

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the **2011** calendar year, or tax year beginning **APRIL 01**, 2011, and ending **MARCH 31**, 20 **12**

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization **SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
PO BOX 3988
 City or town, state or country, and ZIP + 4
CARBONDALE, IL 62902-3988

D Employer identification number
37-1136788

E Telephone number
(618)457-5200

F Name and address of principal officer: **REX BUDDÉ**
1239 EAST MAIN STREET, CARBONDALE, IL 62901

G Gross receipts \$ **8,831,451**

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ **WWW.SIH.NET**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **1983**

M State of legal domicile: **IL**

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES IT SERVES.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	13
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	10
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 0	Current Year: 74,853
	9	Program service revenue (Part VIII, line 2g)	1,361,554	1,417,083
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	638,721	661,855
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,000,275	2,153,791
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,723,930	1,819,361
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,723,930	1,819,361	
19	Revenue less expenses. Subtract line 18 from line 12	276,345	334,430	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 23,166,147	End of Year: 23,979,284
	21	Total liabilities (Part X, line 26)	367,420	379,137
	22	Net assets or fund balances. Subtract line 21 from line 20	22,798,727	23,600,147

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: **MIKE KASSER, CFO** Date: _____
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: **RACHEL SPURLOCK** Preparer's signature: _____ Date: _____
 Check if self-employed PTIN: **P00520729**

Firm's name ▶ **CROWE HORWATH LLP** Firm's EIN ▶ **35-0921680**
 Firm's address ▶ **9600 BROWNSBORO ROAD, SUITE 400, LOUISVILLE, KY 40241-1122** Phone no. **(502)326-3996**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2011, or fiscal year beginning 04/01, 2011, and ending 03/31, 2012

2011

Department of the Treasury
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.
▶ See instructions on back.

Name of exempt organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 371136788
Name and title of officer MIKE KASSER, CFO	

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	2,153,791
2a Form 990-EZ check here <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here <input type="checkbox"/>	b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c)	5b	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2011 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize CROWE HORWATH LLP to enter my PIN

3	6	7	8	8
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 as my signature

ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature *Mike Kasser* Date 1-30-13

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

3	5	1	6	4	7	2	1	6	8	0
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do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2011 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature *Rachel Spurlink* 2013.01.25 16:17:13 -05'00' Date

**ERO Must Retain This Form—See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So**



Crowe Tax Risk Assessment and Control

My Profile Reports Account Management

1-855-685-8722 Contact Us Home Logout

2011 - Southern Illinois Healthcare Enterprises, Inc.



Organization Home



Other Modules



Edit Forms



Review



File Forms

File - Form 990

Re-Enable Editing for the Form. [View XML for Form](#)

Check here if you are paper filing this return:

1. Filing Information
2. Signature Document
3. Attachments
4. Validation
5. Submission & Status

Step 5: Submit electronic file.

Submission Created	Status	IRS Accepted/Rejected	Acknowledgments
1/31/2013 2:44:48 PM	Accepted	IRS ACCEPTED	

[Create E-File Submission](#)

Application for Extension of Time To File an Exempt Organization Return

(Rev. January 2012)

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number (EIN) or <input checked="" type="checkbox"/> 37-1136788
	Number, street, and room or suite no. If a P.O. box, see instructions. PO BOX 3988	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CARBONDALE, IL 62902-3988	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▶ MIKE KASSER

Telephone No. ▶ (618)457-5200 FAX No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until November 15, 20 12, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year 20 ____ or

▶ tax year beginning April 01, 20 11, and ending March 31, 20 12.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

• If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. <u>SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.</u>	Employer identification number (EIN) or <input checked="" type="checkbox"/> <u>37-1136788</u>
	Number, street, and room or suite no. If a P.O. box, see instructions. <u>PO BOX 3988</u>	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <u>CARBONDALE, IL 62902-3988</u>	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of MIKE KASSER
Telephone No. (618)457-5200 FAX No.
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until February 15, 20 13.
- 5 For calendar year , or other tax year beginning April 01, 20 11, and ending March 31, 20 12.
- 6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period
- 7 State in detail why you need the extension TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER THE INFORMATION NECESSARY TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Title Date

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission:
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. (SIHE) IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES IT SERVES. SIHE OWNS AND OPERATES SEVERAL MEDICAL OFFICE BUILDING FACILITIES IN CARBONDALE, ILLINOIS AND NEARBY COMMUNITIES. (CONTINUED IN SCHEDULE O)

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 1,564,847 including grants of \$) (Revenue \$ 1,417,083)
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES INC (SIHE) SUPPORTS THE EXEMPT PURPOSE OF SOUTHERN ILLINOIS HOSPITAL SERVICE (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHE OWNS AND MAINTAINS FACILITIES WHICH ARE USED TO DELIVER HEALTHCARE SERVICES TO A SEVEN-COUNTY REGION. THE TENANTS LEASING THE FACILITIES FROM SIHE OFFER A WIDE RANGE OF HEALTHCARE SERVICES INCLUDING FAMILY PRACTICES, INTERNAL MEDICINE, SURGEONS, ALONG WITH SEVERAL SPECIALTY PRACTICES. THESE FACILITIES ENABLE HEALTHCARE TO BE PROVIDED TO INDIVIDUALS UNDER UNCOMPENSATED GOVERNMENT-SPONSORED PROGRAMS AND CHARITY CARE TO THOSE UNABLE TO PAY. THESE FACILITIES ALSO ENABLE SIHS TO CONTINUE TO EDUCATE THE COMMUNITY ABOUT HEALTHCARE BY PROVIDING INFORMATION ABOUT THE COMMUNITY BENEFIT PROGRAMS OF SIHS TO THEIR PATIENTS. (CONTINUED IN SCHEDULE O)

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)
(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ▶ 1,564,847

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part IV Checklist of Required Schedules *(continued)*

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		✓
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	✓	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		✓
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		✓
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	✓	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	✓	
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	✓	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	✓	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V

		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	10		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		✓	
b	If "Yes," enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		✓	
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		✓	
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		✓	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		✓	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		✓	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		✓	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		✓	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		✓	
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		✓	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b			

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	1a 13		
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b 9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	<input checked="" type="checkbox"/>	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?		<input checked="" type="checkbox"/>
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		<input checked="" type="checkbox"/>
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		<input checked="" type="checkbox"/>
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	<input checked="" type="checkbox"/>	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<input checked="" type="checkbox"/>	
12c		<input checked="" type="checkbox"/>	
13	Did the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
14	Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input checked="" type="checkbox"/>	
b	Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
16b			

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► IL
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► MIKE KASSER, 1239 EAST MAIN STREET, CARBONDALE, IL 62901, (618)457-5200

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) REX BUDDE PRESIDENT	1	✓		✓				0	503,464	239,332
(2) PHIL NORDSTROM CHAIR	1	✓		✓				0	0	0
(3) STEVE SABENS VICE CHAIR	1	✓		✓				0	0	0
(4) MARLENE SIMPSON SECRETARY	1	✓		✓				0	0	0
(5) JEFFREY PARKS MD TRUSTEE, PARTIAL YEAR	1	✓						0	0	0
(6) KATHLEEN FRALISH TRUSTEE	1	✓						0	0	0
(7) RUSSELL BROWN DO TRUSTEE, PARTIAL YEAR	1	✓						0	0	0
(8) HAROLD BARDO TRUSTEE	1	✓						0	0	0
(9) GEORGE O'NEILL TRUSTEE	1	✓						0	0	0
(10) MORTON LEVINE TRUSTEE	1	✓						0	0	0
(11) MARSHA RYAN MD TRUSTEE	1	✓						0	14,207	0
(12) ANAD SALEM MD TRUSTEE	1	✓						0	47,010	0
(13) DR TERRENCE GLENNON TRUSTEE	1	✓						0	358,654	56,807
(14) DEBRA MCMORROW TRUSTEE	1	✓						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) MIKE KASSER VP/CFO	1			✓				0	300,355	129,174
(16) WILLIAM SHERWOOD VP/GENERAL COUNSEL	1			✓				0	267,818	168,029
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total								0	1,491,508	593,342
c Total from continuation sheets to Part VII, Section A								0	0	0
d Total (add lines 1b and 1c)								0	1,491,508	593,342

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		✓
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	✓	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	74,853				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f ▶		74,853				
Program Service Revenue	2a	<u>FEES FROM TENANTS</u>	Business Code					
			531120	1,417,083	1,417,083			
	b	-----		0				
	c	-----		0				
	d	-----		0				
	e	-----		0				
	f	All other program service revenue .		0	0	0	0	
	g	Total. Add lines 2a-2f ▶		1,417,083				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		482,674			482,674	
	4	Income from investment of tax-exempt bond proceeds ▶		0				
	5	Royalties ▶		0				
	6a	Gross rents	(i) Real	(ii) Personal				
	b	Less: rental expenses						
	c	Rental income or (loss)	0	0				
	d	Net rental income or (loss) ▶		0				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b	Less: cost or other basis and sales expenses	6,677,575	85				
	c	Gain or (loss)	179,266	-85				
	d	Net gain or (loss) ▶		179,181			179,181	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 a						
	b	Less: direct expenses b						
	c	Net income or (loss) from fundraising events . ▶		0				
9a	Gross income from gaming activities. See Part IV, line 19 a							
b	Less: direct expenses b							
c	Net income or (loss) from gaming activities . . ▶		0					
10a	Gross sales of inventory, less returns and allowances a							
b	Less: cost of goods sold b							
c	Net income or (loss) from sales of inventory . . ▶		0					
Miscellaneous Revenue		Business Code						
11a	-----		0					
b	-----		0					
c	-----		0					
d	All other revenue		0	0	0	0		
e	Total. Add lines 11a-11d ▶		0					
12	Total revenue. See instructions. ▶		2,153,791	1,417,083	0	661,855		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	0			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	0			
10 Payroll taxes	0			
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	39,002		39,002	
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	92,107		92,107	
g Other	262,172	140,701	121,471	
12 Advertising and promotion	0			
13 Office expenses	3,578	1,644	1,934	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	650,943	650,943		
17 Travel	0			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	771,559	771,559		
23 Insurance	0			
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a -----	0			
b -----	0			
c -----	0			
d -----	0			
e All other expenses -----	0	0	0	0
25 Total functional expenses. Add lines 1 through 24e	1,819,361	1,564,847	254,514	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	335,227	2	908,091
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	11,205	9	4,100
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 19,658,835		
	b Less: accumulated depreciation	10b 12,665,941	7,606,722	10c 6,992,894
	11 Investments—publicly traded securities	14,898,945	11	15,995,382
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	314,048	15	78,817
16 Total assets. Add lines 1 through 15 (must equal line 34)	23,166,147	16	23,979,284	
Liabilities	17 Accounts payable and accrued expenses	285,261	17	331,542
	18 Grants payable		18	
	19 Deferred revenue		19	9,024
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	82,159	25	38,571
	26 Total liabilities. Add lines 17 through 25	367,420	26	379,137
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	22,798,727	27	23,600,147
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	22,798,727	33	23,600,147
34 Total liabilities and net assets/fund balances	23,166,147	34	23,979,284	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,153,791
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,819,361
3	Revenue less expenses. Subtract line 2 from line 1	3	334,430
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	22,798,727
5	Other changes in net assets or fund balances (explain in Schedule O)	5	466,990
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	23,600,147

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
- b** Were the organization's financial statements audited by an independent accountant?
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		✓
2b	✓	
2c	✓	
3a	✓	
3b	✓	

Form **990** (2011)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		<input checked="" type="checkbox"/>
11g(ii)		<input checked="" type="checkbox"/>
11g(iii)		<input checked="" type="checkbox"/>

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A) SOUTHERN ILLINOIS HOSPITAL SERVICES, INC.	37-0618939	3		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		0
(B)									
(C)									
(D)									
(E)									
Total									0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat. No. 11285F

Schedule A (Form 990 or 990-EZ) 2011

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

Schedule of Contributors

2011

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

Name of the organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ
 - 501(c)(3) (enter number) organization
 - 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 - 527 political organization
- Form 990-PF
 - 501(c)(3) exempt private foundation
 - 4947(a)(1) nonexempt charitable trust treated as a private foundation
 - 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33¹/₃ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	STATE OF ILLINOIS - ENVIRONMENTAL PROTECTION AGENCY COMPTROLLER OFFICE SPRINGFIELD, IL 62701	\$ 74,853	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$-----	-----

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2011

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$
- 3 Volunteer hours ▶

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
B Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a	Lobbying nontaxable amount				
b	Lobbying ceiling amount (150% of line 2a, column (e))				
c	Total lobbying expenditures				
d	Grassroots nontaxable amount				
e	Grassroots ceiling amount (150% of line 2d, column (e))				
f	Grassroots lobbying expenditures				

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		0
j Total. Add lines 1c through 1i			0
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A; and Part II-B, line 1. Also, complete this part for any additional information.

SEE NEXT PAGE

Part IV

Supplemental Information Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1	DESCRIPTION OF THE ACTIVITIES REPORTED ON LINES 1A THROUGH 1I	A LOBBYING REPORT WAS FILED WITH THE STATE OF ILLINOIS FOR SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. HOWEVER, ALL LOBBYING EXPENDITURES ARE PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, A RELATED ORGANIZATION. THEREFORE NO LOBBYING EXPENSES WERE INCURRED BY SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer identification number

37-1136788

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space
- 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d
- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____
- 4 Number of states where property subject to conservation easement is located ▶ _____
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No
- 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____
- 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No
- 9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
 - (i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
 - (ii) Assets included in Form 990, Part X ▶ \$ _____
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
 - a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
 - b Assets included in Form 990, Part X ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange programs
- e** Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? **Yes** **No**

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? **Yes** **No**

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21? **Yes** **No**

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment ▶%
- b** Permanent endowment ▶%
- c** Temporarily restricted endowment ▶%

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** unrelated organizations
- (ii)** related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		776,766		776,766
b Buildings		11,874,386	7,504,651	4,369,735
c Leasehold improvements		1,075,833	647,918	427,915
d Equipment		5,771,487	4,513,372	1,258,115
e Other		160,363		160,363

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶ 6,992,894

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other -----		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) DUE TO AFFILIATE - SIHS	15,481	
(3) DUE TO AFFILIATE - SIMS	23,090	
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	38,571	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV.)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV.)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

[SEE NEXT PAGE](#)

Part XIV

Supplemental Information Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Identifier	Explanation
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	<p>THE CORPORATION IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE CORPORATION REALIZED CERTAIN INCOME WHICH THE INTERNAL REVENUE SERVICE CONSIDERS TO BE UNRELATED BUSINESS INCOME SUBJECT TO INCOME TAX. FOR THE YEARS ENDED MARCH 31, 2012 AND 2011, NO TAX WAS DUE RELATED TO THESE OPERATIONS.</p> <p>WHEN TAX RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD BE ULTIMATELY SUSTAINED. EXAMPLES OF TAX POSITIONS COMMON TO HEALTH SYSTEMS INCLUDE MATTERS SUCH AS THE TAX EXEMPT ENTITY TAKING A TAX POSITION THAT AN ORGANIZATION IS TAX EXEMPT WITHOUT OBSERVING CORRESPONDING PROOF OF TAX EXEMPTION FROM FEDERAL AND STATE TAXING AUTHORITIES AND THERE IS MATERIAL NET INCOME GENERATED BY THE ENTITY OR EGREGIOUS COMPENSATION PAID TO INSIDERS THAT COULD RESULT IN REVOCATION OF EXEMPT STATUS (OUTSIDE THE SCOPE OF INTERMEDIATE SANCTIONS EXCISE TAX PENALTIES). THE TAX POSITION IS TO CONSIDER THAT THESE COMPENSATORY ARRANGEMENTS DO NOT JEOPARDIZE TAX EXEMPTION. THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY.</p> <p>TAX POSITIONS TAKEN ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS. TAX POSITIONS THAT MEET THE "MORE-LIKELY-THAN-NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50 PERCENT LIKELY OF BEING REALIZED UPON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY. THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS REFLECTED AS A LIABILITY FOR UNCERTAIN TAX BENEFITS IN THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION. THERE WERE NO UNCERTAIN TAX BENEFITS IDENTIFIED AND RECORDED AS A LIABILITY UPON THE ADOPTION OF ASC 740 OR AT MARCH 31, 2012 AND 2011. THE CORPORATION DOES NOT EXPECT THE TOTAL AMOUNT OF UNRECOGNIZED TAX BENEFITS TO SIGNIFICANTLY CHANGE IN THE NEXT 12 MONTHS. THE CORPORATION WOULD RECOGNIZE INTEREST AND/OR PENALTIES RELATED TO INCOME TAX MATTERS IN MISCELLANEOUS EXPENSES.</p> <p>TAX RETURNS FILED BY THE CORPORATION ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) UP TO THREE YEARS FROM THE EXTENDED DUE DATE OF EACH RETURN. TAX RETURNS FILED BY THE CORPORATION ARE NO LONGER SUBJECT TO EXAMINATION FOR THE YEARS ENDED MARCH 31, 2008 AND PRIOR.</p>

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Employer identification number

37-1136788

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- | | | | |
|--|-----------|---|---|
| a Receive a severance payment or change-of-control payment? | 4a | | ✓ |
| b Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | ✓ | |
| c Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | ✓ |
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 5a | | ✓ |
| b Any related organization? | 5b | | ✓ |
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 6a | | ✓ |
| b Any related organization? | 6b | | ✓ |
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		✓
4b	✓	
4c		✓
5a		✓
5b		✓
6a		✓
6b		✓
7		
8		
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 REX BUDDÉ	(i)	0	0	0	0	0	0	0
	(ii)	431,948	39	71,477	180,538	58,794	742,796	33,959
2 DR TERRENCE GLENNON	(i)	0	0	0	0	0	0	0
	(ii)	279,142	21,735	57,777	28,401	28,406	415,461	55,308
3 MIKE KASSER	(i)	0	0	0	0	0	0	0
	(ii)	276,009	39	24,307	94,757	34,417	429,529	0
4 WILLIAM SHERWOOD	(i)	0	0	0	0	0	0	0
	(ii)	240,142	39	27,637	126,273	41,756	435,847	0
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III

Supplemental Information Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 3	ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION	COMPENSATION FOR THE ORGANIZATION'S PRESIDENT IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHS USES THE FOLLOWING METHODS TO DETERMINE THE PRESIDENT'S COMPENSATION: -COMPENSATION COMMITTEE -INDEPENDENT COMPENSATION CONSULTANT -WRITTEN EMPLOYMENT CONTRACT -COMPENSATION SURVEY OR STUDY -APPROVAL BY THE BOARD OR COMPENSATION
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	COMPENSATION FOR THE ORGANIZATION'S OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHS MADE THE FOLLOWING SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENTS/CONTRIBUTIONS: REX BUDDE - \$33,959 PAYMENT RECEIVED; \$170,738 DEFERRED COMPENSATION MIKE KASSER - NO PAYMENT RECIEVED; \$84,957 DEFERRED COMPENSATION WILLIAM SHERWOOD - NO PAYMENT RECEIVED; \$116,473 DEFERRED COMPENSATION

Name of the Organization
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer Identification Number
37-1136788

