013, at varying fixed effective interest rates (4.70% at December 31, 2025 and 2024), depending on date of maturity, and subject to mandatory annual redemption through 2042	\$ 24,705,000	27,245,000
Revenue bonds, Series 2016, at varying fixed effective interest rates (3.55% at December 31, 2025 and 2024), depending on date of maturity, and subject to annual mandatory redemption through 2045	63,360,000	65,690,000
Revenue bonds, Series 2020, at varying fixed effective interest rates (1.74% at December 31, 2025 and 2024), depending on date of maturity and subject to mandatory redemption through 2050	<u>38,000,000</u>	<u>38,500,000</u>
	126,065,000	131,435,000
Less:		
Current installments of long-term debt	5,615,000	5,370,000
Deferred financing costs, net	1,058,590	1,168,918
Plus:		
Unamortized bond premium	<u>4,760,127</u>	<u>5,234,404</u>
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	<u>\$ 124,151,537</u>	<u>130,130,486</u>

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

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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 year 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 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:	
2026	\$ 5,615,000
2027	5,870,000
2028	6,125,000
2029	5,525,000
2030	6,975,000
Thereafter	<u>95,955,000</u>
	<u>\$ 126,065,000</u>

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**RIVERSIDE HEALTH SYSTEM
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(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 2025 or 2024. For the 2025 fiscal year, the Provider Trust committed to refund excess contributions to its members, of which the Medical Center will receive \$1,040,003 which is included in current portion of estimated insurance recoveries in the special-purpose combined 2025 balance sheet. For the 2024 fiscal year, the Provider Trust committed to refund excess contributions to its members, of which the Medical Center received \$1,207,458 which was included in current portion of estimated insurance recoveries in the special-purpose combined 2024 balance sheet. Total contributions to the Provider Trust amounted to \$3,127,089 and \$3,947,679 for the years ended December 31, 2025 and 2024, respectively, and have been charged as a component of insurance expense 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 \$37,787,539 and \$27,756,958 at December 31, 2025 and 2024, 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 expense for professional and general liability insurance for 2025 and 2024 was \$4,158,614 and \$4,514,510, 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

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Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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, 2025 and 2024, the related estimated insurance liabilities are \$2,938,255 and \$2,248,067, respectively. The amount included in employee benefits for 2025 and 2024 was \$1,844,486 and \$766,673, 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, 2025 and 2024, related estimated self-insurance liabilities are \$4,619,999 and \$4,579,826, 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 \$18,649,289 and \$8,384,994 from gross estimated insurance liabilities as their estimate of insurance recoveries in the 2025 and 2024 special-purpose combined balance sheets, respectively.

Management believes the estimated self-insurance claims liabilities at December 31, 2025 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 \$6,500,000 and \$6,400,000 in 2025 and 2024, respectively, and is included in salaries and employee benefits expense.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

(11) Commitments and Contingencies

(a) Medicare and Medicaid Reimbursement

For the years ended December 31, 2025 and 2024, RHS and its obligated affiliates recognized approximately \$257,700,000 and \$235,900,000, 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 2025 or 2024 based upon management's determination of qualified services provided.

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Notes to the Special-Purpose Combined Financial Statements
December 31, 2025 and 2024

(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, 2025 and December 31, 2024 are as follows:

	<u>Healthcare services</u>	<u>General and administration</u>	<u>Total</u>
2025:			
Salaries and employee benefits	\$ 249,542,940	18,100,747	267,643,687
Purchased services and supplies	206,249,372	9,275,545	215,524,917
Depreciation and amortization	26,532,467	—	26,532,467
Utilities	7,891,889	34,495	7,926,384
Professional fees	13,862,771	13,638	13,876,409
Insurance	10,682,929	342,764	11,025,693
Interest	3,782,530	127,510	3,910,040
	<u>\$ 518,544,898</u>	<u>27,894,699</u>	<u>546,439,597</u>
	<u>Healthcare services</u>	<u>General and administration</u>	<u>Total</u>
2024:			
Salaries and employee benefits	\$ 235,920,841	16,597,581	252,518,422
Purchased services and supplies	181,893,799	10,383,454	192,277,253
Depreciation and amortization	24,661,268	—	24,661,268
Utilities	6,208,263	27,483	6,235,746
Professional fees	7,900,222	15,424	7,915,646
Insurance	9,493,959	323,301	9,817,260
Interest	4,015,359	134,071	4,149,430
	<u>\$ 470,093,711</u>	<u>27,481,314</u>	<u>497,575,025</u>

(Continued)

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

**Notes to the Special-Purpose Combined Financial Statements
December 31, 2025 and 2024**

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, 2025 through May 21, 2026, which was the date the special-purpose combined financial statements were issued, and determined no subsequent events requiring recording or disclosure.

