

Form **990**

**Return of Organization Exempt From Income Tax**

OMB No 1545-0047

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

**2012**

**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 2012 calendar year, or tax year beginning 04-01-2012, 2012, and ending 03-31-2013**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES		<b>D</b> Employer identification number 37-0618939	
	Doing Business As SOUTHERN ILLINOIS HEALTHCARE			
	Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 3988		<b>E</b> Telephone number (618) 457-5200	
	City or town, state or country, and ZIP + 4 CARBONDALE, IL 629023988		<b>G</b> Gross receipts \$ 545,352,586	
<b>F</b> Name and address of principal officer REX BUDDER PO BOX 3988 CARBONDALE, IL 629023988			<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
			<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			<b>H(c)</b> Group exemption number ▶	
<b>J</b> Website: ▶ WWW SIH NET				
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation 1946 <b>M</b> State of legal domicile IL	

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities SOUTHERN ILLINOIS HOSPITAL SERVICES' (SIHS) MISSION STATEMENT IS "WE ARE DEDICATED TO IMPROVING THE HEALTH AND WELL-BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES WE SERVE "			
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	13	
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	12	
	<b>5</b>	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	3,175	
	<b>6</b>	Total number of volunteers (estimate if necessary)	274	
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	751,843	
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	-26,278		
<b>Revenue</b>			<b>Prior Year</b>	<b>Current Year</b>
	<b>8</b>	Contributions and grants (Part VIII, line 1h)	1,068,541	3,321,897
	<b>9</b>	Program service revenue (Part VIII, line 2g)	343,588,590	380,496,986
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10,335,865	18,270,190
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,696,843	4,682,486
<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	357,689,839	406,771,559	
<b>Expenses</b>	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	288,044	445,902
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	156,740,524	167,575,408
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ 189,917		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	177,757,336	195,335,490
<b>18</b>	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	334,785,904	363,356,800	
<b>19</b>	Revenue less expenses Subtract line 18 from line 12	22,903,935	43,414,759	
<b>Net Assets or Fund Balances</b>			<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b>	Total assets (Part X, line 16)	550,969,833	607,114,260
	<b>21</b>	Total liabilities (Part X, line 26)	203,532,309	211,021,480
<b>22</b>	Net assets or fund balances Subtract line 21 from line 20	347,437,524	396,092,780	

**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

<b>Sign Here</b>	*****	2013-07-12
	Signature of officer	Date
	MIKE KASSER CFO	
	Type or print name and title	

<b>Paid Preparer Use Only</b>	Prnt/Type preparer's name Rachel Spurlock	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00520729
	Firm's name ▶ CROWE HORWATH LLP			Firm's EIN ▶	
	Firm's address ▶ 9600 Brownsboro Road Suite 400 Louisville, KY 402411122			Phone no (502) 326-3996	

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

**Part III Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) IS DEDICATED TO PROMOTING THE HEALTH AND WELL BEING OF ALL OF THE PEOPLE IN THE COMMUNITIES WE SERVE OUR MISSION IS GUIDED BY OUR VALUES COMPASSION, COLLABORATION, QUALITY, STEWARDSHIP, INTEGRITY, ACCOUNTABILITY AND RESPECT (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 are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

<b>4a</b>	(Code )	(Expenses \$ 303,856,455	including grants of \$	(Revenue \$ 383,124,770 )
SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) PROVIDES QUALITY HEALTH SERVICES TO PEOPLE THROUGHOUT SOUTHERN ILLINOIS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY THROUGH DAILY OPERATIONS, SIHS' HOSPITALS PROVIDE SIGNIFICANT AMOUNTS OF UNCOMPENSATED CHARITY CARE, UNCOMPENSATED GOVERNMENT-SPONSORED HEALTH CARE, SUBSIDIZED HEALTH SERVICES AND MEDICAL EDUCATION THE PRIMARY SERVICE AREA OF SIHS IS A VERY RURAL SEVEN-COUNTY REGION WITH A COMBINED POPULATION OF APPROXIMATELY 244,000 THE RESIDENTS OF THESE COUNTIES' MEDIAN HOUSEHOLD INCOMES ARE BELOW THE STATE AVERAGE, PLUS THE POVERTY RATE IS HIGHER THAN THE STATE AVERAGE (CONTINUED IN SCHEDULE O)				

<b>4b</b>	(Code )	(Expenses \$ 1,694,097	including grants of \$ 445,902 )	(Revenue \$ 0 )
SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) HAS EXTENDED ITS SERVICES BEYOND HOSPITAL WALLS AND INTO THE NEIGHBORHOODS WHERE PEOPLE LIVE AND WORK THE COMMUNITY BENEFITS DEPARTMENT OF SIHS WAS INSTITUTED IN 1994 WITH AN OPERATING BUDGET SPECIFICALLY ALLOCATED TO BRING HEALTH-RELATED PROGRAMS TO THE AREAS IN WHICH THEY WERE MOST NEEDED COMMUNITY BENEFITS HAS UNDERTAKEN A WIDE VARIETY OF SUCCESSFUL PROGRAMS SINCE ITS INCEPTION (CONTINUED IN SCHEDULE O)				