Return Reference	Identifier	Explanation
FORM 990, PART III, LINE 1	ORGANIZATION'S MISSION	<p>(CONTINUED FROM PART III) SIHE'S APPROXIMATELY 121,000 SQUARE FEET OF MEDICAL SPACE IS USED TO DELIVER HEALTHCARE THROUGHOUT SOUTHERN ILLINOIS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY.</p> <p>SIHE'S VALUES REFLECT THE PHILOSOPHY OF ITS FOUNDERS AND GUIDE THE WORK OF ALL WHO SERVE WITHIN THE ORGANIZATION:</p> <p>RESPECT - RECOGNIZING AND VALUING THE DIGNITY AND UNIQUENESS OF EACH PERSON; INTEGRITY - ADHERING TO STRONG MORAL AND ETHICAL PRINCIPLES IN ALL WE DO; COMPASSION - RESPONDING TO THE FEELINGS AND NEEDS OF EACH PERSON WITH KINDNESS, CONCERN AND EMPATHY; COLLABORATION - COMMUNICATING AND WORKING WITH OTHERS FOR THE BENEFIT OF ALL; STEWARDSHIP - RESPONSIBLY USING, PRESERVING AND ENHANCING OUR HUMAN AND MATERIAL RESOURCES AS A NOT-FOR-PROFIT COMMUNITY CONTROLLED ORGANIZATION; ACCOUNTABILITY - HOLDING OURSELVES AND THOSE AROUND US RESPONSIBLE FOR LIVING THE VALUES AND ACHIEVING THE VISION OF SOUTHERN ILLINOIS HEALTHCARE; AND QUALITY - STRIVING FOR EXCELLENCE IN ALL WE DO.</p>
FORM 990, PART III, LINE 4A	PROGRAM SERVICE ACCOMPLISHMENTS	<p>(CONTINUED FROM PART III) THE SEVEN COUNTY SERVICE AREA IS VERY RURAL WITH A COMBINED POPULATION OF APPROXIMATELY 240,000. THE POPULATION OF THIS REGION RANGE FROM 37 TO 144 PERSONS PER SQUARE MILE COMPARED TO A STATE AVERAGE OF 223 PER SQUARE MILE. COLLECTIVELY, THE RESIDENTS OF EACH OF THESE COUNTIES HAVE MEDIAN HOUSEHOLD INCOMES THAT ARE SUBSTANTIALLY LESS THAN THE STATEWIDE AVERAGE OF \$46,590. MORE OF THE RESIDENTS OF THESE COUNTIES LIVE IN POVERTY THAN THE STATE AVERAGE OF 10.7%. THE COUNTY SERVED BY SIHE WITH THE HIGHEST PERCENTAGE OF RESIDENTS IN POVERTY HAS A 25.2% POVERTY RATE AND THE COUNTY SERVED BY SIHE WITH THE LOWEST POVERTY RATE HAS A 11.3% POVERTY RATE.</p>
FORM 990, PART VI, SECTION A, LINE 1A	DELEGATE BROAD AUTHORITY TO A COMMITTEE	<p>AUTHORITY OF GOVERNANCE COMMITTEE THE BOARD HAS A GOVERNANCE COMMITTEE CONSISTING OF 5 TRUSTEES. THE PURPOSE OF THE GOVERNANCE COMMITTEE IS TO ASSURE THE BOARD OF TRUSTEES THAT THE RESPECTIVE PROGRAMS ARE FUNCTIONAL TO FULFILL THE RESPONSIBILITIES OF THE BOARD OF TRUSTEES:</p> <ul style="list-style-type: none"> •DEVELOP AND MAINTAIN EFFECTIVE COMPENSATION AND BENEFIT POLICIES AND PRACTICES; REVIEW AND RECOMMEND IN ADVANCE ALL EXECUTIVE COMPENSATION ARRANGEMENTS; PROVIDE FOR THE EVALUATION OF THE PERFORMANCE OF THE CEO AND OTHER SYSTEM OFFICERS; REVIEW AND RECOMMEND ANNUAL PERFORMANCE OBJECTIVES FOR SYSTEM OFFICERS; PROVIDE FOR CONDUCT OF A PERIODIC SELF-EVALUATION OF THE BOARD OF TRUSTEES. •ASSURE THAT THE PROGRAMS WHICH ADDRESS NEW BOARD MEMBER ORIENTATION, CONTINUING EDUCATION, MENTORING, AND FACILITATE UNDERSTANDING OF CURRENT TRENDS IN HEALTHCARE AND MEDICAL TERMINOLOGY, ARE FUNCTIONAL. •IDENTIFY COMPETENT, HIGHLY QUALIFIED INDIVIDUALS TO SERVE AS MEMBERS OF THE BOARD OF TRUSTEES; RECOMMEND INDIVIDUALS TO SERVE IN LEADERSHIP POSITIONS ON THE BOARD; AND FACILITATE AND INTERVIEW POTENTIAL BOARD MEMBERS. •ACT FOR THE BOARD OF TRUSTEES IN ALL MATTERS AS SPECIFICALLY AUTHORIZED BY RESOLUTION OF THE BOARD OR WHEN THE BOARD OF TRUSTEES IS NOT IN SESSION.
FORM 990, PART VI, SECTION A, LINE 2	FAMILY/BUSINESS RELATIONSHIPS AMONGST INTERESTED PERSONS	RUSSELL BROWN, DO AND JEFFREY PARKS MD - BUSINESS RELATIONSHIP
FORM 990, PART VI, SECTION B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	A DRAFT OF THE FORM 990 AND SUPPLEMENTAL SCHEDULES WAS DISTRIBUTED TO THE CEO, CFO AND CERTAIN VICE-PRESIDENTS OF THE CORPORATION FOR THEIR REVIEW AND COMMENTS. THIS DRAFT COPY WAS PRESENTED TO THE FINANCE COMMITTEE BY THE CFO AND THE ORGANIZATION'S TAX ADVISORS FOR REVIEW AND COMMENTS ON JANUARY 16, 2013. AFTER THIS REVIEW AND COMMENT PERIOD, ALL SUGGESTIONS AND COMMENTS WERE CONSIDERED AND THE FORM 990 WAS UPDATED AS APPROPRIATE. THE FINALIZED FORM 990 AND SUPPLEMENTAL SCHEDULES WAS THEN PRESENTED TO THE BOARD OF TRUSTEES AND A COPY OF THE RETURN WAS PROVIDED TO EVERY MEMBER OF THE GOVERNING BODY BEFORE IT WAS FILED WITH THE IRS.
FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICY	ANNUALLY, THE GENERAL COUNSEL SENDS OUT A CONFLICT OF INTEREST QUESTIONNAIRE TO EACH TRUSTEE, DIRECTOR, OFFICER, MANAGER AND KEY EMPLOYEE TO COMPLETE AND RETURN. THE GENERAL COUNSEL THEN REVIEWS THESE QUESTIONNAIRES TO DETERMINE

Return Reference	Identifier	Explanation
		<p>WHAT CONFLICTS, REAL OR PERCEIVED, EXIST AS A STANDING AGENDA ITEM FOR EACH BOARD MEETING, THE GENERAL COUNSEL REMINDS THE TRUSTEES THAT THE BOARD HAS A CONFLICT OF INTEREST POLICY, THAT THE GENERAL COUNSEL HAS REVIEWED THE AGENDA FOR ANY CONFLICTS, BUT THAT THE TRUSTEES ARE OBLIGATED TO GIVE NOTICE IF A CONFLICT HAS BEEN OVER-LOOKED OR IF A DISCUSSION OR ACTION COMES BEFORE THE BOARD WHICH MAY INVOLVE OR CREATE A CONFLICT OF INTEREST FOR SOMEONE.</p> <p>IF A TRUSTEE HAS A CONFLICT OF INTEREST, THE TRUSTEE OR THE GENERAL COUNSEL DISCLOSES THE CONFLICT. THE TRUSTEE WITH THE CONFLICT IS ALLOWED TO REMAIN IN THE MEETING TO ANSWER ANY QUESTION THE CONFLICTED TRUSTEE MAY NEED TO ANSWER AND THEN THE CONFLICTED TRUSTEE IS EXCUSED FROM THE MEETING. THE REMAINING TRUSTEES CAN THEN DISCUSS THE MATTER FURTHER AND ACTION IS TAKEN ON THE MATTER. THE CONFLICTED TRUSTEE IS THEN INVITED BACK INTO THE MEETING. CONFLICTED TRUSTEES MAY ALSO BE ASKED, IN RARE SITUATIONS, TO RESIGN THEIR POSITION ON THE BOARD.</p>
FORM 990, PART VI, SECTION B, LINE 15A	PROCESS USED TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION.</p> <p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF THE PRESIDENT/CEO FOR THE FULL BOARD. ONLY THE FULL BOARD HAS THE AUTHORITY TO APPROVE THE COMPENSATION OF THE PRESIDENT/CEO. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2011.</p>
FORM 990, PART VI, SECTION B, LINE 15B	PROCESS USED TO ESTABLISH COMPENSATION OF OTHER OFFICERS/KEY EMPLOYEES	<p>COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION.</p> <p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF ALL OFFICERS FOR THE FULL BOARD. ONLY THE COMMITTEE WILL HAVE THE AUTHORITY TO APPROVE THE COMPENSATION OF ALL SENIOR MANAGEMENT AND WILL REPORT ITS ACTIONS TO THE BOARD. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2011.</p>
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC	<p>THE ORGANIZATION MAKES ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC UPON REQUEST. GOVERNING DOCUMENTS AND FINANCIAL STATEMENTS ARE NOT REQUIRED DISCLOSURES PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 6104. THESE DOCUMENTS ARE NOT AVAILABLE TO THE PUBLIC AT THIS TIME.</p>
FORM 990, PART VII, SECTION A, COLUMN B	AVERAGE NUMBER OF HOURS DEVOTED PER WEEK TO RELATED ORGANIZATION	<p>REX BUDDE - SOUTHERN ILLINOIS HOSPITAL SERVICES, 35 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 4 HOURS PER WEEK</p> <p>PHIL NORDSTROM - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>STEVE SABENS - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>MARLENE SIMPSON - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>JEFFREY PARKS MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>KATHLEEN FRALISH - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>RUSSELL BROWN DO - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>HAROLD BARDO - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p>

Return Reference	Identifier	Explanation							
		<p>SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>GEORGE O'NEILL - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>MORTON LEVINE - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>MARSHA RYAN MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SIH FOUNDATION, 1 HOUR PER WEEK</p> <p>ANAD SALEM MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>DR TERRENCE GLENNON - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SIH FOUNDATION, 1 HOUR PER WEEK</p> <p>DEBRA MCMORROW - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>MIKE KASSER - SOUTHERN ILLINOIS HOSPITAL SERVICES, 29 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 10 HOURS PER WEEK</p> <p>WILLIAM SHERWOOD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 29 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 10 HOURS PER WEEK</p>							
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th data-bbox="513 653 1317 688">(a) Description</th> <th data-bbox="1317 653 1515 688">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="513 688 1317 720">NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS</td> <td data-bbox="1317 688 1515 720">481,207</td> </tr> <tr> <td data-bbox="513 720 1317 751">EQUITY IN EARNINGS OF JOINT VENTURE</td> <td data-bbox="1317 720 1515 751">- 14,217</td> </tr> </tbody> </table>		(a) Description	(b) Amount	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	481,207	EQUITY IN EARNINGS OF JOINT VENTURE	- 14,217
(a) Description	(b) Amount								
NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	481,207								
EQUITY IN EARNINGS OF JOINT VENTURE	- 14,217								

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer identification number

37-1136788

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) SOUTHERN ILLINOIS HOSPITAL SERVICES (37-0618939) PO BOX 3988, CARBONDALE, IL 62902	HEALTHCARE	IL	501(C)(3)	3	SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	✓	
(2) SOUTHERN ILLINOIS MEDICAL SERVICES, NFP (20-5521741) 1239 EAST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	501(C)(3)	N/A	SOUTHERN ILLINOIS HOSPITAL SERVICES	✓	
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) See Statement												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HEALTH SERVICES OF SOUTHERN ILLINOIS, INC. (37-1115061) PO BOX 3988, CARBONDALE, IL 62902	PHARMACY	IL	SIHS	C CORPORATION	-14,217	84,010	100
(2) SIH CAYMAN SPC GROUP LTD (98-0611605) PO BOX 1051, GRAND CAYMAN, CJ, KY1-1102, CJ	FINANCING	CJ	SIHS	C CORPORATION	N/A	N/A	N/A
(3)							
(4)							
(5)							
(6)							
(7)							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	✓	
b Gift, grant, or capital contribution to related organization(s)		✓
c Gift, grant, or capital contribution from related organization(s)		✓
d Loans or loan guarantees to or for related organization(s)		✓
e Loans or loan guarantees by related organization(s)		✓
f Sale of assets to related organization(s)		✓
g Purchase of assets from related organization(s)		✓
h Exchange of assets with related organization(s)		✓
i Lease of facilities, equipment, or other assets to related organization(s)		✓
j Lease of facilities, equipment, or other assets from related organization(s)		✓
k Performance of services or membership or fundraising solicitations for related organization(s)		✓
l Performance of services or membership or fundraising solicitations by related organization(s)	✓	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		✓
n Sharing of paid employees with related organization(s)	✓	
o Reimbursement paid to related organization(s) for expenses	✓	
p Reimbursement paid by related organization(s) for expenses		✓
q Other transfer of cash or property to related organization(s)		✓
r Other transfer of cash or property from related organization(s)		✓

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	SOUTHERN ILLINOIS HOSPITAL SERVICES	A	225,376	FMV
(2)	SOUTHERN ILLINOIS MEDICAL SERVICES	A	339,790	FMV
(3)	SOUTHERN ILLINOIS HOSPITAL SERVICES	L	238,339	FMV
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part III

Identification of Related Organizations Taxable as a Partnership (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PHYSICIANS' SURGERY CENTER LLC (26-0425547) 2601 WEST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A
(2) RIC AND SIHS REHABILITATION SERVICES LLC (36-4566925) PO BOX 3988, CARBONDALE, IL 62902	MEDICAL SERVICES	IL	N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2011

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Department of the Treasury
Internal Revenue Service

A For the **2011** calendar year, or tax year beginning **APRIL 01**, 2011, and ending **MARCH 31**, 20 **12**

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization **SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
PO BOX 3988
 City or town, state or country, and ZIP + 4
CARBONDALE, IL 62902-3988

D Employer identification number
37-1136788

E Telephone number
(618)457-5200

F Name and address of principal officer: **REX BUDDÉ**
1239 EAST MAIN STREET, CARBONDALE, IL 62901

G Gross receipts \$ **8,831,451**

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ **WWW.SIH.NET**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **1983**

M State of legal domicile: **IL**

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES IT SERVES.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	13
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	0
	6	Total number of volunteers (estimate if necessary)	6	10
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 0	Current Year: 74,853
	9	Program service revenue (Part VIII, line 2g)	1,361,554	1,417,083
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	638,721	661,855
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,000,275	2,153,791
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,723,930	1,819,361
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	1,723,930	1,819,361	
19	Revenue less expenses. Subtract line 18 from line 12	276,345	334,430	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 23,166,147	End of Year: 23,979,284
	21	Total liabilities (Part X, line 26)	367,420	379,137
	22	Net assets or fund balances. Subtract line 21 from line 20	22,798,727	23,600,147

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: **MIKE KASSER, CFO** Date: _____
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: **RACHEL SPURLOCK** Preparer's signature: *Rachel Spurlock* Date: **2/1/13** Check if self-employed PTIN: **P00520729**
 Firm's name ▶ **CROWE HORWATH LLP** Firm's EIN ▶ **35-0921680**
 Firm's address ▶ **9600 BROWNSBORO ROAD, SUITE 400, LOUISVILLE, KY 40241-1122** Phone no. **(502)326-3996**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2011)

Application for Extension of Time To File an Exempt Organization Return

(Rev. January 2012)

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions. SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number (EIN) or <input checked="" type="checkbox"/> 37-1136788
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. PO BOX 3988	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CARBONDALE, IL 62902-3988	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▶ MIKE KASSER

Telephone No. ▶ (618)457-5200 FAX No. ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until November 15, 20 12, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 ____ or

▶ tax year beginning April 01, 20 11, and ending March 31, 20 12.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. <u>SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.</u>	Employer identification number (EIN) or <input checked="" type="checkbox"/> <u>37-1136788</u>
	Number, street, and room or suite no. If a P.O. box, see instructions. <u>PO BOX 3988</u>	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <u>CARBONDALE, IL 62902-3988</u>	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of MIKE KASSER
Telephone No. (618)457-5200 FAX No.
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until February 15, 20 13.
- 5 For calendar year , or other tax year beginning April 01, 20 11, and ending March 31, 20 12.
- 6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period
- 7 State in detail why you need the extension TAXPAYER RESPECTFULLY REQUESTS ADDITIONAL TIME TO GATHER THE INFORMATION NECESSARY TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Title Date

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission:
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. (SIHE) IS DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES IT SERVES. SIHE OWNS AND OPERATES SEVERAL MEDICAL OFFICE BUILDING FACILITIES IN CARBONDALE, ILLINOIS AND NEARBY COMMUNITIES. (CONTINUED IN SCHEDULE O)

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 1,564,847 including grants of \$) (Revenue \$ 1,417,083)
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES INC (SIHE) SUPPORTS THE EXEMPT PURPOSE OF SOUTHERN ILLINOIS HOSPITAL SERVICE (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHE OWNS AND MAINTAINS FACILITIES WHICH ARE USED TO DELIVER HEALTHCARE SERVICES TO A SEVEN-COUNTY REGION. THE TENANTS LEASING THE FACILITIES FROM SIHE OFFER A WIDE RANGE OF HEALTHCARE SERVICES INCLUDING FAMILY PRACTICES, INTERNAL MEDICINE, SURGEONS, ALONG WITH SEVERAL SPECIALTY PRACTICES. THESE FACILITIES ENABLE HEALTHCARE TO BE PROVIDED TO INDIVIDUALS UNDER UNCOMPENSATED GOVERNMENT-SPONSORED PROGRAMS AND CHARITY CARE TO THOSE UNABLE TO PAY. THESE FACILITIES ALSO ENABLE SIHS TO CONTINUE TO EDUCATE THE COMMUNITY ABOUT HEALTHCARE BY PROVIDING INFORMATION ABOUT THE COMMUNITY BENEFIT PROGRAMS OF SIHS TO THEIR PATIENTS. (CONTINUED IN SCHEDULE O)

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)
(Expenses \$ 0 including grants of \$ 0) (Revenue \$ 0)

4e Total program service expenses ▶ 1,564,847

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12 a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14 a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20 a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input type="checkbox"/>	<input type="checkbox"/>

Part IV Checklist of Required Schedules *(continued)*

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		✓
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	✓	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		✓
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		✓
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	✓	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	✓	
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	✓	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	✓	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V

		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	10		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	✓		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	0		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		✓	
b	If "Yes," enter the name of the foreign country: ▶ _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		✓	
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		✓	
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		✓	
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	Organizations that may receive deductible contributions under section 170(c).				
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		✓	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		✓	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		✓	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		✓	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		✓	
9	Sponsoring organizations maintaining donor advised funds.				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	Section 501(c)(7) organizations. Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations. Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.				
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		✓	
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b			

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	<input checked="" type="checkbox"/>	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?		<input checked="" type="checkbox"/>
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		<input checked="" type="checkbox"/>
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		<input checked="" type="checkbox"/>
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?	<input checked="" type="checkbox"/>	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		<input checked="" type="checkbox"/>
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input checked="" type="checkbox"/>	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	<input checked="" type="checkbox"/>	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input checked="" type="checkbox"/>	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<input checked="" type="checkbox"/>	
13	Did the organization have a written whistleblower policy?	<input checked="" type="checkbox"/>	
14	Did the organization have a written document retention and destruction policy?	<input checked="" type="checkbox"/>	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	<input checked="" type="checkbox"/>	
15b	Other officers or key employees of the organization	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<input checked="" type="checkbox"/>
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► IL
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► MIKE KASSER, 1239 EAST MAIN STREET, CARBONDALE, IL 62901, (618)457-5200

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) REX BUDDE PRESIDENT	1	✓		✓				0	503,464	239,332
(2) PHIL NORDSTROM CHAIR	1	✓		✓				0	0	0
(3) STEVE SABENS VICE CHAIR	1	✓		✓				0	0	0
(4) MARLENE SIMPSON SECRETARY	1	✓		✓				0	0	0
(5) JEFFREY PARKS MD TRUSTEE, PARTIAL YEAR	1	✓						0	0	0
(6) KATHLEEN FRALISH TRUSTEE	1	✓						0	0	0
(7) RUSSELL BROWN DO TRUSTEE, PARTIAL YEAR	1	✓						0	0	0
(8) HAROLD BARDO TRUSTEE	1	✓						0	0	0
(9) GEORGE O'NEILL TRUSTEE	1	✓						0	0	0
(10) MORTON LEVINE TRUSTEE	1	✓						0	0	0
(11) MARSHA RYAN MD TRUSTEE	1	✓						0	14,207	0
(12) ANAD SALEM MD TRUSTEE	1	✓						0	47,010	0
(13) DR TERRENCE GLENNON TRUSTEE	1	✓						0	358,654	56,807
(14) DEBRA MCMORROW TRUSTEE	1	✓						0	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) MIKE KASSER VP/CFO	1			✓				0	300,355	129,174
(16) WILLIAM SHERWOOD VP/GENERAL COUNSEL	1			✓				0	267,818	168,029
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total								0	1,491,508	593,342
c Total from continuation sheets to Part VII, Section A								0	0	0
d Total (add lines 1b and 1c)								0	1,491,508	593,342