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**
Combining Schedule – Balance Sheet Information
December 31, 2025

Assets	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Current assets.					
Cash and cash equivalents	\$ 127,597,641	6,868,152	8,257,880	—	142,723,673
Short-term investments	—	21,087,977	38,567,072	—	59,655,049
Receivables:					
Patient and resident accounts receivable	49,168,710	6,378	2,135,481	—	51,310,569
Other	29,770,257	2,101,247	—	(30,543,888)	1,327,616
Total receivables	78,938,967	2,107,625	2,135,481	(30,543,888)	52,638,185
Inventory of supplies	10,152,260	82,190	42,017	—	10,276,467
Prepaid expenses	13,255,775	143,289	35,830	—	13,434,894
Current portion of estimated insurance recoveries	4,038,676	—	—	—	4,038,676
Total current assets	233,983,319	30,289,233	49,038,280	(30,543,888)	282,766,944
Assets whose use is limited or restricted					
By board of directors for capital improvements and other	400,415,318	—	—	—	400,415,318
Deposits under residency agreements	—	—	2,245,041	—	2,245,041
Investments related to net assets with donor restrictions	3,347,585	—	274,359	—	3,621,944
Total assets whose use is limited or restricted	403,762,903	—	2,519,400	—	406,282,303
Land, buildings, and equipment, net of accumulated depreciation	270,432,828	9,588,616	31,145,872	—	311,167,116
Other assets					
Due from Riverside HealthCare Foundation, Inc	11,398,007	—	615,989	—	12,013,996
Estimated insurance recoveries	14,610,613	—	—	—	14,610,613
Other assets	179,086	—	—	—	179,086
Total other assets	26,187,706	—	615,989	—	26,803,695
Total assets	\$ 934,366,556	39,877,849	83,319,541	(30,543,888)	1,027,020,058
Liabilities and Net Assets					
Current liabilities.					
Current installments of long-term debt	\$ 4,651,268	37,674	926,058	—	5,615,000
Accounts payable	6,694,583	5,737,141	24,854,658	(28,202,166)	9,084,216
Accrued expenses	47,928,267	430,146	3,662,323	(2,341,722)	49,679,014
Estimated payables under third party reimbursement programs	37,134,652	—	—	—	37,134,652
Total current liabilities	96,408,770	6,204,961	29,443,039	(30,543,888)	101,512,882
Refundable advance residency fees	—	—	2,245,041	—	2,245,041
Long-term debt, unamortized bond discount and premium, and deferred financing costs, excluding current installments	109,372,315	988,780	13,790,442	—	124,151,537
Construction payables	400,082	—	—	—	400,082
Estimated insurance liabilities	45,843,376	—	—	—	45,843,376
Other long-term liabilities	490,935	—	—	—	490,935
Total liabilities	252,515,478	7,193,741	45,478,522	(30,543,888)	274,643,853
Net assets					
Net assets without donor restrictions	678,503,494	32,684,108	37,566,659	—	748,754,261
Net assets with donor restrictions	3,347,584	—	274,360	—	3,621,944
Total net assets	681,851,078	32,684,108	37,841,019	—	752,376,205
Total liabilities and net assets	\$ 934,366,556	39,877,849	83,319,541	(30,543,888)	1,027,020,058