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		✓
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	✓	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		✓

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	74,853				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f ▶		74,853				
Program Service Revenue	2a	<u>FEES FROM TENANTS</u>	Business Code					
			531120	1,417,083	1,417,083			
	b	-----		0				
	c	-----		0				
	d	-----		0				
	e	-----		0				
	f	All other program service revenue .		0	0	0	0	
	g	Total. Add lines 2a-2f ▶		1,417,083				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		482,674			482,674	
	4	Income from investment of tax-exempt bond proceeds ▶		0				
	5	Royalties ▶		0				
	6a	Gross rents	(i) Real	(ii) Personal				
	b	Less: rental expenses						
	c	Rental income or (loss)	0	0				
	d	Net rental income or (loss) ▶		0				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
	b	Less: cost or other basis and sales expenses	6,677,575	85				
	c	Gain or (loss)	179,266	-85				
	d	Net gain or (loss) ▶		179,181			179,181	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 a						
	b	Less: direct expenses b						
	c	Net income or (loss) from fundraising events . ▶		0				
9a	Gross income from gaming activities. See Part IV, line 19 a							
b	Less: direct expenses b							
c	Net income or (loss) from gaming activities . . ▶		0					
10a	Gross sales of inventory, less returns and allowances a							
b	Less: cost of goods sold b							
c	Net income or (loss) from sales of inventory . . ▶		0					
Miscellaneous Revenue		Business Code						
11a	-----		0					
b	-----		0					
c	-----		0					
d	All other revenue		0	0	0	0		
e	Total. Add lines 11a-11d ▶		0					
12	Total revenue. See instructions. ▶		2,153,791	1,417,083	0	661,855		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	0			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0			
9 Other employee benefits	0			
10 Payroll taxes	0			
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	39,002		39,002	
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	92,107		92,107	
g Other	262,172	140,701	121,471	
12 Advertising and promotion	0			
13 Office expenses	3,578	1,644	1,934	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	650,943	650,943		
17 Travel	0			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	0			
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	771,559	771,559		
23 Insurance	0			
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a -----	0			
b -----	0			
c -----	0			
d -----	0			
e All other expenses -----	0	0	0	0
25 Total functional expenses. Add lines 1 through 24e	1,819,361	1,564,847	254,514	0
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	335,227	2	908,091
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net		4	
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	11,205	9	4,100
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 19,658,835		
	b Less: accumulated depreciation	10b 12,665,941	7,606,722	10c 6,992,894
	11 Investments—publicly traded securities	14,898,945	11	15,995,382
	12 Investments—other securities. See Part IV, line 11	0	12	0
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	314,048	15	78,817
16 Total assets. Add lines 1 through 15 (must equal line 34)	23,166,147	16	23,979,284	
Liabilities	17 Accounts payable and accrued expenses	285,261	17	331,542
	18 Grants payable		18	
	19 Deferred revenue		19	9,024
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	82,159	25	38,571
	26 Total liabilities. Add lines 17 through 25	367,420	26	379,137
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	22,798,727	27	23,600,147
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	22,798,727	33	23,600,147
34 Total liabilities and net assets/fund balances	23,166,147	34	23,979,284	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,153,791
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,819,361
3	Revenue less expenses. Subtract line 2 from line 1	3	334,430
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	22,798,727
5	Other changes in net assets or fund balances (explain in Schedule O)	5	466,990
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	23,600,147

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
- b** Were the organization's financial statements audited by an independent accountant?
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- d** If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		✓
2b	✓	
2c	✓	
3a	✓	
3b	✓	

Form **990** (2011)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.

- a** Type I **b** Type II **c** Type III—Functionally integrated **d** Type III—Other

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

- (i)** A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii)** A family member of a person described in (i) above?
- (iii)** A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		<input checked="" type="checkbox"/>
11g(ii)		<input checked="" type="checkbox"/>
11g(iii)		<input checked="" type="checkbox"/>

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A) SOUTHERN ILLINOIS HOSPITAL SERVICES, INC.	37-0618939	3		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		0
(B)									
(C)									
(D)									
(E)									
Total									0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat. No. 11285F

Schedule A (Form 990 or 990-EZ) 2011

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2010. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

Schedule of Contributors

2011

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

Name of the organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
---	---

Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ
 - 501(c)(3) (enter number) organization
 - 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 - 527 political organization
- Form 990-PF
 - 501(c)(3) exempt private foundation
 - 4947(a)(1) nonexempt charitable trust treated as a private foundation
 - 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33¹/₃ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 74,853	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----		\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2011

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	Employer identification number 37-1136788
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$
- 3 Volunteer hours ▶

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
B Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		✓	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		0
j Total. Add lines 1c through 1i			0
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A; and Part II-B, line 1. Also, complete this part for any additional information.

SEE NEXT PAGE

Part IV

Supplemental Information Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; and Part II-B, line 1i. Also, complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1	DESCRIPTION OF THE ACTIVITIES REPORTED ON LINES 1A THROUGH 1I	A LOBBYING REPORT WAS FILED WITH THE STATE OF ILLINOIS FOR SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. HOWEVER, ALL LOBBYING EXPENDITURES ARE PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, A RELATED ORGANIZATION. THEREFORE NO LOBBYING EXPENSES WERE INCURRED BY SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer identification number

37-1136788

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes No, 6 Did the organization inform all grantees... Yes No.

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution, 3 Number of conservation easements modified, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, 6 Staff and volunteer hours devoted to monitoring, 7 Amount of expenses incurred in monitoring, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B), 9 In Part XIV, describe how the organization reports conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

Table with 2 columns: Amounts. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenues included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a** Public exhibition
- b** Scholarly research
- c** Preservation for future generations
- d** Loan or exchange programs
- e** Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? **Yes** **No**

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? **Yes** **No**

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21? **Yes** **No**

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment ▶%
- b** Permanent endowment ▶%
- c** Temporarily restricted endowment ▶%

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** unrelated organizations
- (ii)** related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		776,766		776,766
b Buildings		11,874,386	7,504,651	4,369,735
c Leasehold improvements		1,075,833	647,918	427,915
d Equipment		5,771,487	4,513,372	1,258,115
e Other		160,363		160,363
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				6,992,894

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other -----		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) DUE TO AFFILIATE - SIHS	15,481	
(3) DUE TO AFFILIATE - SIMS	23,090	
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	38,571	

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization’s financial statements that reports the organization’s liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1
2	Total expenses (Form 990, Part IX, column (A), line 25)	2
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV.)	8
9	Total adjustments (net). Add lines 4 through 8	9
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	2a
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1 :	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

[SEE NEXT PAGE](#)

Part XIV

Supplemental Information Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Return Reference	Identifier	Explanation
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	<p>THE CORPORATION IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE CORPORATION REALIZED CERTAIN INCOME WHICH THE INTERNAL REVENUE SERVICE CONSIDERS TO BE UNRELATED BUSINESS INCOME SUBJECT TO INCOME TAX. FOR THE YEARS ENDED MARCH 31, 2012 AND 2011, NO TAX WAS DUE RELATED TO THESE OPERATIONS.</p> <p>WHEN TAX RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD BE ULTIMATELY SUSTAINED. EXAMPLES OF TAX POSITIONS COMMON TO HEALTH SYSTEMS INCLUDE MATTERS SUCH AS THE TAX EXEMPT ENTITY TAKING A TAX POSITION THAT AN ORGANIZATION IS TAX EXEMPT WITHOUT OBSERVING CORRESPONDING PROOF OF TAX EXEMPTION FROM FEDERAL AND STATE TAXING AUTHORITIES AND THERE IS MATERIAL NET INCOME GENERATED BY THE ENTITY OR EGREGIOUS COMPENSATION PAID TO INSIDERS THAT COULD RESULT IN REVOCATION OF EXEMPT STATUS (OUTSIDE THE SCOPE OF INTERMEDIATE SANCTIONS EXCISE TAX PENALTIES). THE TAX POSITION IS TO CONSIDER THAT THESE COMPENSATORY ARRANGEMENTS DO NOT JEOPARDIZE TAX EXEMPTION. THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY.</p> <p>TAX POSITIONS TAKEN ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS. TAX POSITIONS THAT MEET THE "MORE-LIKELY-THAN-NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50 PERCENT LIKELY OF BEING REALIZED UPON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY. THE PORTION OF THE BENEFITS ASSOCIATED WITH TAX POSITIONS TAKEN THAT EXCEEDS THE AMOUNT MEASURED AS DESCRIBED ABOVE IS REFLECTED AS A LIABILITY FOR UNCERTAIN TAX BENEFITS IN THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS ALONG WITH ANY ASSOCIATED INTEREST AND PENALTIES THAT WOULD BE PAYABLE TO THE TAXING AUTHORITIES UPON EXAMINATION. THERE WERE NO UNCERTAIN TAX BENEFITS IDENTIFIED AND RECORDED AS A LIABILITY UPON THE ADOPTION OF ASC 740 OR AT MARCH 31, 2012 AND 2011. THE CORPORATION DOES NOT EXPECT THE TOTAL AMOUNT OF UNRECOGNIZED TAX BENEFITS TO SIGNIFICANTLY CHANGE IN THE NEXT 12 MONTHS. THE CORPORATION WOULD RECOGNIZE INTEREST AND/OR PENALTIES RELATED TO INCOME TAX MATTERS IN MISCELLANEOUS EXPENSES.</p> <p>TAX RETURNS FILED BY THE CORPORATION ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) UP TO THREE YEARS FROM THE EXTENDED DUE DATE OF EACH RETURN. TAX RETURNS FILED BY THE CORPORATION ARE NO LONGER SUBJECT TO EXAMINATION FOR THE YEARS ENDED MARCH 31, 2008 AND PRIOR.</p>

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Employer identification number

37-1136788

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- | | | | |
|--|-----------|---|---|
| a Receive a severance payment or change-of-control payment? | 4a | | ✓ |
| b Participate in, or receive payment from, a supplemental nonqualified retirement plan? | 4b | ✓ | |
| c Participate in, or receive payment from, an equity-based compensation arrangement? | 4c | | ✓ |
- If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 5a | | ✓ |
| b Any related organization? | 5b | | ✓ |
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- | | | | |
|--|-----------|--|---|
| a The organization? | 6a | | ✓ |
| b Any related organization? | 6b | | ✓ |
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1a		
1b		
2		
3		
4a		✓
4b	✓	
4c		✓
5a		✓
5b		✓
6a		✓
6b		✓
7		
8		
9		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No. 50053T

Schedule J (Form 990) 2011

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 REX BUDDÉ	(i)	0	0	0	0	0	0	0
	(ii)	431,948	39	71,477	180,538	58,794	742,796	33,959
2 DR TERRENCE GLENNON	(i)	0	0	0	0	0	0	0
	(ii)	279,142	21,735	57,777	28,401	28,406	415,461	55,308
3 MIKE KASSER	(i)	0	0	0	0	0	0	0
	(ii)	276,009	39	24,307	94,757	34,417	429,529	0
4 WILLIAM SHERWOOD	(i)	0	0	0	0	0	0	0
	(ii)	240,142	39	27,637	126,273	41,756	435,847	0
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III

Supplemental Information Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 3	ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION	COMPENSATION FOR THE ORGANIZATION'S PRESIDENT IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHS USES THE FOLLOWING METHODS TO DETERMINE THE PRESIDENT'S COMPENSATION: -COMPENSATION COMMITTEE -INDEPENDENT COMPENSATION CONSULTANT -WRITTEN EMPLOYMENT CONTRACT -COMPENSATION SURVEY OR STUDY -APPROVAL BY THE BOARD OR COMPENSATION
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	COMPENSATION FOR THE ORGANIZATION'S OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION. SIHS MADE THE FOLLOWING SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENTS/CONTRIBUTIONS: REX BUDDE - \$33,959 PAYMENT RECEIVED; \$170,738 DEFERRED COMPENSATION MIKE KASSER - NO PAYMENT RECIEVED; \$84,957 DEFERRED COMPENSATION WILLIAM SHERWOOD - NO PAYMENT RECEIVED; \$116,473 DEFERRED COMPENSATION

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

2011

Open to Public Inspection

Name of the Organization
SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer Identification Number
37-1136788

Return Reference	Identifier	Explanation
FORM 990, PART III, LINE 1	ORGANIZATION'S MISSION	<p>(CONTINUED FROM PART III) SIHE'S APPROXIMATELY 121,000 SQUARE FEET OF MEDICAL SPACE IS USED TO DELIVER HEALTHCARE THROUGHOUT SOUTHERN ILLINOIS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY.</p> <p>SIHE'S VALUES REFLECT THE PHILOSOPHY OF ITS FOUNDERS AND GUIDE THE WORK OF ALL WHO SERVE WITHIN THE ORGANIZATION:</p> <p>RESPECT - RECOGNIZING AND VALUING THE DIGNITY AND UNIQUENESS OF EACH PERSON; INTEGRITY - ADHERING TO STRONG MORAL AND ETHICAL PRINCIPLES IN ALL WE DO; COMPASSION - RESPONDING TO THE FEELINGS AND NEEDS OF EACH PERSON WITH KINDNESS, CONCERN AND EMPATHY; COLLABORATION - COMMUNICATING AND WORKING WITH OTHERS FOR THE BENEFIT OF ALL; STEWARDSHIP - RESPONSIBLY USING, PRESERVING AND ENHANCING OUR HUMAN AND MATERIAL RESOURCES AS A NOT-FOR-PROFIT COMMUNITY CONTROLLED ORGANIZATION; ACCOUNTABILITY - HOLDING OURSELVES AND THOSE AROUND US RESPONSIBLE FOR LIVING THE VALUES AND ACHIEVING THE VISION OF SOUTHERN ILLINOIS HEALTHCARE; AND QUALITY - STRIVING FOR EXCELLENCE IN ALL WE DO.</p>
FORM 990, PART III, LINE 4A	PROGRAM SERVICE ACCOMPLISHMENTS	<p>(CONTINUED FROM PART III) THE SEVEN COUNTY SERVICE AREA IS VERY RURAL WITH A COMBINED POPULATION OF APPROXIMATELY 240,000. THE POPULATION OF THIS REGION RANGE FROM 37 TO 144 PERSONS PER SQUARE MILE COMPARED TO A STATE AVERAGE OF 223 PER SQUARE MILE. COLLECTIVELY, THE RESIDENTS OF EACH OF THESE COUNTIES HAVE MEDIAN HOUSEHOLD INCOMES THAT ARE SUBSTANTIALLY LESS THAN THE STATEWIDE AVERAGE OF \$46,590. MORE OF THE RESIDENTS OF THESE COUNTIES LIVE IN POVERTY THAN THE STATE AVERAGE OF 10.7%. THE COUNTY SERVED BY SIHE WITH THE HIGHEST PERCENTAGE OF RESIDENTS IN POVERTY HAS A 25.2% POVERTY RATE AND THE COUNTY SERVED BY SIHE WITH THE LOWEST POVERTY RATE HAS A 11.3% POVERTY RATE.</p>
FORM 990, PART VI, SECTION A, LINE 1A	DELEGATE BROAD AUTHORITY TO A COMMITTEE	<p>AUTHORITY OF GOVERNANCE COMMITTEE THE BOARD HAS A GOVERNANCE COMMITTEE CONSISTING OF 5 TRUSTEES. THE PURPOSE OF THE GOVERNANCE COMMITTEE IS TO ASSURE THE BOARD OF TRUSTEES THAT THE RESPECTIVE PROGRAMS ARE FUNCTIONAL TO FULFILL THE RESPONSIBILITIES OF THE BOARD OF TRUSTEES:</p> <ul style="list-style-type: none"> •DEVELOP AND MAINTAIN EFFECTIVE COMPENSATION AND BENEFIT POLICIES AND PRACTICES; REVIEW AND RECOMMEND IN ADVANCE ALL EXECUTIVE COMPENSATION ARRANGEMENTS; PROVIDE FOR THE EVALUATION OF THE PERFORMANCE OF THE CEO AND OTHER SYSTEM OFFICERS; REVIEW AND RECOMMEND ANNUAL PERFORMANCE OBJECTIVES FOR SYSTEM OFFICERS; PROVIDE FOR CONDUCT OF A PERIODIC SELF-EVALUATION OF THE BOARD OF TRUSTEES. •ASSURE THAT THE PROGRAMS WHICH ADDRESS NEW BOARD MEMBER ORIENTATION, CONTINUING EDUCATION, MENTORING, AND FACILITATE UNDERSTANDING OF CURRENT TRENDS IN HEALTHCARE AND MEDICAL TERMINOLOGY, ARE FUNCTIONAL. •IDENTIFY COMPETENT, HIGHLY QUALIFIED INDIVIDUALS TO SERVE AS MEMBERS OF THE BOARD OF TRUSTEES; RECOMMEND INDIVIDUALS TO SERVE IN LEADERSHIP POSITIONS ON THE BOARD; AND FACILITATE AND INTERVIEW POTENTIAL BOARD MEMBERS. •ACT FOR THE BOARD OF TRUSTEES IN ALL MATTERS AS SPECIFICALLY AUTHORIZED BY RESOLUTION OF THE BOARD OR WHEN THE BOARD OF TRUSTEES IS NOT IN SESSION.
FORM 990, PART VI, SECTION A, LINE 2	FAMILY/BUSINESS RELATIONSHIPS AMONGST INTERESTED PERSONS	RUSSELL BROWN, DO AND JEFFREY PARKS MD - BUSINESS RELATIONSHIP
FORM 990, PART VI, SECTION B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	A DRAFT OF THE FORM 990 AND SUPPLEMENTAL SCHEDULES WAS DISTRIBUTED TO THE CEO, CFO AND CERTAIN VICE-PRESIDENTS OF THE CORPORATION FOR THEIR REVIEW AND COMMENTS. THIS DRAFT COPY WAS PRESENTED TO THE FINANCE COMMITTEE BY THE CFO AND THE ORGANIZATION'S TAX ADVISORS FOR REVIEW AND COMMENTS ON JANUARY 16, 2013. AFTER THIS REVIEW AND COMMENT PERIOD, ALL SUGGESTIONS AND COMMENTS WERE CONSIDERED AND THE FORM 990 WAS UPDATED AS APPROPRIATE. THE FINALIZED FORM 990 AND SUPPLEMENTAL SCHEDULES WAS THEN PRESENTED TO THE BOARD OF TRUSTEES AND A COPY OF THE RETURN WAS PROVIDED TO EVERY MEMBER OF THE GOVERNING BODY BEFORE IT WAS FILED WITH THE IRS.
FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICY	ANNUALLY, THE GENERAL COUNSEL SENDS OUT A CONFLICT OF INTEREST QUESTIONNAIRE TO EACH TRUSTEE, DIRECTOR, OFFICER, MANAGER AND KEY EMPLOYEE TO COMPLETE AND RETURN. THE GENERAL COUNSEL THEN REVIEWS THESE QUESTIONNAIRES TO DETERMINE