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, 2025

	Riverside Medical Center	Oakside Corporation	Riverside Senior Living Center	Eliminations	Combined
Revenue					
Patient service revenue	\$ 524,121,102	3,209,696	13,370,886	—	540,701,684
Resident and health center services revenue	—	—	17,059,323	—	17,059,323
Other revenue	28,567,166	29,151	459,288	(514,842)	28,540,763
Total revenue	552,688,268	3,238,847	30,889,497	(514,842)	586,301,770
Expenses					
Salaries and employee benefits	249,453,591	1,556,780	16,633,316	—	267,643,687
Purchased services and supplies	206,253,863	1,016,025	8,769,871	(514,842)	215,524,917
Depreciation and amortization	23,834,432	337,736	2,360,299	—	26,532,467
Utilities	6,554,123	244,476	1,127,785	—	7,926,384
Professional fees	13,862,771	—	13,638	—	13,876,409
Insurance	10,539,928	80,901	404,864	—	11,025,693
Interest	3,316,041	34,301	559,698	—	3,910,040
Total expenses	513,814,749	3,270,219	29,869,471	(514,842)	546,439,597
Income (loss) from operations	38,873,519	(31,372)	1,020,026	—	39,862,173
Nonoperating gains					
Investment income, net	46,247,423	2,464,545	4,297,051	—	53,009,019
Other, net	2,248,646	—	—	—	2,248,646
Total nonoperating gains, net	48,496,069	2,464,545	4,297,051	—	55,257,665
Revenue and gains in excess of expenses and losses	87,369,588	2,433,173	5,317,077	—	95,119,838
Other changes in net assets without donor restrictions					
Net assets released from restriction for purchases of land, buildings, and equipment	1,243,976	—	19,731	—	1,263,707
Increase in net assets without donor restrictions	\$ 88,613,564	2,433,173	5,336,808	—	96,383,545

See accompanying independent auditors' report

**RIVERSIDE HEALTH SYSTEM
AND OBLIGATED AFFILIATES**

Combining Schedule – Statement of Changes in Net Assets Information

Year ended December 31, 2025

	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	\$ 87,369,588	2,433,173	5,317,077	—	95,119,838
Other changes in net assets without donor restrictions					
Net assets released from restrictions used for the purchase of land, buildings, and equipment	1,243,976	—	19,731	—	1,263,707
Increase in net assets without donor restrictions	88,613,564	2,433,173	5,336,808	—	96,383,545
Net assets with donor restrictions					
Contributions for specific purposes	701,284	—	44,592	—	745,876
Investment return earned on net assets with donor restrictions	124,032	—	—	—	124,032
Net assets released from restriction for purchases of land, buildings, and equipment	(1,243,976)	—	(19,731)	—	(1,263,707)
Increase in net assets with donor restrictions	(418,660)	—	24,861	—	(393,799)
Change in net assets	88,194,904	2,433,173	5,361,669	—	95,989,746
Net assets at beginning of year	593,656,174	30,250,935	32,479,350	—	656,386,459
Net assets at end of year	\$ 681,851,078	32,684,108	37,841,019	—	752,376,205

See accompanying independent auditor's report

Section VIII

Section 1120.130 Financial Viability

Attachment 35

Riverside Health System has a bond rating of A+ from Standard and Poor's rating agency, and thus, this Section should not apply. Evidence of Riverside's bond rating is attached.

ATTACHMENT 35

Illinois Finance Authority Riverside Health System, Illinois

June 9, 2025

This report does not constitute a rating action.

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), Ill., is 'A+'.
- The outlook is stable.

Rationale

Security

The obligated group's gross revenue secures the bonds.

Credit overview

The rating reflects our view of RHS' robust unrestricted reserves, leading to continued high days' cash on hand (DCOH) and unrestricted reserves to long-term debt, and warranting a positive adjustment to the initial rating for the hospital's high unrestricted reserves. Riverside's overall stable financial performance in fiscal 2024 and into the three-month interim period ended March 31, 2025, also contributes to rating stability. The rating also reflects RHS' light leverage and our expectation for ongoing positive operating performance following heavy losses in fiscal 2022, primarily driven by elevated labor costs and volumes negatively affected by an 18-month complete renovation of the hospital's emergency department (ED). Management anticipates that key balance-sheet metrics will remain solid through the outlook period, and we view this as reasonable given sound operations and a lack of new debt plans. Furthermore, management has budgeted for fiscal year-end margins to be close to those of fiscal 2024. We believe this is achievable given Riverside's increasing volumes, coupled with additional revenue from a focus on improved outpatient revenue, patient access initiatives, and specialty service-line growth, including in neurosurgery, oncology, and cardiology. With this, we expect steady operations through the outlook period, with continued healthy metrics relative to unrestricted reserves.