Return Reference	Identifier	Explanation
		<p>WHAT CONFLICTS, REAL OR PERCEIVED, EXIST AS A STANDING AGENDA ITEM FOR EACH BOARD MEETING, THE GENERAL COUNSEL REMINDS THE TRUSTEES THAT THE BOARD HAS A CONFLICT OF INTEREST POLICY, THAT THE GENERAL COUNSEL HAS REVIEWED THE AGENDA FOR ANY CONFLICTS, BUT THAT THE TRUSTEES ARE OBLIGATED TO GIVE NOTICE IF A CONFLICT HAS BEEN OVER-LOOKED OR IF A DISCUSSION OR ACTION COMES BEFORE THE BOARD WHICH MAY INVOLVE OR CREATE A CONFLICT OF INTEREST FOR SOMEONE.</p> <p>IF A TRUSTEE HAS A CONFLICT OF INTEREST, THE TRUSTEE OR THE GENERAL COUNSEL DISCLOSES THE CONFLICT. THE TRUSTEE WITH THE CONFLICT IS ALLOWED TO REMAIN IN THE MEETING TO ANSWER ANY QUESTION THE CONFLICTED TRUSTEE MAY NEED TO ANSWER AND THEN THE CONFLICTED TRUSTEE IS EXCUSED FROM THE MEETING. THE REMAINING TRUSTEES CAN THEN DISCUSS THE MATTER FURTHER AND ACTION IS TAKEN ON THE MATTER. THE CONFLICTED TRUSTEE IS THEN INVITED BACK INTO THE MEETING. CONFLICTED TRUSTEES MAY ALSO BE ASKED, IN RARE SITUATIONS, TO RESIGN THEIR POSITION ON THE BOARD.</p>
FORM 990, PART VI, SECTION B, LINE 15A	PROCESS USED TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION.</p> <p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF THE PRESIDENT/CEO FOR THE FULL BOARD. ONLY THE FULL BOARD HAS THE AUTHORITY TO APPROVE THE COMPENSATION OF THE PRESIDENT/CEO. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2011.</p>
FORM 990, PART VI, SECTION B, LINE 15B	PROCESS USED TO ESTABLISH COMPENSATION OF OTHER OFFICERS/KEY EMPLOYEES	<p>COMPENSATION FOR THE ORGANIZATION'S PRESIDENT AND OTHER OFFICERS IS PAID BY SOUTHERN ILLINOIS HOSPITAL SERVICES, INC. (SIHS), A RELATED TAX-EXEMPT ORGANIZATION.</p> <p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF ALL OFFICERS FOR THE FULL BOARD. ONLY THE COMMITTEE WILL HAVE THE AUTHORITY TO APPROVE THE COMPENSATION OF ALL SENIOR MANAGEMENT AND WILL REPORT ITS ACTIONS TO THE BOARD. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2011.</p>
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC	<p>THE ORGANIZATION MAKES ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC UPON REQUEST. GOVERNING DOCUMENTS AND FINANCIAL STATEMENTS ARE NOT REQUIRED DISCLOSURES PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 6104. THESE DOCUMENTS ARE NOT AVAILABLE TO THE PUBLIC AT THIS TIME.</p>
FORM 990, PART VII, SECTION A, COLUMN B	AVERAGE NUMBER OF HOURS DEVOTED PER WEEK TO RELATED ORGANIZATION	<p>REX BUDDE - SOUTHERN ILLINOIS HOSPITAL SERVICES, 35 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 4 HOURS PER WEEK</p> <p>PHIL NORDSTROM - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>STEVE SABENS - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>MARLENE SIMPSON - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>JEFFREY PARKS MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>KATHLEEN FRALISH - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>RUSSELL BROWN DO - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>HAROLD BARDO - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p>

Return Reference	Identifier	Explanation							
		<p>SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>GEORGE O'NEILL - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 1 HOUR PER WEEK</p> <p>MORTON LEVINE - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>MARSHA RYAN MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SIH FOUNDATION, 1 HOUR PER WEEK</p> <p>ANAD SALEM MD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>DR TERRENCE GLENNON - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK SIH FOUNDATION, 1 HOUR PER WEEK</p> <p>DEBRA MCMORROW - SOUTHERN ILLINOIS HOSPITAL SERVICES, 2 HOURS PER WEEK</p> <p>MIKE KASSER - SOUTHERN ILLINOIS HOSPITAL SERVICES, 29 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 10 HOURS PER WEEK</p> <p>WILLIAM SHERWOOD - SOUTHERN ILLINOIS HOSPITAL SERVICES, 29 HOURS PER WEEK SOUTHERN ILLINOIS MEDICAL SERVICES, 10 HOURS PER WEEK</p>							
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table border="1"> <thead> <tr> <th data-bbox="513 653 1317 688">(a) Description</th> <th data-bbox="1317 653 1515 688">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="513 688 1317 720">NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS</td> <td data-bbox="1317 688 1515 720">481,207</td> </tr> <tr> <td data-bbox="513 720 1317 751">EQUITY IN EARNINGS OF JOINT VENTURE</td> <td data-bbox="1317 720 1515 751">- 14,217</td> </tr> </tbody> </table>		(a) Description	(b) Amount	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	481,207	EQUITY IN EARNINGS OF JOINT VENTURE	- 14,217
(a) Description	(b) Amount								
NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	481,207								
EQUITY IN EARNINGS OF JOINT VENTURE	- 14,217								

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.

Employer identification number

37-1136788

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) SOUTHERN ILLINOIS HOSPITAL SERVICES (37-0618939) PO BOX 3988, CARBONDALE, IL 62902	HEALTHCARE	IL	501(C)(3)	3	SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC.	✓	
(2) SOUTHERN ILLINOIS MEDICAL SERVICES, NFP (20-5521741) 1239 EAST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	501(C)(3)	N/A	SOUTHERN ILLINOIS HOSPITAL SERVICES	✓	
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) <u>See Statement</u>												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) <u>HEALTH SERVICES OF SOUTHERN ILLINOIS, INC. (37-1115061)</u> <u>PO BOX 3988, CARBONDALE, IL 62902</u>	<u>PHARMACY</u>	<u>IL</u>	<u>SIHS</u>	<u>C CORPORATION</u>	<u>-14,217</u>	<u>84,010</u>	<u>100</u>
(2) <u>SIH CAYMAN SPC GROUP LTD (98-0611605)</u> <u>PO BOX 1051, GRAND CAYMAN, CJ, KY1-1102, CJ</u>	<u>FINANCING</u>	<u>CJ</u>	<u>SIHS</u>	<u>C CORPORATION</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	✓	
b Gift, grant, or capital contribution to related organization(s)		✓
c Gift, grant, or capital contribution from related organization(s)		✓
d Loans or loan guarantees to or for related organization(s)		✓
e Loans or loan guarantees by related organization(s)		✓
f Sale of assets to related organization(s)		✓
g Purchase of assets from related organization(s)		✓
h Exchange of assets with related organization(s)		✓
i Lease of facilities, equipment, or other assets to related organization(s)		✓
j Lease of facilities, equipment, or other assets from related organization(s)		✓
k Performance of services or membership or fundraising solicitations for related organization(s)		✓
l Performance of services or membership or fundraising solicitations by related organization(s)	✓	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		✓
n Sharing of paid employees with related organization(s)	✓	
o Reimbursement paid to related organization(s) for expenses	✓	
p Reimbursement paid by related organization(s) for expenses		✓
q Other transfer of cash or property to related organization(s)		✓
r Other transfer of cash or property from related organization(s)		✓

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
SOUTHERN ILLINOIS HOSPITAL SERVICES	A	225,376	FMV
(1) SOUTHERN ILLINOIS MEDICAL SERVICES	A	339,790	FMV
(2) SOUTHERN ILLINOIS HOSPITAL SERVICES	L	238,339	FMV
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part III

Identification of Related Organizations Taxable as a Partnership (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PHYSICIANS' SURGERY CENTER LLC (26-0425547) 2601 WEST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A
(2) RIC AND SIHS REHABILITATION SERVICES LLC (36-4566925) PO BOX 3988, CARBONDALE, IL 62902	MEDICAL SERVICES	IL	N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A



Instructions for Filing
Southern Illinois Healthcare Enterprises, Inc.
Form AG990-IL
Illinois Charitable Organization Annual Report
for the period ended March 31, 2012

Signature . . .

The original form should be signed (using full name and title) and dated by two authorized officers of the organization.

Filing . . .

The signed return should be filed as soon as possible with the . . .

Office of the Attorney General
Charitable Trust Bureau
ATTN: Annual Report Section
100 West Randolph Street, 11th Floor
Chicago, IL 60601-3175

Payment of tax . . .

A payment of \$115 must be submitted with the report payable to the Illinois Charity Bureau Fund.

PMT #	_____
AMT	_____
INIT	_____

ILLINOIS CHARITABLE ORGANIZATION ANNUAL REPORT

Attorney General **LISA MADIGAN** State of Illinois
Charitable Trust Bureau, 100 West Randolph
11th Floor, Chicago, Illinois 60601

CO # _____

Report for the Fiscal Period:

Beginning 04/01/2011

& Ending 03/31/2012

Check all items attached:

- Copy of IRS Return
 Audited Financial Statements
 Copy of Form IFC
 \$15.00 Annual Report Filing Fee
 \$100.00 Late Report Filing Fee

Make Checks
Payable to
the Illinois
Charity
Bureau Fund

Federal ID # **37-1136788**

Are contributions to the organization tax deductible? Yes No

Date Organization was created: 07/06/1983

LEGAL NAME MAIL ADDRESS CITY, STATE ZIP CODE	SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES P.O. BOX 3988 CARBONDALE, IL , IL 62902-3988	Year-end amounts	
		A) ASSETS	A) \$ 23,979,284
		B) LIABILITIES	B) \$ 379,137
		C) NET ASSETS	C) \$ 23,600,147
I. SUMMARY OF ALL REVENUE ITEMS DURING THE YEAR:		PERCENTAGE	AMOUNT
	D) PUBLIC SUPPORT, CONTRIBUTIONS & PROGRAM SERVICE REV. (GROSS AMTS.)	65.79 %	D) \$ 1,417,083
	E) GOVERNMENT GRANTS & MEMBERSHIP DUES	3.48 %	E) \$ 74,853
	F) OTHER REVENUES	30.73 %	F) \$ 661,855
	G) TOTAL REVENUE, INCOME AND CONTRIBUTIONS RECEIVED (ADD D,E, & F)	100%	G) \$ 2,153,791
II. SUMMARY OF ALL EXPENDITURES DURING THE YEAR:			
	H) OPERATING CHARITABLE PROGRAM EXPENSE	86.01 %	H) \$ 1,564,847
	I) EDUCATION PROGRAM SERVICE EXPENSE	0.00 %	I) \$ 0
	J) TOTAL CHARITABLE PROGRAM SERVICE EXPENSE (ADD H & I)	86.01 %	J) \$ 1,564,847
	J1) JOINT COSTS ALLOCATED TO PROGRAM SERVICES (INCLUDED IN J): \$ _____		
	K) GRANTS TO OTHER CHARITABLE ORGANIZATIONS	0.00 %	K) \$ 0
	L) TOTAL CHARITABLE PROGRAM SERVICE EXPENDITURE (ADD J & K)	86.01 %	L) \$ 1,564,847
	M) MANAGEMENT AND GENERAL EXPENSE	13.99 %	M) \$ 254,514
	N) FUNDRAISING EXPENSE	0.00 %	N) \$ 0
	O) TOTAL EXPENDITURES THIS PERIOD (ADD L, M, & N)	100 %	O) \$ 1,819,361
III. SUMMARY OF ALL PAID FUNDRAISER AND CONSULTANT ACTIVITIES: (Attach Attorney General Report of Individual Fundraising Campaign- Form IFC. One for each PFR.)			
PROFESSIONAL FUNDRAISERS:			
	P) TOTAL AMOUNT RAISED BY PAID PROFESSIONAL FUNDRAISERS	100 %	P) \$ 0
	Q) TOTAL FUNDRAISERS FEES AND EXPENSES	0.00 %	Q) \$ 0
	R) NET RECEIVED BY THE CHARITY (P MINUS Q=R)	100.00 %	R) \$ 0
PROFESSIONAL FUNDRAISING CONSULTANTS:			
	S) TOTAL AMOUNT PAID TO PROFESSIONAL FUNDRAISING CONSULTANTS		S) \$ 0
IV. COMPENSATION TO THE (3) HIGHEST PAID PERSONS DURING THE YEAR:			
	T) NAME, TITLE: N/A		T) \$ _____
	U) NAME, TITLE: N/A		U) \$ _____
	V) NAME, TITLE: N/A		V) \$ _____
V. CHARITABLE PROGRAM DESCRIPTION: CHARITABLE PROGRAM (3 HIGHEST BY \$ EXPENDED) CODE CATEGORIES		List on back side of instructions CODE	
	W) DESCRIPTION: FURNISHED SERVICES OR FACILITIES TO OTHER ORGANIZATIONS	W) #	151
	X) DESCRIPTION:	X) #	
	Y) DESCRIPTION:	Y) #	

IF THE ANSWER TO ANY OF THE FOLLOWING IS YES, ATTACH A DETAILED EXPLANATION:		YES	NO
1.	WAS THE ORGANIZATION THE SUBJECT OF ANY COURT ACTION, FINE, PENALTY OR JUDGMENT? 1.		X
2.	HAS THE ORGANIZATION OR A CURRENT DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE THEREOF, EVER BEEN CONVICTED BY ANY COURT OF ANY MISDEMEANOR INVOLVING THE MISUSE OR MISAPPROPRIATION OF FUNDS OR ANY FELONY? 2.		X
3.	DID THE ORGANIZATION MAKE A GRANT AWARD OR CONTRIBUTION TO ANY ORGANIZATION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES OWN AN INTEREST; OR WAS IT A PARTY TO ANY TRANSACTION IN WHICH ANY OF ITS OFFICERS, DIRECTORS OR TRUSTEES HAVE A MATERIAL FINANCIAL INTEREST; OR DID ANY OFFICER, DIRECTOR OR TRUSTEE RECEIVE ANYTHING OF VALUE NOT REPORTED AS COMPENSATION? 3.		X
4.	HAS THE ORGANIZATION INVESTED IN ANY CORPORATE STOCK IN WHICH ANY OFFICER, DIRECTOR OR TRUSTEE OWNS MORE THAN 10% OF THE OUTSTANDING SHARES? 4.		X
5.	IS ANY PROPERTY OF THE ORGANIZATION HELD IN THE NAME OF OR COMMINGLED WITH THE PROPERTY OF ANY OTHER PERSON OR ORGANIZATION? 5.		X
6.	DID THE ORGANIZATION USE THE SERVICES OF A PROFESSIONAL FUNDRAISER? (ATTACH FORM IFC) 6.		X
7a.	DID THE ORGANIZATION ALLOCATE THE COST OF ANY SOLICITATION, MAILING, ADVERTISEMENT OR LITERATURE COSTS BETWEEN PROGRAM SERVICE AND FUNDRAISING EXPENSES? 7.		X
7b.	IF "YES", ENTER (i) THE AGGREGATE AMOUNT OF THESE JOINT COSTS \$ _____; (ii) THE AMOUNT ALLOCATED TO PROGRAM SERVICES \$ _____; (iii) THE AMOUNT ALLOCATED TO MANAGEMENT AND GENERAL \$ _____; AND (iv) THE AMOUNT ALLOCATED TO FUNDRAISING \$ _____		
8.	DID THE ORGANIZATION EXPEND ITS RESTRICTED FUNDS FOR PURPOSES OTHER THAN RESTRICTED PURPOSES? 8.		X
9.	HAS THE ORGANIZATION EVER BEEN REFUSED REGISTRATION OR HAD ITS REGISTRATION OR TAX EXEMPTION SUSPENDED OR REVOKED BY ANY GOVERNMENTAL AGENCY? 9.		X
10.	WAS THERE OR DO YOU HAVE ANY KNOWLEDGE OF ANY KICKBACK, BRIBE, OR ANY THEFT, DEFALCATION MISAPPROPRIATION, COMMINGLING OR MISUSE OF ORGANIZATIONAL FUNDS? 10.		X
11.	LIST THE NAME AND ADDRESS OF THE FINANCIAL INSTITUTIONS WHERE THE ORGANIZATION MAINTAINS ITS THREE LARGEST ACCOUNTS: OLD NATIONAL BANK, 509 SOUTH UNIVERSITY, CARBONDALE, IL 62901		
12.	NAME AND TELEPHONE NUMBER OF CONTACT PERSON: MIKE KASSER (618)457-5200		

ALL ATTACHMENTS MUST ACCOMPANY THIS REPORT - SEE INSTRUCTIONS

UNDER PENALTY OF PERJURY, I (WE) THE UNDERSIGNED DECLARE AND CERTIFY THAT I (WE) HAVE EXAMINED THIS ANNUAL REPORT AND THE ATTACHED DOCUMENTS, INCLUDING ALL THE SCHEDULES AND STATEMENTS AND THE FACTS THEREIN STATED ARE TRUE AND COMPLETE AND FILED WITH THE ILLINOIS ATTORNEY GENERAL FOR THE PURPOSE OF HAVING THE PEOPLE OF THE STATE OF ILLINOIS RELY THEREUPON. I HEREBY FURTHER AUTHORIZE AND AGREE TO SUBMIT MYSELF AND THE REGISTRANT HEREBY TO THE JURISDICTION OF THE STATE OF ILLINOIS.

BE SURE TO INCLUDE ALL FEES DUE:
 1.) REPORTS ARE DUE WITHIN SIX MONTHS OF YOUR FISCAL YEAR END.
 2.) FOR FEES DUE SEE INSTRUCTIONS.
 3.) REPORTS THAT ARE LATE OR INCOMPLETE ARE SUBJECT TO A \$100.00 PENALTY.

PRESIDENT or TRUSTEE (PRINT NAME)	SIGNATURE	DATE
TREASURER or TRUSTEE (PRINT NAME)	SIGNATURE	DATE
CROWE HORWATH LLP	<i>Rachel Spurlock</i>	2/1/13
PREPARER (PRINT NAME)	SIGNATURE	DATE
9600 BROWNSBORO ROAD, SUITE 400 LOUISVILLE, KY 40241-1122		



Crowe Horwath LLP
Independent Member Crowe Horwath International
9600 Brownsboro Road, Suite 400
Louisville, Kentucky 40252-0649
Tel 502.326.3996
Fax 502.420.4400
www.crowehorwath.com

June 12, 2012

Office of the Attorney General
Charitable Trust Bureau
Attn: Annual Report Section
100 West Randolph Street, 11th Floor
Chicago, IL 60601-3175

Registered Organization: Southern Illinois Healthcare Enterprises, Inc.
FEIN: 37-1136788
Form Number: AG990-IL
Year Ended: March 31, 2012

Re: Request for 60 day extension

Dear Sir or Madam:

The above captioned organization has asked that we request a 60-day extension until November 30, 2012, to file Form AG990-IL. Additional time is needed to gather the information necessary to file a complete and accurate return.

If you have any questions or if an extension cannot be granted, please contact me at 502-420-4522.

Very truly yours,

A handwritten signature in cursive script that reads "Rachel Spurlock".