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The rating further reflects our view of RHS' leading market share in a small, economically challenged primary service area (PSA). While market share has declined slightly, this is primarily the result of an ongoing shift toward outpatient care from inpatient. 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 continue to increase revenue over the outlook period.

The rating reflects our view of RHS':

- Robust balance sheet, with high DCOH and unrestricted reserves to long-term debt;
- Leading market share and service line focus, which adeptly addresses community needs and has led to increased volumes; and
- Sustained trend of profitable financial performance since fiscal 2022, which is projected to continue.

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

- High governmental payer concentration, which, in our view, is a risk to profitability;
- Operating income, which is expected to be mostly 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' social risk as elevated within our credit rating analysis given the hospital's payer mix, which is heavily weighted toward governmental payers and based on the PSA's projected economic indicators, which are weak relative to national averages. Although high labor and salary pressures in the health care sector have previously pressured RHS's margins, we note that management's ongoing initiatives to mitigate these issues have alleviated most of these pressures. We consider environmental and governance factors neutral to our credit analysis.

Outlook

The stable outlook reflects our expectation that operations will generally remain in line with current levels and that RHS will maintain its balance-sheet strength through the outlook period in the absence of any new debt plans. We also expect that RHS will maintain stability in its enterprise profile.

Downside scenario

We believe RHS has some cushion at the rating primarily related to its balance-sheet strength, but we could revise the outlook to negative or lower the rating if utilization or market share declines, leading to sustained negative operating performance. Although not expected, we would also view negatively a meaningful deterioration in unrestricted reserves, 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

We believe the risks of RHS's declining population and employment size, as well as a small service area, create headwinds to a higher rating.

Credit Opinion

Enterprise Profile: Adequate

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 growth projections. The enterprise profile also captures a well-integrated medical staff, though the number of active physicians has fallen recently due to a shift in radiology providers. Management is focused on continuing to broaden service lines to capture more volume and better serve the population, particularly with chemotherapy, oncology, and infusion services in the hospital's western market, as well as in several specialty service lines, including behavioral health, plastic surgery, neurosurgery, cardiology, and orthopedics.

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. However, we note management's efforts to somewhat offset this risk through favorable contract rate negotiations with commercial payers.

Strategic initiatives produce solid market share in a competitive service area

RHS holds a formidable market share in its PSA, commanding a nearly 70% market share in inpatient admissions, according to data provided by management. Additionally, since the hospital's emergency room renovation in fiscal 2022, when the hospital experienced significantly lower volumes, trends have picked up for both inpatient and outpatient services and the hospital has returned to historical inpatient levels, with further growth expected, per management. The main competitor in the PSA, AMITA St. Mary's Hospital (part of the Ascension Health System), captures a comparatively low market share of around 30%, according to management. RHS has been able to compete with St. Mary's while stemming outmigration to Chicago through improvements in access to care, including through scheduling optimization and facility upgrades, and through strategic investments in and recruitment for specialty service lines, as previously mentioned. Management also continues to expand its presence in its western market in Coal City, Ill. and southern market in Watseka, Ill. Physician alignment and growth of the Riverside Medical Group have also led to success in key service lines and robust referrals to the system.

Also aiding the hospital, in our view, is the management team, which has been stable over the last several fiscal years and has consistently generated positive operating results despite the inherent challenges of a small PSA and recent industry expense headwinds, with the exception of the planned downturn in fiscal 2022 for the ED expansion project. The hospital's CEO, Phil

Illinois Finance Authority Riverside Health System, Illinois

Kambic, and CFO, Patt Vilt, are well-tenured. We believe the leadership team executes well on strategic priorities and positioning, allowing the hospital to maintain solid operating outcomes.