Rachel Spurlock, CPA
Senior Manager
Crowe Horwath LLP

**A COMPLETE COPY OF
THE FORM 990
WAS ATTACHED TO THE
STATE INCOME TAX RETURN
PRIOR TO FILING**

SOUTHERN ILLINOIS HOSPITAL SERVICES

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

March 31, 2012 and 2011

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southern Illinois Hospital Services
Carbondale, Illinois

We have audited the accompanying consolidated balance sheets of Southern Illinois Hospital Services ("SIHS" or "Corporation") and its wholly-owned and majority-owned subsidiaries and wholly-controlled affiliate as of March 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of SIH Cayman SPC Group, Ltd., a consolidated subsidiary, which statements reflect total assets and revenue constituting 4% and 1% for the year ended March 31, 2012 and 3% and 1% for the year ended March 31, 2011 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SIH Cayman SPC Group, Ltd., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southern Illinois Hospital Services and its wholly owned and majority-owned subsidiaries and wholly controlled affiliate as of March 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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


Crowe Horwath LLP

Indianapolis, Indiana
July 18, 2012

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED BALANCE SHEETS
March 31, 2012 and 2011
(\$ in thousands)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,127	\$ 8,983
Assets whose use is limited by trust agreement	17	47
Accounts receivable:		
Patient, net	85,303	69,480
Affiliates	46	95
Supplies	6,505	7,158
Prepaid expenses	5,693	4,833
Current portion of notes receivable	314	142
Other	<u>3,690</u>	<u>2,831</u>
Total current assets	<u>108,695</u>	<u>93,569</u>
Assets whose use is limited by:		
Board designation for capital improvements	277,985	280,494
Board designation for self-insurance	15,304	12,265
Trust agreement	<u>17</u>	<u>10,590</u>
	<u>293,306</u>	<u>303,349</u>
Property and equipment, net	<u>175,691</u>	<u>169,135</u>
Other Assets:		
Unamortized bond costs, net of accumulated amortization of \$760 in 2012 and \$1,076 in 2011	4,451	4,310
Investments in joint ventures	2,106	1,943
Notes receivable, less current portion	1,139	1,030
Goodwill	11,492	877
Other	<u>7,839</u>	<u>6,407</u>
	<u>27,027</u>	<u>14,567</u>
Total assets	<u>\$ 604,719</u>	<u>\$ 580,620</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED BALANCE SHEETS
March 31, 2012 and 2011
(\$ in thousands)

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	\$ 3,395	\$ 3,104
Current maturities of interest rate swap contracts	2,206	2,378
Accounts payable:		
Construction contracts	128	235
Trade	18,052	17,003
Affiliates	-	27
Estimated third-party payor settlements	11,698	8,121
Accrued liabilities:		
Payroll and related expenses	19,589	17,175
Other	<u>9,512</u>	<u>7,564</u>
Total current liabilities	<u>64,580</u>	<u>55,607</u>
Long-term debt, less current maturities	131,468	135,759
Interest rate swap contracts	12,085	3,418
Medical professional liabilities	26,620	21,746
Other	<u>688</u>	<u>659</u>
	<u>170,861</u>	<u>161,582</u>
 Total liabilities	 <u>235,441</u>	 <u>217,189</u>
Net assets:		
SIHS controlling interest	367,994	362,295
Non-controlling interest	<u>699</u>	<u>588</u>
Total unrestricted	368,693	362,883
Temporarily restricted	<u>585</u>	<u>548</u>
Total net assets	<u>369,278</u>	<u>363,431</u>
 Total liabilities and net assets	 <u>\$ 604,719</u>	 <u>\$ 580,620</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended March 31, 2012 and 2011
(\$ in thousands)

	<u>2012</u>	<u>2011</u>
Net patient service revenue	\$ 379,649	\$ 363,220
Other operating revenue	4,938	2,874
Net assets released from restriction	<u>305</u>	<u>161</u>
Total revenue	<u>384,892</u>	<u>366,255</u>
Expenses		
Salaries	146,185	136,570
Employee benefits	43,383	41,167
Physicians' fees	25,079	23,538
Professional fees	18,871	16,072
Purchased services	12,318	11,575
Patient chargeable supplies	37,252	37,175
Patient nonchargeable supplies	12,671	11,165
Drugs and pharmaceuticals	13,396	11,745
Other supplies and expense	7,355	6,911
Rent expense	2,273	2,262
Repairs and maintenance	9,983	9,342
Insurance	11,891	9,686
Miscellaneous expense	3,356	4,411
Interest and amortization	7,508	7,620
Depreciation	25,481	23,289
Non-cash interest (income) expense associated with interest rate swap contracts	<u>4,746</u>	<u>987</u>
Total expense	<u>381,748</u>	<u>353,515</u>
Income from operations	<u>3,144</u>	<u>12,740</u>
Non-operating gains (losses)		
Unrestricted gifts and interest income	1,184	729
Investment income and net realized gains from board designated funds	9,266	22,700
Reclassification of net unrealized gains on securities transferred To trading categories	-	17,722
Change in net unrealized gains on investments	(5,577)	12,624
Equity in earnings of joint ventures	1,612	3,469
Other	(363)	(318)
Corporate allocation	<u>-</u>	<u>-</u>
	<u>6,122</u>	<u>56,926</u>
Excess (deficiency) of revenue over expenses before non-controlling interest	<u>9,266</u>	<u>69,666</u>
Reclassification of net unrealized gains on securities transferred to trading categories	-	(17,722)
Contributions	184	420
Change in fair value of interest rate swap contracts	<u>(3,751)</u>	<u>(589)</u>
Increase in unrestricted net assets	<u>\$ 5,699</u>	<u>\$ 51,775</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the years ended March 31, 2012 and 2011
(\$ in thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets Parent Co.	Non- controlling Interests	Total Net Assets
Balance at April 1, 2010	\$ 310,520	\$ 192	\$ 310,712	\$ -	\$ 310,712
Changes in net assets:					
Reclassification of non-controlling interest	-	-	-	868	868
Distributions	-	-	-	(11)	(11)
Contributions	420	517	937	-	937
Releases from restriction	-	(161)	(161)	-	(161)
Change in fair value of interest rate swap	(589)	-	(589)	-	(589)
Reclassification of net unrealized gains on securities transferred to the trading categories (Note 1)	(17,722)	-	(17,722)	-	(17,722)
Excess revenue over expenses	<u>69,666</u>	<u>-</u>	<u>69,666</u>	<u>(269)</u>	<u>69,397</u>
Total change in net assets:	<u>51,775</u>	<u>356</u>	<u>52,131</u>	<u>588</u>	<u>52,719</u>
Balance at March 31, 2011	362,295	548	362,843	588	363,431
Changes in net assets:					
Distributions	-	-	-	(28)	(28)
Contributions	184	342	526	-	526
Releases from restriction	-	(305)	(305)	-	(305)
Change in fair value of interest rate swap	(3,751)	-	(3,751)	-	(3,751)
Excess revenue over expenses	<u>9,266</u>	<u>-</u>	<u>9,266</u>	<u>139</u>	<u>9,405</u>
Total change in net assets:	<u>5,699</u>	<u>37</u>	<u>5,736</u>	<u>111</u>	<u>5,847</u>
Balance at March 31, 2012	<u>\$ 367,994</u>	<u>\$ 585</u>	<u>\$ 368,579</u>	<u>\$ 699</u>	<u>\$ 369,278</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended March 31, 2012 and 2011
(\$ in thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 5,847	\$ 52,719
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-controlling interest in net income (loss) of consolidated subsidiary	139	-
Reclassification of non-controlling interest	-	(868)
Minority dividend distributions	(28)	(11)
Depreciation	25,481	23,289
Amortization of bond costs	222	199
Loss on bond refinancing	216	-
Investment amortization	-	201
Provision for bad debts	37,865	27,466
Loss on disposal of property and equipment	224	142
(Gain) on sale of investments	(87)	(13,833)
Net unrealized (gains) losses on investments	5,577	(12,624)
Undistributed net earnings of joint ventures	(1,612)	(3,469)
Loss on interest rate swap contracts	8,495	1,578
Changes in working capital components:		
(Increase) decrease in:		
Patient accounts receivable	(53,639)	(17,275)
Supplies, prepaids and other assets	(2,536)	(3,888)
Increase (decrease) in:		
Trade payables	1,049	2,915
Third-party reimbursement programs	3,577	770
Payroll and related expenses	2,414	(493)
Medical professional liabilities	4,874	4,241
Other liabilities	1,944	4,442
Net cash from operating activities	<u>40,022</u>	<u>65,501</u>
Cash flows from investing activities		
Purchases of investments	(262,005)	(392,686)
Proceeds from sale of investments	266,558	357,580
Payments received on notes receivable, net of (advances)	(281)	(287)
Proceeds from sale of property and equipment	52	82
Proceeds from sale of interest in SIOC	-	2,675
Adjustments to goodwill	(15,810)	-
Distributions from joint venture	1,449	1,659
Purchases and construction of property and equipment	<u>(27,262)</u>	<u>(30,224)</u>
Net cash from investing activities	<u>(37,299)</u>	<u>(61,201)</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended March 31, 2012 and 2011
(\$ in thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from financing activities		
Principal payments on long-term debt	\$ (135)	\$ (84)
Proceeds from long-term debt	73	-
Proceeds from bonds	14,420	-
Principal payments on bonds	(18,358)	(2,645)
Payment of bond costs	(579)	(70)
Net cash from financing activities	<u>(4,579)</u>	<u>(2,799)</u>
 (Decrease) Increase in cash and cash equivalents	 (1,856)	 1,501
Cash and cash equivalents		
Beginning of year	<u>8,983</u>	<u>7,482</u>
 End of year	 <u>\$ 7,127</u>	 <u>\$ 8,983</u>
 Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 7,406</u>	<u>\$ 7,345</u>
 Supplemental disclosures of noncash investing and financing activities		
Construction-in-progress released/(incurred) in exchange for construction contracts payable	<u>\$ 1,200</u>	<u>\$ 563</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Southern Illinois Hospital Services (SIHS or Corporation) owns and/or operates the following entities:

Memorial Hospital of Carbondale, Carbondale, Illinois (Memorial)
Herrin Hospital, Herrin, Illinois (Herrin)
St. Joseph Memorial Hospital, Murphysboro, Illinois
SIH Cayman SPC Group, Ltd.
Southern Illinois Medical Services, NFP
Physicians' Surgery Center, LLC
SIH Foundation, NFP
Quality Health Partners LLC

The hospitals provide acute inpatient, outpatient and emergency care services. Certain facilities also provide maternity care, rehabilitation care, skilled nursing inpatient care, and intermediate inpatient care. Admitting physicians are primarily practitioners in the local area.

SIHS is the sole stockholder of SIH Cayman SPC Group, Ltd. (Captive), an off-shore captive insurance corporation established to underwrite the general and professional liability risks of the hospitals. The Captive was established effective April 1, 2006.

SIHS serves as the sole member and elects all of the trustees of, and thereby controls, Southern Illinois Medical Services, NFP (SIMS), an Illinois not-for-profit corporation, established to employ physicians and to operate physician practices in Southern Illinois. SIMS was established in November 2006.

As of March 31, 2008, SIHS was the sole member of Physicians' Surgery Center, LLC (PSC), an Illinois Limited Liability Company which was established in May 2007 to operate and manage the ambulatory surgical treatment center that was acquired as part of purchase of the Carbondale Clinic. In April 2008, certain employed and non-employed physicians contributed capital of \$900,000 to PSC in exchange for a 45% equity interest, resulting in SIHS becoming a 55% member of PSC.

Southern Illinois Hospital Services is under the control of Southern Illinois Healthcare Enterprises, Inc. (SIHE). SIHE is a not-for-profit corporation established as a parent corporation. The Corporation is included in the consolidated financial statements of SIHE.

The following table depicts the changes in consolidated unrestricted net assets attributable to the noncontrolling interest in PSC.

	<u>PSC</u>
Balance April 1, 2010	\$ 868
Excess of revenues over expenses (from continuing operations)	(269)
Distributions declared	<u>(11)</u>
Change in net assets	<u>(280)</u>
Balance March 31, 2011	<u>588</u>
Excess of revenues over expenses (from continuing operations)	133
Distributions declared	<u>(22)</u>
Change in net assets	<u>111</u>
Balance March 31, 2012	<u>\$ 699</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

A summary of SIHS's significant accounting policies is as follows:

Principles of Consolidation: The consolidated financial statements include the accounts of SIHS and its wholly owned hospitals Memorial, Herrin and St. Joseph, its wholly owned Subsidiary (Captive), its wholly-controlled Affiliate (SIMS) and its majority-owned Subsidiary (PSC) and SIH Foundation and Quality Health Partners LLC. All material intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable and settlements with third-party payors and accrual for professional and general liability claims. These estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: All highly liquid investments, excluding assets whose use is limited, purchased with maturity of three months or less are considered to be cash equivalents. Cash equivalents consist of certificates of deposit and money market mutual funds. At times, the Corporation has deposits with financial institutions in excess of federally insured limits.

The Corporation routinely invests its operating funds in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

Patient Receivables: Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. A patient receivable is considered past due when the amount billed remains unpaid for more than 30 days subject to a third-party payor's agreed upon terms, if applicable. The hospitals do not charge interest on patient receivable accounts which are past due. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Supplies: Inventories of supplies are stated at the lower of cost, determined on a first-in, first-out basis, or market.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Fair value is determined primarily on the basis of quoted market prices. Investment income or loss (including realized gains and losses on investments, unrealized gains and losses in 2012 and interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Effective April 1, 2010, the Corporation designated its investments as trading securities. As a result of this designation, \$17,722,000 of cumulative net unrealized gains on the trading portfolio as of April 1, 2010, not previously recognized in earnings, were recognized as non-operating income.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investment income on proceeds of borrowings that are held by a trustee are included in operating revenue. Unrestricted contributions and income from all other investments are recorded as non-operating gains.

Realized gains from the sale of investments are recognized using the first-in, first-out cost basis for sales of marketable equity securities. Gains and losses from sales of debt securities are recognized using a specific identification cost basis.

Assets Whose Use is Limited: Assets whose use is limited include assets held by trustees under bond indenture agreements, assets designated for payment of future medical professional liability claims and assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities have been classified as current assets at March 31, 2012 and 2011.

Investments in Joint Ventures: As of March 31, 2012 and 2011, the Corporation has an interest of 34% interest in Southern Illinois Orthopedic Center, LLC (SIOC). SIOC was established in fiscal 1999 to build and operate an ambulatory surgical treatment center. On June 1, 2010, the Corporation sold 15% of its interest in SIOC for \$2,675,000, recording a gain of \$1,994,000 to equity in earnings of joint ventures at the date of transaction.

The investment is accounted for by the equity method of accounting under which the Corporation's share of the net income of the affiliate is recognized as income in the Corporation's consolidated statements of operations and added to the investment account, and dividends received from the affiliate are treated as a reduction of the investment account.

Property and Equipment: The Corporation capitalizes expenditures that exceed \$1,000 and that are expected to have a useful life in excess of two years. Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets following guidelines of the American Hospital Association. The Corporation evaluates the carrying value of long-lived assets whenever significant events or changes in circumstances indicate the carrying value of these assets may be impaired. The property and equipment acquired through business acquisitions has been recorded at the fair market value at the time of the acquisition.

Other Assets: Unamortized bond costs relating to the bond issues are being amortized by the straight-line method, which approximates the effective interest method, over the term of the bond issue.

Goodwill: The Financial Accounting Standards Board ("FASB") issued FASB ASC 805 (*Business Combinations*) and FASB ASC 350 (*Intangibles - Goodwill and Other*). FASB ASC 805 requires all business combinations to be accounted for using the purchase method of accounting. In addition, FASB ASC 805 requires that identifiable intangible assets be recognized apart from goodwill based on meeting certain criteria. FASB ASC 350 addresses how intangible assets and goodwill should be accounted for upon and after acquisition. Specifically, goodwill and intangible assets with indefinite useful lives will not be amortized but will be subject to annual impairment tests based on their estimated fair value. There was no impairment in 2012 or 2011.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

On October 31, 2011, Southern Illinois Medical Services, NFP purchased substantially all of the assets of Logan Primary Care (the "Practice"), excluding the accounts receivable and cash used in or generated from the conduct and operation of the Practice prior to closing date. The Corporation acquired the primary family practice clinic as the transaction was mutually beneficial for both parties. The purchase price was allocated to the balance sheet as follows:

Property and equipment	\$ 5,207
Prepaid assets	68
Goodwill	10,615
Other accrued liabilities	<u>(80)</u>
Total purchase allocation	<u>\$ 15,810</u>

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

Charity Care: The Corporation provides charity care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Operating Income: The statements of operations and changes in net assets include operating income. Changes in unrestricted net assets, which are excluded from operating income include unrestricted contributions and other income which management views as outside of normal activity.

Excess of Revenues Over Expenses: The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include the following transactions when applicable: permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets). The change in the fair value of interest rate swap contracts is excluded from excess of revenue over expenses if it qualifies as a highly effective hedge transaction.

Net Asset Classifications: Net assets are segregated into two categories that are classified as unrestricted and temporarily restricted. Contributions received without specific restriction from a donor or that arise as a result of operations are classified as unrestricted net assets. Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets to a particular time or purpose. When a donor restriction expires, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements. The Corporation and its subsidiaries do not have any permanently restricted net assets.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Temporarily restricted net assets are primarily for the purchase of property and equipment.

Income Taxes: The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation realized certain income which the Internal Revenue Service considers to be unrelated business income subject to income tax. For the years ended March 31, 2012 and 2011, no tax was due related to these operations.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. Examples of tax positions common to health systems include matters such as the tax exempt entity taking a tax position that an organization is tax exempt without observing corresponding proof of tax exemption from federal and state taxing authorities and there is material net income generated by the entity or egregious compensation paid to insiders that could result in revocation of exempt status (outside the scope of intermediate sanctions excise tax penalties). The tax position is to consider that these compensatory arrangements do not jeopardize tax exemption. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the "more-likely-than-not" recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. There were no uncertain tax benefits identified and recorded as a liability upon the adoption of ASC 740 or at March 31, 2012 and 2011. The Corporation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Corporation would recognize interest and/or penalties related to income tax matters in miscellaneous expenses.

Tax returns filed by the Corporation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Tax returns filed by the Corporation are no longer subject to examination for the years ended March 31, 2008 and prior.

Fair Value Measurement: Investments are stated at fair value based on quoted prices or nationally recognized securities exchanges.

Derivative Financial Instruments: The Corporation's derivative financial instruments, which consist of interest rate swap contracts, are recognized on the balance sheet at their fair value. Changes in the fair value of interest rate swaps are recognized as a change in unrestricted net assets below excess (deficiency) of revenue over expenses in the period of change as long as the swap is determined to be an effective cash flow hedge. Any ineffective portion of the swap is recorded as an adjustment to interest expense in the consolidated statement of operations.

Insurance: The Corporation has elected to self-insure a portion of its employee health insurance claims. Amounts are charged against income based upon estimated losses as determined by management for each period. The Corporation is funding this estimated liability on a current basis.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIHS formed the Captive, an off-shore captive insurance company, to underwrite its professional and general liability losses. The Captive has purchased a reinsurance policy with an unrelated third party to provide excess coverage for large claims. Assets are funded and losses are accrued as expense based upon estimated losses that are determined by actuarial analysis.

SIMS is not covered under the Captive, and has purchased physicians and surgeons professional liability insurance coverage from Medical Alliance Insurance Company. See Note 10 for additional disclosure.

New Accounting Pronouncements: Effective April 1, 2011 and retrospectively for all periods presented, the Corporation adopted the provisions of ASU 2010-24 which further clarifies that health care entities should not net insurance recoveries against the related claim liabilities. In connection with the Corporation's adoption of ASU 2010-24, the Corporation recorded an increase to its "Other assets" and "Reserves for self-insurance claims and other liabilities" in the accompanying condensed consolidated balance sheet by \$10.5 million as of March 31, 2012. The \$1.65 million increase to both "Other" assets and "Other" liabilities as of March 31, 2012 represents the Corporation's estimate of its recoveries for certain claims in excess of the Corporation's self-insured retention levels for workers' compensation claims and professional and general liability claims. The adoption of ASU 2010-24 had no impact on the Corporation's results of operations or cash flows.

In July 2011, the FASB issued ASU 2011-7, "Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities" ("ASU 2011-7"). In accordance with ASU 2011-7, the Corporation will be required to present its provision for doubtful accounts related to patient service revenue as a deduction from revenue, similar to contractual discounts. Accordingly, the Corporation's revenues will be required to be reported net of both contractual discounts as well as its provision for doubtful accounts related to patient service revenues. Additionally, ASU 2011-7 will require the Corporation to make certain additional disclosures designed to help users understand how contractual discounts and bad debts affect recorded revenue in both interim and annual financial statements. ASU 2011-7 is required to be applied retrospectively and is effective for public companies for fiscal years beginning after December 15, 2011 and interim periods within those fiscal years. Early adoption is permitted. The Corporation has adopted the provisions of ASU 2011-7. As a result of the adoption, ASU 2011-7 is not expected to impact the Corporation's financial position, results of operations or cash flows, however, it will change the presentation of the Corporation's revenues on its statements of operations as well as requiring additional disclosures.

In September 2011, the FASB issued ASU 2011-8, "Intangibles — Goodwill and Other (Topic 350)" ("ASU 2011-8"). Previously, entities were required to test goodwill for impairment, on at least an annual basis, by first comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the resulting fair value of a reporting unit was less than its carrying amount, then the second step of the test would be performed to measure the amount of the impairment loss, if any. ASU 2011-8 permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

In accordance with ASU 2011-8, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. Additionally, ASU 2011-8 permits an entity to resume performing the qualitative assessment in any subsequent period. ASU 2011-8 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The adoption of ASU 2011-8 is not expected to impact the Corporation's financial position, results of operations or cash flows.

In August 2010, the FASB issued ASU 2010-23, which requires a company in the healthcare industry to use its direct and indirect costs of providing charity care as the measurement basis for charity care disclosures. This ASU also requires additional disclosures of the method used to determine such costs. The Corporation adopted this ASU on April 1, 2011. In the ordinary course of business, the Corporation renders services to patients who are financially unable to pay for hospital care. Included in the provision for contractual allowances is the value (at the Corporation's standard charges) of these services to patients who are unable to pay that is eliminated from net operating revenues when it is determined they qualify under the Corporation's charity care policy

Reclassifications: Certain prior year amounts have been reclassified to conform with the current year presentation. These reclassifications did not affect total net assets or changes in net assets.

NOTE 2 - HEDGING ACTIVITIES

The Corporation maintains an interest-rate risk-management strategy that uses derivative instruments (interest rate swap contracts) to minimize unanticipated earnings fluctuations caused by interest-rate volatility. The Corporation's specific goals are (1) to manage interest-rate sensitivity by modifying the repricing or maturity characteristics of certain of its debt and (2) to lower (where possible) the cost of its borrowed funds. Interest-rate fluctuations create an unrealized appreciation or depreciation in the market value of the Corporation's debt when compared to its cost. The effect of this unrealized appreciation or depreciation in market value, however, will generally be offset by income or loss on derivative instruments that are linked to the debt.

The Corporation entered into an interest-rate swap contract with the Royal Bank of Canada (RBC) which was intended to convert a portion, \$43,750,000 as of March 31, 2012 and 2011, of their \$69,000,000 Revenue Bonds, Series 2005 with Wells Fargo to a fixed rate of 3.374%. The Series 2005 bonds had an outstanding balance of \$69,000,000 as of March 31, 2012 and 2011. The interest rate swap contract expires in March 2035. The interest rate swap's variable portion was set at 57% of 30 day LIBOR plus .44% which was determined would effectively hedge the auction rate payments. During the first quarter of 2008, the auction rate market experienced large fluctuations and the cash flow hedge was determined to no longer be effective. The swap is no longer tied to these bonds as the bonds now have a fixed interest rate. See Note 8 for further discussion. During 2012 and 2011, respectively, the hedge resulted in additional interest expense of approximately \$1,228,000 and \$1,209,000. The Corporation expects additional interest expense of \$1,156,000 during the year-ended March 31, 2013.

In June 2009, the Corporation entered into an interest-rate swap contract with Morgan Stanley to convert a portion, \$30,000,000 of their \$55,000,000 Series 2008 Variable Rate Demand Revenue Bonds to a fixed rate of 3.844%. The swap amortizes relative to the bonds and had a notional amount of \$29,235,000 and \$29,495,000 as of March 31, 2012 and 2011, respectively. The Series 2008 bonds had an outstanding balance of \$52,270,000 and \$54,065,000 as of March 31, 2012 and 2011, respectively.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 2 - HEDGING ACTIVITIES (Continued)

The interest rate swap expires in March 2038. The interest rate swap's variable portion was set at the SIFMA Municipal Swap Index rate which was determined would effectively hedge the weekly interest rate. Management formally documented the hedging relationship at hedge inception and assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instrument is highly effective in offsetting changes in cash flows of the hedged items. Any ineffectiveness is recorded as a charge to interest expense in the statement of operations. During 2012 and 2011, respectively, the hedge resulted in a reduction of interest expense of approximately \$1,093,000 and \$1,060,000.

The Corporation expects \$1,088,000 of the unrealized loss to be reclassified out of unrestricted net assets as a decrease to interest expense during the year-ended March 31, 2013.

The interest rate swap contracts had a combined fair value of \$(14,291,000) and \$(5,796,000) as of March 31, 2012 and 2011, respectively. The change in the fair value of these contracts resulted in a net loss of \$8,496,000 and \$1,577,000 for the years ended March 31, 2012 and 2011, respectively. The change in the fair value of the ineffective hedge (RBC) was recognized as a debit to interest expense of \$4,746,000 and \$987,000 in the consolidated statements of operations for the years ended March 31, 2012 and 2011, respectively. The change in the fair value of the Morgan Stanley contract was recorded as a \$3,750,000 and \$589,000 decrease of unrestricted net assets in the consolidated statement of changes in net assets during 2012 and 2011, respectively. The Corporation is exposed to credit risk if Morgan Stanley or Royal Bank of Canada fails to perform under the terms on the interest rate swap contract.

NOTE 3 - NET PATIENT SERVICE REVENUE

The Corporation has agreements with third-party payors that provide for payments at amounts different from their established rate structures. A summary of the payment arrangements with major third-party payors follows:

Medicare: Memorial and Herrin are paid for inpatient acute care and outpatient care services rendered to Medicare program beneficiaries under prospectively determined rates per discharge (Prospective Payment Systems). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Memorial's and Herrin's classification of patients under Prospective Payment Systems and the appropriateness of the patient's admissions are subject to validation reviews. Memorial and Herrin are reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports by Memorial and Herrin and audits by the Medicare fiscal intermediary.

Fiscal year 2008 represented the first of a three-year phase-in period for implementation of new Medicare Severity DRG's, known as MS-DRG's, the first changes to DRG's since 1983. This payment methodology makes meaningful refinements to the current CMS classification system to increase recognition of severity of illness. The new MS-DRG's are designed to adjust for how severely sick a patient is, with hospitals with sicker patients being paid more.

St. Joseph Memorial Hospital is paid for inpatient and outpatient services under the Critical Access Hospital (CAH) methodology. As a CAH, St. Joseph Memorial Hospital is reimbursed based upon a reasonable cost methodology at a tentative rate with final settlement determined after submission of annual cost reports by St. Joseph Memorial Hospital and audits by the third-party Medicare fiscal intermediary.

The Corporation's Medicare cost reports have been audited by the Medicare fiscal intermediary through March 31, 2007.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 3 - NET PATIENT SERVICE REVENUE (Continued)

The laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 and 2011 net patient service revenue increased by approximately \$710,000 and 1,815,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

Medicaid: Inpatient acute care services rendered under the Medicaid program are also paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based on various predetermined rates.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively-determined rates per discharge, discounts from established charges, and prospectively-determined daily rates.

The Federal Centers for Medicare and Medicaid Services (CMS) approved State of Illinois (State) legislation for a Medicaid Hospital Assessment Program (Program). Under the Program, the Corporation receives additional Medicaid reimbursement from the State and pays a related assessment. The laws and regulations authorizing this Program extend through June 30, 2013. The Corporation recorded a prepaid asset of \$1,464,000, for the years ended March 31, 2012 and 2011, and a liability of \$3,601,000 and \$3,601,000 for the years ended March 31, 2012 and 2011, respectively. Total reimbursement revenue recognized by the Corporation related to this Program amounted to \$14,404,455 during the Corporation's years ended March 31, 2012 and 2011 and is included in net patient service revenue on the consolidated statements of operations and changes in net assets. Total assessments incurred by the Corporation related to this program amounted to \$5,855,000 during the Corporation's years ended March 31, 2012 and 2011 and is included in miscellaneous expenses on the consolidated statements of operations and changes in net assets.

A summary of net patient revenue for the years ended March 31, 2012 and 2011 is as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Gross patient service revenue (after charity care)	\$ 1,057,367	\$ 941,999
Less contractual allowances	<u>639,853</u>	<u>551,313</u>
	<u>\$ 417,514</u>	<u>\$ 390,686</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 3 - NET PATIENT SERVICE REVENUE (Continued)

The Corporation maintains records to identify and monitor the level of charity care it provides. Of the Corporation's \$382 million of total expenses, an estimated \$11 million arose and \$12 million, for the years ended March 31, 2012 and 2011, respectively, from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Corporation's total expenses (less bad debt expense) divided by gross patient service revenue.

The Corporation adopted FASB ASU 2011-07, which requires healthcare organizations that perform services for patients for which the ultimate collection of all or a portion of the amounts billed or billable cannot be determined at the time services are rendered to present all bad debt expense associated with patient service revenue as an offset to the patient service revenue line item in the statement of operations. The Corporation's provision for bad debts are presented as a reduction of patient service revenue after contractual adjustments and discounts. The changes in net revenue years ended March 31, 2012 and 2011 are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Net patient service revenue (net of contractual allowances and discounts)	\$ 417,514	\$ 390,686
Provision for bad debts	<u>(37,865)</u>	<u>(27,466)</u>
Net operating revenues, less provision for bad debts	<u>\$ 379,649</u>	<u>\$ 363,220</u>

NOTE 4 - PATIENT RECEIVABLES

Patient receivables at March 31, 2012 and 2011 are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Patient receivables	\$ 292,134	\$ 160,977
Less allowance for doubtful accounts	(40,593)	(26,659)
Less unapplied third party payments and allowances for estimated contractual adjustments	<u>(166,238)</u>	<u>(64,838)</u>
	<u>\$ 85,303</u>	<u>\$ 69,480</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 5 - NOTES RECEIVABLE

Notes receivable bearing interest at various rates at March 31, 2012 and 2011 are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Physician advances	\$ 1,128	\$ 1,091
Other miscellaneous receivables	<u>325</u>	<u>81</u>
	1,453	1,172
Less current portion	<u>314</u>	<u>142</u>
Long-term portion	<u>\$ 1,139</u>	<u>\$ 1,030</u>

NOTE 6 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

The detail of trustee bond funds, consisting of money market funds and U.S. government obligations as of March 31 is as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Project fund - long-term	\$ 17	\$ 10,590
Principal and interest fund	<u>17</u>	<u>47</u>
	<u>\$ 34</u>	<u>\$ 10,637</u>

Board designated funds for expansion, replacement and major repairs of property and equipment at March 31, 2012 and 2011 are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Cash	\$ -	\$ -
Certificates of deposit, money market accounts, mutual funds, repurchase agreements, commercial paper and bonds and U.S. government obligations	<u>277,985</u>	<u>280,494</u>
	<u>\$ 277,985</u>	<u>\$ 280,494</u>

Board designated funds for self-insurance consist of U.S. corporate bonds and notes, U.S. government and agency bonds and common stocks totaling \$15,304,000 and \$12,265,000 at March 31, 2012 and 2011, respectively.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 6 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (Continued)

The composition of investments and assets whose use is limited as of March 31, 2012 and 2011 are set forth in the following table (\$ in thousands). Investments are stated at fair value.

	<u>2012</u>	<u>2011</u>
Cash, certificates of deposit, money market funds	\$ 3,579	\$ 19,067
U. S. government securities	7,243	17,676
Exchange traded funds	1,187	-
Common stocks	31,012	14,861
Mutual funds	192,160	210,878
Corporate bonds	57,111	39,863
Accrued interest	<u>1,014</u>	<u>1,049</u>
	<u>\$ 293,306</u>	<u>\$ 303,349</u>

Assets whose use is limited by Board designation for capital improvements and by trust agreement which are designated for payment of current liabilities have been classified as current assets. Assets whose use is limited by Board designation for self-insurance designated for payment of current liabilities is not readily determinable, and therefore, the entire balance is classified as a noncurrent asset.

The gross unrealized gains (losses) on investments and assets whose use is limited as of March 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Gross unrealized gain on investments	\$ 24,991	\$ 31,616
Gross unrealized (losses) on investments	<u>(287)</u>	<u>(1,270)</u>
	<u>\$ 24,704</u>	<u>\$ 30,346</u>

Investment income and gains (losses) presented on the consolidated statements of operations for assets whose use is limited, cash equivalents and other investments are comprised of the following (\$ in thousands) for the years ended March 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 8,872	\$ 8,867
Net realized gains (losses) on sale of investments	394	13,833
Reclassification of net unrealized gains on securities transferred to the trading category	-	17,722
Change in net unrealized gains (losses) on investments	<u>(5,577)</u>	<u>12,624</u>
	<u>\$ 3,689</u>	<u>\$ 53,046</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 6 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED (Continued)

Investment income has been presented on the consolidated statements of operations and changes in net assets in the following categories (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Nonoperating gains:		
Investment income and net realized gains from board designated funds	\$ 9,266	\$ 22,700
Reclassification of net unrealized gains on securities transferred to the trading category	-	17,722
Change in net unrealized gains on investments	<u>(5,577)</u>	<u>12,624</u>
	<u>\$ 3,689</u>	<u>\$ 53,046</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2012 and 2011 are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Buildings	\$ 112,809	\$ 105,307
Building equipment	88,092	84,597
Departmental equipment	141,578	127,207
Land and leasehold improvements	<u>12,103</u>	<u>11,765</u>
	354,582	328,876
Less accumulated depreciation	<u>192,603</u>	<u>170,959</u>
	161,979	157,917
Land	9,236	7,942
Construction-in-progress	<u>4,476</u>	<u>3,276</u>
	<u>\$ 175,691</u>	<u>\$ 169,135</u>

Construction-in-progress represents amounts expended at March 31, 2012 and 2011 for on-going projects at Memorial Hospital, Herrin Hospital, St. Joseph Memorial Hospital and at the Corporate Division. The significant projects at Memorial Hospital are the hospital surgery expansion and power plant. At Herrin Hospital, the significant project is the lower level air handler. The significant project at St. Joseph Memorial Hospital is the wound center. At the Corporate Division mall expansion plus hardware and software upgrades and consultation for other projects are ongoing. These projects will be funded through operations. The projects in progress at March 31, 2012 are expected to be completed in fiscal 2013 and 2014. The estimated total costs-to-complete construction projects in progress at March 31, 2012 are approximately \$12,314,000.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 8 - LONG-TERM DEBT

Long-term debt as of March 31, 2012 and 2011 is as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
<u>Hospital revenue bonds</u>		
Series 1998A serial bonds, with interest at 5.375% per annum, principal paid in full as of October 2011	\$ -	\$ 4,690
Series 1998A term bonds, with interest at 5.00% payable semiannually, principal paid in full as of October 2011	-	7,200
Series 1998A term bonds with interest at 5.00% payable semiannually, principal paid in full as of October 2011	-	3,390
Series 2005 serial bonds, with interest ranging from 4.00-5.25% per annum, commencing September 1, 2010 semi-annually through March 1, 2024	14,000	14,000
Series 2005 term bonds, with interest at 5.25% per annum, commencing September 1, 2010 semi-annually through March 1, 2030	27,450	27,450
Series 2005 term bonds, with interest at 5.38% per annum, commencing September 1, 2010 semi-annually through March 1, 2035	27,550	27,550
Series 2008, serial bonds, with interest at 0.23% and 0.29% at March 31, 2012 and 2011, respectively, with annual payments in 2011 through 2038	52,270	54,065
Series 2011, serial bonds, with interest at 1.86% at March 31, 2012 with annual payments in 2012 through 2015	7,747	-
Series 2011, serial bonds, with interest at 2.51% at March 31, 2012 with annual payments in 2016 through 2020	5,390	-
Line of credit, with interest of LIBOR +3%, secured by all of PSC's assets	213	250
Note payable, with fixed interest of 6.87%, due in monthly installments of \$8,785 including interest, final installment due July 30, 2015, secured by all of PSC's assets	179	268
Note payable, with fixed interest of 3.35%, due in monthly installments of \$2,062 including interest, final installment due October 15, 2014, secured by all of PSC's assets	64	-
	<u>134,863</u>	<u>138,863</u>
Less current portion	<u>3,395</u>	<u>3,104</u>
Long-term portion	<u>\$ 131,468</u>	<u>\$ 135,759</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 8 - LONG-TERM DEBT (Continued)

In April 1998, the Illinois Health Facility Authority (Authority) issued \$37,175,000 Series A and \$35,200,000 Series B Revenue Refunding Bonds on behalf of the Corporation. The proceeds of the bond issues were loaned to the Corporation pursuant to a Note Purchase Agreement to advance refund and defease the Series 1994, Series 1991 and Series 1987 bonds and to pay the costs of issuing the Series 1998A and Series 1998B bonds.

The Series 1998A and 1998B bonds are payable solely from payments from the Corporation and are not payable in any manner of taxation by the Authority. The bonds are collateralized by gross revenues (as defined) of the Corporation. Payment of the principal and interest on the Series 1998A and 1998B bonds is insured by the Municipal Bond Investors Assurance Corporation.

In October 2003, the Series 1998B bonds were subject to a Reoffering Circular. The purpose of this Reoffering Circular was to convert the Series 1998B bonds from variable rate demand bonds to Reset Auction Mode Securities (RAMS). The RAMS were dated the date of original issuance and bear interest of the Auction Rate. During 2012, these bonds were retired by the proceeds from the Series 2011 Bonds.

In January 2005, the Authority issued \$69,000,000 Reset Auction Mode Variable Rate Revenue Bonds, Series 2005 on behalf of the Corporation. The proceeds of the Series 2005 Bonds were loaned to the Corporation pursuant to a loan agreement between the Corporation and the Authority, and were used primarily to advance refund and defease the Series 2001 bonds, pay the issuing and insurance cost of the 2005 bonds, and finance capital improvement projects for the Corporation. Interest is paid by the Corporation at the auction rate. The bonds are due in varying amounts, beginning March 2016 with the final payment due in 2035. Payment of the principal and interest on the Series 2005 bonds is insured by Financial Security Assurance Inc. and collateralized by gross revenues (as defined) of the Corporation. The Corporation entered into an interest rate swap agreement in conjunction with the issuance of the Series 2005 revenue bonds. Please see Note 2 for further discussion of the Corporation's interest rate swaps.

In November 2008, the Corporation converted the Series 2005 Bonds from the Reset Auction Mode Variable Rate to an Index Rate Mode. Under the Index Rate Mode, there was an initial rate period from the time of conversion through November 1, 2011. The Corporation had the right to convert the interest mode on the Bonds before November 1, 2011, which, if exercised, would trigger an automatic mandatory tender and remarketing of the Bonds on the conversion date. In February 2010, the Corporation exercised their right and the Series 2005 Bonds were subject to a Reoffering Circular. The Reoffering Circular converted the 2005 bonds from Index Rate Mode Securities to fixed rate securities with an interest rate ranging from 4.0% to 5.38% through 2035.

In November 2008, the Authority issued \$55,000,000 of Variable Rate Demand Revenue Bonds, Series 2008, tax exempt bonds pursuant to a bond trust indenture between the Authority and Wells Fargo Bank, N.A., as bond trustee. The proceeds of the bond issue were loaned to the Corporation to finance the cost of the acquisition, construction, renovation and equipping of certain health facilities of the Corporation and the Designated Affiliate (SIHS) and to refund all of the Authority's Series 1998B Auction Rate Mode Securities which had a principal balance of \$24,500,000.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 8 - LONG-TERM DEBT (Continued)

The Authority issued \$14,420,000 of Series 2011 Revenue Refunding Bonds (Series 2011 Bonds). The Corporation borrowed the exempt bonds pursuant to a bond trust indenture between the Authority and Wells Fargo Bank, N.A., as bond trustee. The proceeds of the Series 2011 Bonds were issued to retire interest and principal payments of all previously outstanding Series 1998 Bonds. During 2012, the Corporation recorded a loss of \$216,000 related to the write-down of debt issuance costs for its Series 1998 Bonds. The loss is recorded in other operating revenue within the consolidated statement of operations.

In accordance with the provisions of the Bond Trust Indenture, the Corporation is required to make deposits for principal and interest to cover debt service on outstanding obligations as they come due. Such deposits are held by a trustee and are reported within assets whose use is limited in the accompanying statement of financial position.