Riverside Health System, Illinois--Enterprise Statistics

	--Three months ended March 31--	--Fiscal year ended Dec. 31--		
	2025	2024	2023	2022
PSA population	N.A.	131,603	132,076	132,547
PSA market share (%)	N.A.	66.2	66.9	68.1
Inpatient admissions	1,799	6,997	6,947	6,988
Equivalent inpatient admissions	9,588	37,408	36,127	32,042
Emergency visits	11,235	42,704	39,101	35,189
Inpatient surgeries	324	1,478	1,366	1,375
Outpatient surgeries	1,909	7,204	8,052	8,412
Medicare case mix index	1.7606	1.7705	1.7973	1.7874
FTE employees	2,459	2,392	2,327	2,332
Active physicians	343	339	426	400
Top 10 physicians admissions (%)	N.A.	N.A.	N.A.	N.A.
Based on net/gross revenues	Net	Net	Net	Net
Medicare (%)	49.9	49.8	50.4	49.9
Medicaid (%)	22.5	22.5	22.9	22.9
Commercial/Blues (%)	23.5	23.2	22.5	23.2

Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. PSA--Primary service area. FTE--Full-time equivalent. N.A.--Not available.

Financial Profile: Very Strong

Sustained profitability following operating margin compression

RHS is tracking slightly behind its 2.2% operating budget in the three-month interim period (ended March 31, 2025), but given solid volumes to date, management expects to end the year at or above budget. RHS has historically maintained operating income well above break-even, with the exception of the planned dip in fiscal 2022 for the ED expansion; continuing to trend at or above this historical profitability will be key to supporting the rating, in our view. However, we do not anticipate this being an issue, as operating performance has improved with a rebound in ED volumes following 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.

We view maximum annual debt service (MADS) coverage as healthy following improved performance in fiscal years 2023 and 2024 and with the aid of significant nonoperating income in 2024, and we expect the hospital to remain in compliance with its 1.1x covenant requirement through the outlook period.

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 we expect them to remain healthy. Furthermore, management projects that all key balance-sheet metrics will hold, which we view as achievable given the hospital's stable operations. In addition, capital spending is estimated to be around \$39 million, or 125% of depreciation, in fiscal 2025, with some increase over the next two years for some campus refresh projects. We view capital projections as slightly elevated as compared with previous years, but manageable.

RHS' overall debt profile is stable, in our view, with a manageable debt load and leverage that we view as low as compared with those of rating peers. Furthermore, the hospital has no additional debt plans in the outlook period, and management reports that it is working to further deleverage. The overall debt structure is conservative, with all fixed-rate debt, and the hospital terminated its swaps as of November 2022.

Additionally, 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. Loan documents for RHS' bank debt that we consider a contingent liability risk possess covenants that are more restrictive than the master trust indenture, specifically DCOH of no less than 70 and MADS 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.

Riverside Health System--Financial statistics

	--Three months ended March 31--	--Fiscal year ended Dec. 31--				Medians for 'A+' rated stand-alone hospitals
	2025	2024	2023	2022	2023	
Financial performance						
Net patient revenue (\$000s)	116,512	475,506	449,278	402,315		698,193
Total operating revenue (\$000s)	126,580	509,511	471,470	421,618		744,406
Total operating expenses (\$000s)	124,035	497,574	455,336	443,359		773,336
Operating income (\$000s)	2,545	11,937	16,134	(21,741)		8,666
Operating margin (%)	2.01	2.34	3.42	(5.16)		1.60
Net nonoperating income (\$000s)	(3,261)	25,019	15,831	9,314		21,374
Excess income (\$000s)	(716)	36,956	31,965	(12,427)		31,965
Excess margin (%)	(0.58)	6.91	6.56	(2.88)		4.30
Operating EBIDA margin (%)	8.81	8.00	9.49	1.36		7.10
EBIDA margin (%)	6.40	12.30	12.43	3.49		10.70
Net available for debt service (\$000s)	7,896	65,766	60,590	15,032		64,860
Maximum annual debt service (\$000s)	10,161	10,161	10,161	10,161		24,199
Maximum annual debt service coverage (x)	3.11	6.47	5.96	1.48		4.60
Operating lease-adjusted coverage (x)	3.11	6.47	5.96	1.48		3.30
Liquidity and financial flexibility						
Unrestricted reserves (\$000s)	540,809	537,960	469,953	436,238		702,205