The Series 2008 Bonds will bear interest initially at a weekly rate and give the bond holders the option of tendering their bonds for purchase while in the weekly interest rate mode. The Corporation has entered into a Remarketing Agreement (the Agreement) with Morgan Stanley & Co. Incorporated which provides for a "best efforts" remarketing of the bonds which are tendered for purchase. If the bonds cannot be remarketed, the tendered bonds will be purchased by JP Morgan Chase Bank pursuant to the terms of the letters-of-credit agreement.

Upon purchase of the Bonds by the Bank, the Bank will be granted all security rights granted to a bondholder under the Bond Indenture. In accordance with a reimbursement agreement between the Corporation and the Bank, if there is no event of default, the Corporation will reimburse the Bank for all amounts drawn on the letter-of-credit on the first business day to occur at least 365 days after the date of the related advance. The letter-of credit expires on November 16, 2016. The obligations of the Corporation to the Bank under the reimbursement agreement are secured by the same rights noted in the bond trust indenture.

At March 31, 2012, the aggregate annual maturities of long-term debt are as follows (\$ in thousands):

<u>Year Ending March 31,</u>	<u>Amount</u>
2013	\$ 3,395
2014	3,163
2015	3,215
2016	3,335
2017	3,480
Thereafter	<u>118,275</u>
	<u>\$ 134,863</u>

The Hospital revenue bonds are obligations of the Southern Illinois Healthcare Obligated Group (Obligated Group) which includes Southern Illinois Healthcare Enterprises, Inc. and its designated affiliate. Southern Illinois Hospital Services is the designated affiliate of these bonds.

The Master Trust Indenture imposes certain restrictive covenants upon the Obligated Group. The most restrictive of the covenants relates to the issuance of additional debt, the calculation of the historical debt service coverage ratio of the Obligated Group and restrictions upon the ability of the Obligated Group to sell, lease or dispose of its property. As of March 31, 2012, the Corporation was in compliance with these covenants.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 8 - LONG-TERM DEBT (Continued)

The Corporation has guaranteed 20% of an SIOC bank loan. The outstanding guaranteed amount was approximately \$456,449 and \$474,419 as of March 31, 2012 and 2011, respectively.

The Corporation has a credit card account with a bank with a credit limit of \$7,000,000. As of March 31, 2012, approximately \$1,195,000 had been drawn on the credit card account.

The Corporation has a line of credit from a bank with a credit limit of \$4,000,000. The balance of the line of credit was \$0 for each of the years ended March 31, 2012 and 2011.

The Corporation's letter of credit expires on November 16, 2016. The letter of credit supports the 2008 bonds and the remarketing efforts necessary for those bonds, should they be needed. The estimated date for this to occur is on or about November 17, 2016. Per the terms of the Reimbursement Agreement, the first repayment on the letter of credit will not be due until 365 days after November 17, 2016. As this process and the underlying dates are outside the period that would qualify for consideration of reclassifying the debt as short-term, recognition of the debt as long-term is still warranted as of March 31, 2012.

PSC has a line-of-credit from a bank with a credit limit of \$250,000, expiring May 30, 2012. The balance of the line of credit was \$213,889 and \$250,000 for each of the years ended March 31, 2012 and 2011, respectively.

NOTE 9 - GOODWILL

Goodwill consists of the following at March 31, 2012 and 2011 (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 877	\$ 877
Acquisitions	10,615	-
Adjustments to acquired goodwill	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 11,492</u>	<u>\$ 877</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Corporation is a party to certain claims and legal proceedings arising in the ordinary course of its business. It is the opinion of management that any liability of the Corporation with respect to these actions will not materially affect its financial statements.

The Corporation is also a defendant in various lawsuits which, in the opinion of management, are covered by insurance.

Prior to January 1, 2006, Memorial, Herrin and St. Joseph hospitals purchased general and professional liability insurance coverage from the Illinois Provider Trust (IPT). IPT is a pooled self-insurance trust program organized under Illinois Statutes for the purpose of providing general and professional liability insurance to member hospitals on a claims-made basis (IPT was on the occurrence-basis until January 1, 2005). Under the policies with IPT, Memorial, Herrin and St. Joseph hospitals bear the risk for individual claims exceeding \$10,000,000, \$8,000,000 and \$5,000,000, respectively.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Effective April 1, 2006, the Corporation established an offshore captive insurance company (Captive) domiciled in the Cayman Islands. The Corporation funded the Captive through a \$3.3 million infusion of capital during April 2006.

The Captive provides medical professional liability coverage, on a claims-made basis with "prior acts" coverage and general liability coverage including employee benefits liability, advertising and personal injury, product liability and completed operations liability on an occurrence basis to the Corporation and its affiliates and employees. Coverage was written for the stub period January 1, 2006 to April 1, 2006 and for the policy period April 1, 2006 to April 1, 2007, with a limit of \$3,000,000 for each and every claim with a \$10,000,000 policy aggregate for general liability and medical professional liability. As of April 1, 2008, the policy limit was decreased to \$2,000,000 for each claim.

For the policy period April 1, 2006 to April 1, 2007, the Captive provided umbrella liability coverage, excess of the primary general liability, medical professional liability, automobile liability, aviation liability and employers liability policies to the Corporation and its affiliates and employees, with limits up to \$20,000,000 per claim and \$20,000,000 in the aggregate. Effective April 1, 2007 the umbrella liability limits were increased to \$35,000,000 per claim and \$35,000,000 in the aggregate. Effective April 1, 2009 the limits increased to \$45,000,000 per claim and in the aggregate.

For policy periods April 1, 2006 to April 1, 2012, this excess insurance policy was fully reinsured with an unrelated insurer based in the United States of America. The Corporation estimates that of its outstanding liability, approximately \$5,014,000 and \$3,972,000 can be claimed from its reinsurers, as of March 31, 2012 and 2011, respectively. In the event that the reinsurers are unable to meet their obligation under the reinsurance agreements, The Corporation would still be liable to pay losses and would only receive reimbursement to the extent that the reinsurers can meet their obligations. The Corporation has recorded a receivable in other assets for amounts estimated to be recoverable from its reinsurers.

The Captive utilizes the services of an independent actuary to determine the year-end liability assessments. Accrued professional and general liability claim losses have been discounted at 1.0% and 2.5% for the years ended March 31, 2012 and 2011, respectively. The portion of the accrual for estimated professional and general liability claims expected to be paid within one year of the balance sheet dates is not readily determinable and, therefore, the entire accrual balance is classified as a noncurrent liability.

There are no assurances that the Corporation or the Captive will be able to renew existing policies or procure coverage on similar terms in the future as a result of current factors affecting the insurance industry.

The Corporation accrues the expense of its share of malpractice claim costs for any unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of any such incident. Such an estimate is based on the Corporation's own claims experience. The Corporation has recorded liabilities for Memorial, Herrin, and St. Joseph hospitals of \$3,820,000 and \$3,593,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 1, 2005 which were not reported as of March 31, 2012 and 2011, respectively. The Corporation has recorded liabilities for SIMS of approximately \$1,536,000 and \$1,344,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 15, 2007 which were not reported as of March 31, 2012 and 2011, respectively. These liabilities are included in medical professional liabilities on the consolidated balance sheets as of March 31, 2012 and 2011. Self-insured professional and general liability expense of approximately \$4,770,000 in 2012 and \$4,709,000 in 2011 has been included within insurance expense in the accompanying consolidated statements of operations.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

In the event that the excess loss insurance and reinsurance companies might be unable to meet their obligations under existing excess loss insurance and reinsurance agreements, the Corporation would be liable for such defaulted amounts.

SIMS purchased physicians and surgeons professional liability insurance coverage from the Medical Alliance Insurance Company (MAIC). MAIC provides coverage to physicians on staff at hospital members of the Illinois Provider Trust (IPT) and self-insured hospitals being served by Illinois Risk Management Services (IRMS). IPT is a pooled self-insurance trust program organized under Illinois statutes for the purpose of providing general and professional liability insurance to member hospitals on a claims-made basis.

Coverage was written for the period from January 1, 2008 to January 1, 2012 and then renewed through January 1, 2013, with a limit of \$1,000,000 for each and every claim with a \$3 million per physician limit for physicians and surgeons liability. A separate policy provides coverage for Emergency Room Physicians for the period from July 1, 2008 to July 1, 2012, and then renewed through July 1, 2013, with a limit of \$1,000,000 for each and every claim with a \$25 million policy aggregate for physicians and surgeons' liability. A separate policy provides coverage for Hospitalists for the period from January 1, 2011 to January 1, 2012, and then renewed through January 1, 2013, with a limit of \$1,000,000 for each and every claim with an \$18 million policy aggregate for physicians and surgeons' liability.

The Corporation has elected to self-insure a portion of its employee health insurance cost. The Corporation is self-insured up to \$150,000 per enrollee per year for each of the years ended March 31, 2012 and 2011. Losses in excess of this self-insurance amount are covered by reinsurance. The expense related to claims paid and accrued for health insurance costs, recognized for the years ended March 31, 2012 and 2011, was approximately \$23,233,000 and \$21,561,000, respectively. The expense related to claims paid and accrued for dental insurance claims, recognized for the years ended March 31, 2012 and 2011, was approximately \$730,000 and \$1,101,000, respectively.

At March 31, 2012, the Corporation was committed to various fixed minimum operating and rental payments under various agreements as follows (\$ in thousands):

<u>Year Ending March 31,</u>	<u>Amount</u>
2013	\$ 1,665
2014	1,326
2015	586
2016	85
2017	<u>15</u>
	<u>\$ 3,677</u>

Total rent and lease expense for the years ended March 31, 2012 and 2011 was approximately \$2,274,000 and \$2,262,000, respectively.

Regulatory Investigations: The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of health care providers. The Corporation is subject to these regulatory efforts. Management is currently unaware of any regulatory matters which may have a material adverse effect on the Corporation's financial position or results of operations.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RAC's identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. During 2010, auditors began work with Illinois hospitals. The Corporation has received various requests for information from these auditors and will continue to work with them to respond to questions they may have.

NOTE 11 - PENSION PLANS

The Corporation has a defined contribution plan covering substantially all of its employees who meet eligibility requirements. The Corporation's policy is to make matching contributions up to 2.5% of employee deferrals as well as a discretionary contribution of 1.5% of employee's earnings. The Corporation contributed approximately \$4,445,000 and \$4,125,000, for the years ended March 31, 2012 and 2011, respectively.

The Corporation also has a supplemental nonqualified, defined contribution plan covering selected executive employees. The Corporation's policy is to make an annual contribution to the Plan. This amount is calculated by multiplying each participant's percentage, as set forth in the Plan Document, by his or her base salary for the Plan Year. For the Plan Year commencing October 1, 2011 and 2010, respectively, the Corporation contributed approximately \$778,000 and \$772,000 to the Plan.

The Corporation also has a noncontributory defined contribution investment program, containing a split-dollar life option, covering designated executive employees. The Corporation's contributions are based on the compensation of the employees, and amounted to approximately \$247,000 and \$240,000 for 2012 and 2011, respectively.

NOTE 12 - RELATED-PARTY TRANSACTIONS

Southern Illinois Hospital Services is under the control of Southern Illinois Healthcare Enterprises, Inc. (SIHE). SIHE is a not-for-profit corporation established as a parent corporation. The Corporation is included in the consolidated financial statements of SIHE. The Corporation rents buildings from SIHE. Rent paid to SIHE totaled approximately \$563,000 and \$517,000 for the years ended March 31, 2012 and 2011, respectively.

Health Services of Southern Illinois, Inc. (HSSI) - an Illinois for-profit corporation established to engage in other health related activities is also under common control of SIHE.

(Continued)

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 825 requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. Fair value is determined under the framework established by ASC 820. ASC 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation. The following information presents estimated fair values of the Corporation's financial instruments as of March 31, 2012 and 2011 and the methods and assumptions used to estimate those fair values. The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, other current assets, and accounts payable. Based on the current maturity of these instruments, carrying value approximates fair value. The Corporation also has assets whose use is limited, investments and debt. The fair value of assets whose use is limited and investments is based upon quoted market rates or, if not available, estimated market rates. The fair value of the Corporation's long term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Corporation long-term debt at March 31, 2012 and 2011 was approximately \$141,796,000 and \$136,140,000.

NOTE 14 - FAIR VALUE MEASUREMENTS

ASC 820 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. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other 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. The fair values of U.S. Government securities and corporate debt obligations are determined by matrix pricing, which is mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (market approach valuation technique).

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Exchange Traded Funds: The fair values of exchange traded hedge funds are based upon quoted market prices (Level 1 inputs).

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)

Mutual Funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Common Stock: The fair values of common stocks are determined by obtaining quoted prices from a nationally recognized exchange (Level 1 inputs).

Corporate Bonds: The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments.

While most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3.

U.S. Government Securities: U.S. government securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. U.S. government securities are categorized in Level 1 or Level 2 of the fair value hierarchy depending on the inputs used and market activity levels for specific securities.

Investments (Recurring): The fair value of the Corporation's investments are determined using the Level 1 and Level 2 inputs, which are derived from readily available pricing sources and third-party pricing services for identical or comparable instruments, respectively.

Interest Rate Swap Contract (Recurring): The Corporation's interest rate swaps are pay-fixed, receive-variable interest rate swaps based on LIBOR or SIFMA Municipal Swap Index rates ("swap rates"). The swap rates are observable at commonly quoted intervals for the full term of the swaps and therefore are considered a Level 2 item. For the interest rate swaps in an asset position, the credit standing of the counterparty is analyzed and factored into the fair value measurement of the asset. ASC 820 states that the fair value measurement of a liability must reflect the nonperformance risk of the entity. Therefore, the impact of the Corporation's creditworthiness has also been factored into the fair value measurement of the interest rate swaps in a liability position.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)

Assets and Liabilities at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities (\$ in thousands) measured at fair value on a recurring basis as of March 31, 2012 and 2011, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	March 31, <u>2012</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments				
US government securities	\$ 7,243	\$ -	\$ 7,243	\$ -
Exchange traded funds	1,187	1,187	-	-
Common stocks:				
Domestic	14,419	14,419	-	-
International	6,256	6,256	-	-
Emerging markets	121	121	-	-
Real estate	9,799	9,799	-	-
Commodities	417	417	-	-
Mutual funds:				
Equity mutual funds	132,864	132,864	-	-
Debt mutual funds	59,296	59,296	-	-
Corporate bonds	<u>57,111</u>	<u>-</u>	<u>57,111</u>	<u>-</u>
	<u>\$ 288,713</u>	<u>\$ 224,359</u>	<u>\$ 64,354</u>	<u>\$ -</u>
Liabilities:				
Interest rate swap contracts	<u>\$ 14,291</u>	<u>\$ -</u>	<u>\$ 14,291</u>	<u>\$ -</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)

	March 31, <u>2011</u>	Quoted Prices in Active Markets for Identical Assets (<u>Level 1</u>)	Significant Other Observable Inputs (<u>Level 2</u>)	Significant Unobservable Inputs (<u>Level 3</u>)
Assets:				
Investments				
US government securities	\$ 17,676	\$ 1,540	\$ 16,136	\$ -
Common stocks:				
Domestic	5,200	5,200	-	-
International	18	18	-	-
Emerging markets	240	240	-	-
Real estate	9,403	9,403	-	-
Mutual funds:				
Equity mutual funds	144,835	144,835	-	-
Debt mutual funds	66,043	66,043	-	-
Corporate bonds	<u>39,863</u>	<u>-</u>	<u>39,863</u>	<u>-</u>
	<u>\$ 283,278</u>	<u>\$ 227,279</u>	<u>\$ 55,999</u>	<u>\$ -</u>
Liabilities:				
Interest rate swap contracts	<u>\$ 5,796</u>	<u>\$ -</u>	<u>\$ 5,796</u>	<u>\$ -</u>

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Corporation grants credit, without collateral, to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross patient service revenue and receivables from patients and third-party payors at March 31, 2012 and 2011 was as follows:

	<u>Gross Patient Service Revenue</u>		<u>Patient Receivables</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Medicare	44%	43%	15%	23%
Medicaid	18	19	46	16
Other third-party payors	33	34	15	41
Patients	<u>5</u>	<u>4</u>	<u>24</u>	<u>20</u>
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

At March 31, 2012 and 2011, the Corporation had cash deposits in bank accounts which exceeded Federal Depository Insurance Corporation limits by material amounts. The majority of this excess was on deposit with local financial institutions and management believes that the credit risk related to these deposits is minimal.

The Corporation routinely invests in money market mutual funds. Investments in money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012 and 2011

NOTE 16 - FUNCTIONAL EXPENSES

The Corporation provides comprehensive quality health care services to the residents of the Southern Illinois area. The operating expenses included in the consolidated statements of operations are primarily related to providing these health care related services. For the years ended March 31, 2012 and 2011, these expenses are as follows (\$ in thousands):

	<u>2012</u>	<u>2011</u>
Health care services	\$ 321,370	\$ 302,851
General and administrative	59,962	50,225
Fundraising	<u>416</u>	<u>439</u>
	<u>\$ 381,748</u>	<u>\$ 353,515</u>

NOTE 17 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to March 31, 2012, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2012. Management has performed their analysis through July 18, 2012, the date the financial statements were issued.