Riverside Health System--Financial statistics

	--Three months ended March 31--	--Fiscal year ended Dec. 31--				Medians for 'A+' rated stand-alone hospitals
	2025	2024	2023	2022		2023
Financial performance						
Unrestricted days' cash on hand	423.8	415.2	398.1	378.6		390.5
Unrestricted reserves/total long-term debt (%)	415.9	413.4	345.9	308.5		240.6
Unrestricted reserves/contingent liabilities (%)	1,404.7	1,397.3	1,205.0	1,104.4		1,029.4
Average age of plant (years)	12.9	15.5	14.8	14.9		12.2
Capital expenditures/depreciation and amortization (%)	170.6	110.6	95.1	131.3		127.4
Debt and liabilities						
Total long-term debt (\$000s)	130,039	130,130	135,872	141,397		316,908
Long-term debt/capitalization (%)	16.5	16.6	18.4	20.8		24.2
Contingent liabilities (\$000s)	38,500	38,500	39,000	39,500		90,195
Contingent liabilities/total long-term debt (%)	29.6	29.6	28.7	27.9		28.9
Debt burden (%)	2.06	1.90	2.09	2.36		2.20
Defined-benefit plan funded status (%)	N/A	N/A	N/A	N/A		93.70
Miscellaneous						
Medicare advance payments (\$000s)*	0	0	0	14,213		MNR
Short-term borrowings (\$000s)*	N/A	N/A	N/A	N/A		MNR
COVID-19 stimulus recognized (\$000s)	0	0	0	2,143		MNR
Risk based capital ratio (%)	N/A	N/A	N/A	N/A		MNR
Total net special funding (\$000s)	6,516	18,595	17,109	17,438		MNR

*Excluded from unrestricted reserves, long-term debt, and contingent liabilities.

N/A--Not applicable. N.A.--Not available. MNR--Median not reported.

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, 275 of which are in service.

Ratings List

Current Ratings

Healthcare

Riverside Hlth Sys, IL Stand-Alone Hospital Revenues

A+/Stable

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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		Gross Sq. Ft		Gross Sq. Ft		Const. \$ (A x C)	Mod. \$ (B x E)	
	New	Mod.	New	Circ.*	Mod	Circ.*			
Reviewable									
General Radiology	\$758.50		1,092	15%			\$828,282.00		\$828,282.00
Mammography	\$803.05		1,534	17%			\$1,231,877.50		\$1,231,877.50
CT	\$856.50		2,444	18%			\$2,093,286.00		\$2,093,286.00
MRI	\$823.00		1,768	18%			\$1,455,064.00		\$1,455,064.00
Ultrasound	\$745.50		2,379	17%			\$1,773,544.50		\$1,773,544.50
Cardio-Pulmonary Rehab	\$520.00		3,500	20%			\$1,820,000.00		\$1,820,000.00
Lab	\$745.50		1,924	10%			\$1,434,342.00		\$1,434,342.00
Clinic/Physician Offices	\$470.25		23,830	18%			\$11,206,057.50		\$11,206,057.50
Total Clinical Services	\$563.81		38,471				\$21,842,453.50		\$21,842,453.50
Non-Reviewable									
Public (Including Conference Center)	\$475.00		14,370	40%			\$6,825,750.00		\$6,825,750.00
Staff Support	\$470.00		3,820	7%			\$1,795,400.00		\$1,795,400.00
Building Systems	\$700.25		19,230	10%			\$13,465,807.50		\$13,465,807.50
Circulation / Elevators	\$346.00		19,109	70%			\$6,611,714.00		\$6,611,714.00
Total non-clinical areas			56,529				\$28,698,671.50		\$28,698,671.50
Contingency									
TOTALS			95,000	28,500sf			\$50,541,125.00		\$50,541,125.00
* Include the percentage (%) of space for circulation									

ATTACHMENT 37

Category	Estimated added construction cost impact
<u>Advanced Infrastructure</u> Additional cost impacts are related to building layout and operational functionality requirements. The project includes significant structural and architectural enhancements necessary to support durable finishes, higher-use materials, increased floor to floor heights, improved ceiling space coordination, and enhanced acoustic and vibration control measures. Imaging Shielding is also factored into this cost. Structural and architectural upgrades represents one of the largest contributors to increased project cost	\$1,540,000
<u>Technology and communication</u> Technology and communications infrastructure requirements further increase project cost due to expanded IT systems, imaging integration capabilities, low-voltage and security systems and dedicated technology spaces designed to support future growth. Due to the amount of forensic patients, the security and safety systems are directly integrated with the organization's overall system with the ability to monitored offsite adding to the overall technology project cost	\$328,407
<u>Mechanical, Electrical and Plumbing (MEP)</u> Significant added costs are driven by enhanced mechanical, electrical and plumbing systems necessary to support higher clinical operational intensity, expanded electrical distribution capacity, backup power infrastructure, and enhanced building controls and monitoring systems. Due to the type of imaging equipment located within the facility, building automation will be critical to monitor required air temperatures and humidity levels. Redundancy will be put into place for MEP to reduce and or eliminate operational downtime. These upgrades contribute substantial increase to the overall project budget	\$1,231,837
<u>Natural Lighting</u> The building design incorporates enhanced natural daylighting strategies to improve the experience of patients, visitors, and staff. Achieving these goals requires larger window openings, expanded glazing systems, additional structural support, upgraded building envelope components, and enhanced energy-performance measures, all of which increase construction costs beyond standard benchmarks. The investment in natural lighting is intended to create a more welcoming and healing environment, support patient comfort and well-being, and improve employee satisfaction, productivity, and workplace engagement. These design features contribute to a higher-quality facility that promotes long-term operational benefits while aligning with modern healthcare and workplace design best practices	\$375,000

ATTACHMENT 37

Category	Estimated added construction cost impact
<u>Site Constrains</u> . The proposed project site presents subsurface challenges that contribute to construction costs exceeding standard cost-per-square-foot benchmarks, including the potential presence of shallow bedrock identified through historical geotechnical information from the surrounding area. These conditions may require specialized excavation methods, foundation modifications, and additional site preparation efforts that increase overall construction costs. The project includes a partial basement that is critical for housing utilities and infrastructure, allowing clinical and patient care spaces to be utilized more efficiently above grade. The additional excavation, structural support, and waterproofing required for the basement are necessary investments that enhance the facility's functionality, operational efficiency, and flexibility.	\$325,000
<u>Contractor Labor</u> Riverside is committed to constructing this project using union and qualified specialty contractor labor. Union contractors provide a highly trained workforce that supports quality workmanship, productivity, and compliance with prevailing labor standards, but at a higher labor cost than non-union alternatives. In addition, specialty contractors required for complex building systems, diagnostic imaging infrastructure, advanced mechanical and electrical installations, and other technically demanding scopes carry premium pricing due to their expertise, certification requirements, and limited market availability. These factors increase overall project costs while helping ensure quality, safety, regulatory compliance, and long-term operational reliability.	Cost impact factored into prices above
Total Premium Cost	\$3,800,244.00

Section X, Safety Net Impact Statement

Attachment 38

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

ATTACHMENT 38

	2023	2024	2025
Charity (# of Patients)			
Inpatient	220	251	269
Outpatient	4,127	4,444	4,777
Total	4,347	4,695	5,046

Charity (Cost in dollars)			
Inpatient	623,651	532,893	846,469
Outpatient	1,001,710	1,238,692	1,378,153
Total	1,625,361	1,771,585	2,224,622

	2023	2024	2025
Medicaid (# of Patients)			
Inpatient	2,380	2,388	2,702
Outpatient	132,622	125,925	129,199
Total	135,002	128,313	131,901

Medicaid (Revenue)			
Inpatient	29,702,200	31,729,068	43,640,434
Outpatient	72,442,842	79,817,685	105,620,733
Total	102,145,042	111,546,753	149,261,167

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DATE	JUN 11	TYPE	Standard		
CONF.#	BBZWM2	FARE	Choice		
WN4899	CHICAGO (MIDWAY) FORT LAUDERDALE 03:25 PM I	Check monitors for gate number			
BOARDING TIME 02:55 PM					
Southwest					
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LN: OCONNOR FN: SEAN MN: PATRICK					
				*****7914	
				Boarding Group 5	
				Cardmember	

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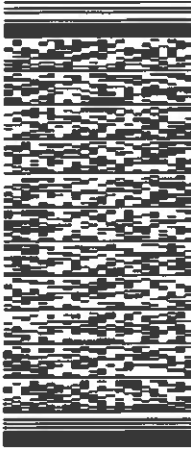
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CONF.#	BBZWM2	FARE	Choice		
WN4899	CHICAGO (MIDWAY) FORT LAUDERDALE 03:25 PM I	Check monitors for gate number			
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