SUPPLEMENTARY INFORMATION

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2012
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
ASSETS												
Current assets												
Cash and cash equivalents	\$ 1,108	\$ 563	\$ 2,278	\$ 97	\$ 4,046	\$ 1,230	\$ 1,258	\$ 141	\$ 82	\$ 370	\$ -	\$ 7,127
Assets whose use is limited by trust agreement	4	10	3	-	17	-	-	-	-	-	-	17
Accounts receivable												
Patient, net	46,852	20,194	10,102	-	77,148	7,221	-	934	-	-	-	85,303
Affiliates	-	-	-	4,655	4,655	23	-	-	3	202	(4,837)	46
Supplies	3,344	1,172	573	1,149	6,238	48	-	219	-	-	-	6,505
Prepaid expenses	1,782	646	131	2,060	4,619	1,028	12	34	-	-	-	5,693
Current portion of notes receivable	110	161	20	23	314	-	-	-	-	-	-	314
Other	1,970	146	62	1,396	3,574	116	-	-	-	-	-	3,690
Total current assets	<u>55,170</u>	<u>22,892</u>	<u>13,169</u>	<u>9,380</u>	<u>100,611</u>	<u>9,666</u>	<u>1,270</u>	<u>1,328</u>	<u>85</u>	<u>572</u>	<u>(4,837)</u>	<u>108,695</u>
Assets whose use is limited by:												
Board designation for capital improvements	183,470	72,276	16,679	5,560	277,985	-	-	-	-	-	-	277,985
Board designation for self-insurance	-	-	-	-	-	-	15,304	-	-	-	-	15,304
Trust agreement	17	-	-	-	17	-	-	-	-	-	-	17
	<u>183,487</u>	<u>72,276</u>	<u>16,679</u>	<u>5,560</u>	<u>278,002</u>	<u>-</u>	<u>15,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,306</u>
Property and equipment, net	<u>70,325</u>	<u>53,473</u>	<u>16,810</u>	<u>21,195</u>	<u>161,803</u>	<u>13,383</u>	<u>-</u>	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,691</u>
Other assets												
Unamortized bond costs, net	2,642	1,472	337	-	4,451	-	-	-	-	-	-	4,451
Investments in joint ventures	2,105	1	-	1,177	3,283	-	-	-	-	-	(1,177)	2,106
Notes receivable, less current portion	443	506	20	38	1,007	132	-	-	-	-	-	1,139
Goodwill	-	-	-	-	-	10,615	-	877	-	-	-	11,492
Other	111	232	85	2,059	2,487	338	5,014	-	-	-	-	7,839
	<u>5,301</u>	<u>2,211</u>	<u>442</u>	<u>3,274</u>	<u>11,228</u>	<u>11,085</u>	<u>5,014</u>	<u>877</u>	<u>-</u>	<u>-</u>	<u>(1,177)</u>	<u>27,027</u>
Total assets	<u>\$ 314,283</u>	<u>\$ 150,852</u>	<u>\$ 47,100</u>	<u>\$ 39,409</u>	<u>\$ 551,644</u>	<u>\$ 34,134</u>	<u>\$ 21,588</u>	<u>\$ 2,710</u>	<u>\$ 85</u>	<u>\$ 572</u>	<u>\$ (6,014)</u>	<u>\$ 604,719</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2012
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
LIABILITIES AND NET ASSETS												
Current liabilities												
Current maturities of long-term debt	\$ 2,100	\$ 758	\$ 203	\$ -	\$ 3,061	\$ -	\$ -	\$ 334	\$ -	\$ -	\$ -	\$ 3,395
Current maturities of interest rate swap contracts	1,247	768	191	-	2,206	-	-	-	-	-	-	2,206
Accounts payable:												
Construction contracts	20	36	18	-	74	54	-	-	-	-	-	128
Trade	6,780	2,956	1,137	5,251	16,124	1,646	65	217	-	-	-	18,052
Affiliates	-	-	-	3	3	4,515	128	33	-	158	(4,837)	-
Estimated third-party payor settlements	6,016	4,643	666	-	11,325	-	-	373	-	-	-	11,698
Accrued liabilities:												
Payroll and related expenses	6,657	4,024	1,551	3,554	15,786	3,750	-	53	-	-	-	19,589
Other	5,300	1,195	385	1,865	8,745	766	-	1	-	-	-	9,512
Total current liabilities	<u>28,120</u>	<u>14,380</u>	<u>4,151</u>	<u>10,673</u>	<u>57,324</u>	<u>10,731</u>	<u>193</u>	<u>1,011</u>	<u>-</u>	<u>158</u>	<u>(4,837)</u>	<u>64,580</u>
Long-term debt, less current maturities	76,953	43,911	10,481	-	131,345	-	-	123	-	-	-	131,468
Interest rate swap contracts, less current maturities	6,997	4,131	957	-	12,085	-	-	-	-	-	-	12,085
Medical professional liabilities	2,178	1,165	478	-	3,821	1,536	21,263	-	-	-	-	26,620
Other	141	161	38	251	591	97	-	-	-	-	-	688
Total liabilities	<u>114,389</u>	<u>63,748</u>	<u>16,105</u>	<u>10,924</u>	<u>205,166</u>	<u>12,364</u>	<u>21,456</u>	<u>1,134</u>	<u>-</u>	<u>158</u>	<u>(4,837)</u>	<u>235,441</u>
Net assets												
Common stock	-	-	-	-	-	-	120	1,100	-	-	(1,220)	-
SIHS unrestricted	199,888	87,104	30,993	27,985	345,970	21,770	12	(223)	8	414	43	367,994
Non-controlling interest	-	-	-	-	-	-	-	699	-	-	-	699
Total unrestricted	199,888	87,104	30,993	27,985	345,970	21,770	132	1,576	8	414	(1,177)	368,693
Temporarily restricted	6	-	2	500	508	-	-	-	77	-	-	585
Total net assets	<u>199,894</u>	<u>87,104</u>	<u>30,995</u>	<u>28,485</u>	<u>346,478</u>	<u>21,770</u>	<u>132</u>	<u>1,576</u>	<u>85</u>	<u>414</u>	<u>(1,177)</u>	<u>369,278</u>
Total liabilities and net assets	<u>\$ 314,283</u>	<u>\$ 150,852</u>	<u>\$ 47,100</u>	<u>\$ 39,409</u>	<u>\$ 551,644</u>	<u>\$ 34,134</u>	<u>\$ 21,588</u>	<u>\$ 2,710</u>	<u>\$ 85</u>	<u>\$ 572</u>	<u>\$ (6,014)</u>	<u>\$ 604,719</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2011
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	Elimi- nations	Total
ASSETS										
Current assets										
Cash and cash equivalents	\$ 3,823	\$ 2,478	\$ 1,874	\$ 125	\$ 8,300	\$ (409)	\$ 937	\$ 155	\$ -	\$ 8,983
Assets whose use is limited by trust agreement	12	29	6	-	47	-	-	-	-	47
Accounts receivable										
Patient, net	39,287	17,238	7,734	-	64,259	4,725	-	496	-	69,480
Affiliates	-	-	-	2,351	2,351	-	-	-	(2,256)	95
Supplies	4,236	1,117	491	1,139	6,983	12	-	163	-	7,158
Prepaid expenses	1,639	523	147	1,701	4,010	776	12	35	-	4,833
Current portion of notes receivable	76	21	22	23	142	-	-	-	-	142
Other	619	166	72	1,893	2,750	81	-	-	-	2,831
Total current assets	<u>49,692</u>	<u>21,572</u>	<u>10,346</u>	<u>7,232</u>	<u>88,842</u>	<u>5,185</u>	<u>949</u>	<u>849</u>	<u>(2,256)</u>	<u>93,569</u>
Assets whose use is limited by:										
Board designation for capital improvements	185,328	72,743	16,787	5,596	280,454	-	-	40	-	280,494
Board designation for self-insurance	-	-	-	-	-	-	12,265	-	-	12,265
Trust agreement	6,963	3,627	-	-	10,590	-	-	-	-	10,590
	<u>192,291</u>	<u>76,370</u>	<u>16,787</u>	<u>5,596</u>	<u>291,044</u>	<u>-</u>	<u>12,265</u>	<u>40</u>	<u>-</u>	<u>303,349</u>
Property and equipment, net	<u>72,496</u>	<u>53,305</u>	<u>16,039</u>	<u>20,737</u>	<u>162,577</u>	<u>5,955</u>	<u>-</u>	<u>603</u>	<u>-</u>	<u>169,135</u>
Other assets										
Unamortized bond costs, net	2,574	1,483	253	-	4,310	-	-	-	-	4,310
Investments in joint ventures	1,942	1	-	1,205	3,148	-	-	-	(1,205)	1,943
Notes receivable, less current portion	259	575	27	58	919	111	-	-	-	1,030
Goodwill	-	-	-	-	-	-	-	873	-	873
Other	94	219	79	1,880	2,272	166	3,973	-	-	6,411
	<u>4,869</u>	<u>2,278</u>	<u>359</u>	<u>3,143</u>	<u>10,649</u>	<u>277</u>	<u>3,973</u>	<u>873</u>	<u>(1,205)</u>	<u>14,567</u>
Total assets	<u>\$ 319,348</u>	<u>\$ 153,525</u>	<u>\$ 43,531</u>	<u>\$ 36,708</u>	<u>\$ 553,112</u>	<u>\$ 11,417</u>	<u>\$ 17,187</u>	<u>\$ 2,365</u>	<u>\$ (3,461)</u>	<u>\$ 580,620</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2011
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	Elimi- nations	Total
LIABILITIES AND NET ASSETS										
Current liabilities										
Current maturities of long-term debt	\$ 1,887	\$ 714	\$ 164	\$ -	\$ 2,765	\$ -	\$ -	\$ 339	\$ -	\$ 3,104
Current maturities of interest										
rate swap contracts	1,344	828	206	-	2,378	-	-	-	-	2,378
Accounts payable:										
Construction contracts	111	5	119	-	235	-	-	-	-	235
Trade	6,634	2,653	831	6,131	16,249	550	70	134	-	17,003
Affiliates	-	-	-	-	-	2,019	195	69	(2,256)	27
Estimated third-party payor settlements	5,283	1,955	860	(240)	7,858	-	-	263	-	8,121
Accrued liabilities:										
Payroll and related expenses	6,626	3,877	1,354	3,237	15,094	2,025	-	56	-	17,175
Other	4,155	1,108	397	1,508	7,168	390	-	6	-	7,564
Total current liabilities	<u>26,040</u>	<u>11,140</u>	<u>3,931</u>	<u>10,636</u>	<u>51,747</u>	<u>4,984</u>	<u>265</u>	<u>867</u>	<u>(2,256)</u>	<u>55,607</u>
Long-term debt, less current maturities	78,883	48,150	8,547	-	135,580	-	-	179	-	135,759
Interest rate swap contract	2,020	1,253	145	-	3,418	-	-	-	-	3,418
Medical professional liabilities	2,281	934	397	-	3,612	1,344	16,790	-	-	21,746
Other	146	187	-	290	623	36	-	-	-	659
Total liabilities	<u>109,370</u>	<u>61,664</u>	<u>13,020</u>	<u>10,926</u>	<u>194,980</u>	<u>6,364</u>	<u>17,055</u>	<u>1,046</u>	<u>(2,256)</u>	<u>217,189</u>
Net assets										
Common Stock	-	-	-	-	-	-	120	1,100	(1,220)	-
SIHS unrestricted	209,978	91,749	30,511	25,346	357,584	5,053	12	(369)	15	362,295
Non-controlling interest	-	-	-	-	-	-	-	588	-	588
Total unrestricted	209,978	91,749	30,511	25,346	357,584	5,053	132	1,319	(1,205)	362,883
Temporarily restricted	-	112	-	436	548	-	-	-	-	548
Total net assets	<u>209,978</u>	<u>91,861</u>	<u>30,511</u>	<u>25,782</u>	<u>358,132</u>	<u>5,053</u>	<u>132</u>	<u>1,319</u>	<u>(1,205)</u>	<u>363,431</u>
Total liabilities and net assets	<u>\$ 319,348</u>	<u>\$ 153,525</u>	<u>\$ 43,531</u>	<u>\$ 36,708</u>	<u>\$ 553,112</u>	<u>\$ 11,417</u>	<u>\$ 17,187</u>	<u>\$ 2,365</u>	<u>\$ (3,461)</u>	<u>\$ 580,620</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING STATEMENT OF OPERATIONS
Year-ended March 31, 2012
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
Gross patient revenue	\$ 539,069	\$ 308,458	\$ 107,031	\$ -	\$ 954,558	\$ 90,272	\$ -	\$ 12,537	\$ -	\$ -	\$ -	\$ 1,057,367
Contractual allowances	326,327	196,544	57,717	-	580,588	50,642	-	8,623	-	-	-	639,853
Provision for (recovery of) bad debts	15,959	11,115	4,839	(5)	31,908	5,827	-	130	-	-	-	37,865
Net patient service revenue	196,783	100,799	44,475	(5)	342,062	33,803	-	3,784	-	-	-	379,649
Other operating revenue	1,620	324	162	870	2,976	1,877	5,395	-	-	205	(5,515)	4,938
Net assets released from restriction	-	112	-	193	305	-	-	-	-	-	-	305
Corporate allocation	675	277	112	(1,064)	-	-	-	-	-	-	-	-
Total revenue	199,078	101,512	44,749	4	345,343	35,680	5,395	3,784	-	205	(5,515)	384,892
Expenses:												
Salaries	52,714	32,688	12,140	20,760	118,302	27,145	-	738	-	-	-	146,185
Employee benefits	18,404	11,134	3,770	5,111	38,419	4,762	-	202	-	-	-	43,383
Physicians' fees	11,334	6,275	1,574	28	19,211	5,828	-	-	-	40	-	25,079
Professional fees	3,677	2,496	1,823	4,910	12,906	4,403	109	217	-	1,236	-	18,871
Purchased services	4,061	2,345	602	4,553	11,561	393	-	397	-	1	(34)	12,318
Patient chargeable supplies	28,839	7,041	1,289	-	37,169	83	-	-	-	-	-	37,252
Patient non-chargeable supplies	7,632	3,820	1,060	1	12,513	158	-	-	-	-	-	12,671
Drugs and pharmaceuticals	3,162	3,898	4,303	-	11,363	794	-	1,239	-	-	-	13,396
Other supplies and expense	4,046	2,357	589	8	7,000	258	-	84	-	13	-	7,355
Rent expense	705	381	256	566	1,908	1,148	-	161	-	-	(944)	2,273
Repairs and maintenance	3,026	1,167	562	5,059	9,814	136	-	33	-	-	-	9,983
Insurance	4,922	2,374	960	362	8,618	2,602	5,392	49	-	-	(4,770)	11,891
Miscellaneous expense	6,094	2,365	734	3,517	12,710	(9,724)	51	85	-	1	233	3,356
Interest and amortization	4,568	2,398	502	9	7,477	-	-	31	-	-	-	7,508
Depreciation	9,118	5,615	2,228	7,371	24,332	894	-	255	-	-	-	25,481
Corporate allocation	33,179	13,585	5,486	(52,250)	-	-	-	-	-	-	-	-
Non-cash interest (income) expense associated with interest rate swap contract	3,061	1,476	209	-	4,746	-	-	-	-	-	-	4,746
Total expense	198,542	101,415	38,087	5	338,049	38,880	5,552	3,491	-	1,291	(5,515)	381,748
Income from operations	536	97	6,662	(1)	7,294	(3,200)	(157)	293	-	(1,086)	-	3,144

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING STATEMENT OF OPERATIONS
Year-ended March 31, 2012
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
Non-operating gains (losses)												
Unrestricted gifts and interest income	\$ 802	\$ 147	\$ 200	\$ 16	\$ 1,165	\$ -	\$ -	\$ 11	\$ 8	\$ -	\$ -	\$ 1,184
Investment income and net gains from board designated funds	6,024	2,373	548	183	9,128	-	138	-	-	-	-	9,266
Change in net unrealized gain from board designated funds	(3,693)	(1,455)	(336)	(112)	(5,596)	-	19	-	-	-	-	(5,577)
Equity earning of joint venture	1,047	565	-	-	1,612	-	-	-	-	-	-	1,612
Other	(96)	(80)	(23)	(9)	(208)	(21)	-	(134)	-	-	-	(363)
Corporate allocation	49	20	8	(77)	-	-	-	-	-	-	-	-
	<u>4,133</u>	<u>1,570</u>	<u>397</u>	<u>1</u>	<u>6,101</u>	<u>(21)</u>	<u>157</u>	<u>(123)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>6,122</u>
Excess (deficiency) of revenues over expenses	<u>4,669</u>	<u>1,667</u>	<u>7,059</u>	<u>-</u>	<u>13,395</u>	<u>(3,221)</u>	<u>-</u>	<u>170</u>	<u>8</u>	<u>(1,086)</u>	<u>-</u>	<u>9,266</u>
Corporate allocation	4	2	1	(7)	-	-	-	-	-	-	-	-
Contributions	59	109	9	7	184	-	-	-	-	-	-	184
Contributions to affiliate	(12,998)	(5,081)	(5,060)	23,139	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	<u>(1,820)</u>	<u>(1,343)</u>	<u>(588)</u>	<u>-</u>	<u>(3,751)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,751)</u>
Increase (decrease) in unrestricted net assets	<u>\$ (10,086)</u>	<u>\$ (4,646)</u>	<u>\$ 1,421</u>	<u>\$ 23,139</u>	<u>\$ 9,828</u>	<u>\$ (3,221)</u>	<u>\$ -</u>	<u>\$ 170</u>	<u>\$ 8</u>	<u>\$ (1,086)</u>	<u>\$ -</u>	<u>\$ 5,699</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING STATEMENT OF OPERATIONS
Year-ended March 31, 2011
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	Elimi- nations	Total
Gross patient revenue	\$ 503,929	\$ 276,749	\$ 83,529	\$ -	\$864,207	\$ 68,686	\$ -	\$ 9,106	\$ -	\$ 941,999
Contractual allowances	291,126	171,800	43,831	-	506,757	38,396	-	6,160	-	551,313
Provision for (recovery of) bad debts	9,790	8,340	3,029	(5)	21,154	6,192	-	120	-	27,466
Net patient service revenue	203,013	96,609	36,669	5	336,296	24,098	-	2,826	-	363,220
Other operating revenue	1,827	414	161	888	3,290	1,361	3,254	1	(5,032)	2,874
Net assets released from restriction	26	-	1	134	161	-	-	-	-	161
Corporate allocation	649	266	107	(1,022)	-	-	-	-	-	-
Total revenue	205,515	97,289	36,938	5	339,747	25,459	3,254	2,827	(5,032)	366,255
Expenses:										
Salaries	53,624	31,420	12,215	19,137	116,396	19,347	-	827	-	136,570
Employee benefits	18,294	10,794	3,649	4,777	37,514	3,442	-	211	-	41,167
Physicians' fees	9,987	4,907	1,953	181	17,028	6,510	-	-	-	23,538
Professional fees	3,431	2,729	2,001	4,119	12,280	3,533	109	150	-	16,072
Purchased services	3,547	2,854	591	4,305	11,297	179	-	118	(19)	11,575
Patient chargeable supplies	29,267	6,852	1,009	-	37,128	47	-	-	-	37,175
Patient nonchargeable supplies	7,098	3,133	788	1	11,020	145	-	-	-	11,165
Drugs and pharmaceuticals	3,485	4,314	1,454	-	9,253	1,453	-	1,039	-	11,745
Other supplies and expense	3,975	2,286	546	(132)	6,675	191	-	45	-	6,911
Rent expense	819	303	249	528	1,899	859	-	152	(648)	2,262
Repairs and maintenance	2,984	1,362	494	4,406	9,246	63	-	33	-	9,342
Insurance	5,233	2,207	897	349	8,686	2,041	3,606	62	(4,709)	9,686
Miscellaneous expense	6,277	2,792	784	3,523	13,376	(9,455)	70	76	344	4,411
Interest and amortization	4,781	2,370	418	19	7,588	-	-	32	-	7,620
Depreciation	9,018	4,710	2,080	6,530	22,338	705	-	246	-	23,289
Corporate allocation	30,314	12,412	5,012	(47,738)	-	-	-	-	-	-
Non-cash interest expense associated with interest rate swap contract	637	307	43	-	987	-	-	-	-	987
Total expense	192,771	95,752	34,183	5	322,711	29,060	3,785	2,988	(5,032)	353,515
Income from operations	12,744	1,537	2,755	-	17,036	(3,601)	(531)	(164)	-	12,740

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING STATEMENT OF OPERATIONS
Year-ended March 31, 2011
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SIHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	Elimi- nations	Total
Nonoperating gains (losses)										
Unrestricted gifts and interest income	\$ 507	\$ 83	\$ 109	\$ 19	\$ 718	\$ 3	\$ -	\$ 8	\$ -	\$ 729
Investment income and net gains from board designated funds	14,631	5,764	1,335	439	22,169	-	531	-	-	22,700
Reclassification of net unrealized gains on securities transferred to trading securities (Note 1)	-	-	-	17,722	17,722	-	-	-	-	17,722
Change in net unrealized gains on investments	8,487	3,344	772	257	12,860	-	(236)	-	-	12,624
Equity earning of joint venture	2,953	516	-	-	3,469	-	-	-	-	3,469
Other	(72)	(12)	(55)	2	(137)	(5)	-	(176)	-	(318)
Corporate allocation	<u>456</u>	<u>186</u>	<u>75</u>	<u>(717)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>26,962</u>	<u>9,881</u>	<u>2,236</u>	<u>17,722</u>	<u>56,801</u>	<u>(2)</u>	<u>295</u>	<u>(168)</u>	<u>-</u>	<u>56,926</u>
Excess (deficiency) of revenues over expenses	<u>39,706</u>	<u>11,418</u>	<u>4,991</u>	<u>17,722</u>	<u>73,837</u>	<u>(3,603)</u>	<u>(236)</u>	<u>(332)</u>	<u>-</u>	<u>69,666</u>
Corporate allocation	5	2	1	(8)	-	-	-	-	-	-
Reclassification of net unrealized gains on securities transferred to trading securities (Note 1)	-	-	-	(17,722)	(17,722)	-	-	-	-	(17,722)
Contributions	341	13	58	8	420	-	-	-	-	420
Contributions to affiliate	(12,618)	9,142	146	3,330	-	-	-	-	-	-
Change in fair value of interest rate swap	<u>(274)</u>	<u>(262)</u>	<u>(53)</u>	<u>-</u>	<u>(589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(589)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 27,160</u>	<u>\$ 20,313</u>	<u>\$ 5,143</u>	<u>\$ 3,330</u>	<u>\$ 55,946</u>	<u>\$ (3,603)</u>	<u>\$ (236)</u>	<u>\$ (332)</u>	<u>\$ -</u>	<u>\$ 51,775</u>