<b>4c</b>	(Code )	(Expenses \$ 129,927	including grants of \$	(Revenue \$ 0 )
SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) PROVIDES PROGRAMS TO IMPROVE THE HEALTH AND WELL-BEING OF THE CHILDREN AND ADOLESCENTS ATTENDING SOUTHERN ILLINOIS SCHOOLS (CONTINUED IN SCHEDULE O)				

<b>4d</b>	Other program services (Describe in Schedule O )			
	(Expenses \$	including grants of \$	(Revenue \$	)

<b>4e</b>	<b>Total program service expenses</b>	<b>305,680,479</b>
-----------	---------------------------------------	--------------------

**Part IV Checklist of Required Schedules**

		Yes	No
<b>1</b>	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"/>	Yes	
<b>2</b>	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
<b>3</b>	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>		No
<b>4</b>	<b>Section 501(c)(3) organizations.</b> 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"/>	Yes	
<b>5</b>	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>		
<b>6</b>	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>		No
<b>7</b>	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>		No
<b>8</b>	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		No
<b>9</b>	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, 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>		No
<b>10</b>	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>		No
<b>11</b>	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		
<b>a</b>	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"/>	Yes	
<b>b</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>		No
<b>c</b>	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>		No
<b>d</b>	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>		No
<b>e</b>	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"/>	Yes	
<b>f</b>	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"/>	Yes	
<b>12a</b>	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
<b>b</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 and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
<b>13</b>	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
<b>14a</b>	Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</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 checked="" type="checkbox"/>	Yes	
<b>15</b>	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>		No
<b>16</b>	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>		No
<b>17</b>	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>		No
<b>18</b>	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>		No
<b>19</b>	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>		No
<b>20a</b>	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b>	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? <input checked="" type="checkbox"/>	Yes	

**Part IV Checklist of Required Schedules** (continued)

<b>21</b>	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> . . . . .	<b>21</b>	Yes	
<b>22</b>	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> . . . . .	<b>22</b>		No
<b>23</b>	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> . . . . .	<b>23</b>	Yes	
<b>24a</b>	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>24a</b>	Yes	
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		No
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		No
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		No
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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>25a</b>		No
<b>b</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> . . . . .	<b>25b</b>		No
<b>26</b>	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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> . . . . .	<b>26</b>		No
<b>27</b>	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> . . . . .	<b>27</b>	Yes	
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28b</b>	Yes	
<b>c</b>	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> . . . . .	<b>28c</b>		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>29</b>		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	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> . . . . .	<b>32</b>		No
<b>33</b>	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> . . . . .	<b>33</b>	Yes	
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	Yes	
<b>b</b>	If "Yes" to line 35a, 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> . . . . .	<b>35b</b>	Yes	
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>36</b>		No
<b>37</b>	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>	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	Yes	

**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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . . . . <b>1a</b> 338		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable <b>1b</b> 0		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . <b>1c</b>	Yes	
<b>2a</b>	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 . . . . . <b>2a</b> 3,175		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) <b>2b</b>	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . . <b>3a</b>	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . . <b>3b</b>	Yes	
<b>4a</b>	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)? . . . . . <b>4a</b>	Yes	
<b>b</b>	If "Yes," enter the name of the foreign country <b>CJ</b> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . . <b>5a</b>		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? <b>5b</b>		No
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . . <b>5c</b>		
<b>6a</b>	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 as charitable contributions? . . . . . <b>6a</b>		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . <b>6b</b>		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	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? . . . . . <b>7a</b>		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . <b>7b</b>		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . <b>7c</b>		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . . <b>7d</b>		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . <b>7e</b>		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . . <b>7f</b>		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . <b>7g</b>		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . <b>7h</b>		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . <b>8</b>		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966? . . . . . <b>9a</b>		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . <b>9b</b>		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . . <b>10a</b>		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities <b>10b</b>		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders . . . . . <b>11a</b>		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . . <b>11b</b>		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? <b>12a</b>		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . . <b>12b</b>		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O <b>13a</b>		
<b>13b</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 . . . . . <b>13b</b>		
<b>13c</b>	Enter the amount of reserves on hand . . . . . <b>13c</b>		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . . <b>14a</b>		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . . <b>14b</b>		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 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
<b>1a</b>	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		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . .		
<b>2</b>	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? . . . . .		No
<b>3</b>	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? . . . . .		No
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		No
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		No
<b>6</b>	Did the organization have members or stockholders? . . . . .	Yes	
<b>7a</b>	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? . . . . .	Yes	
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	Yes	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>8a</b>	The governing body? . . . . .	Yes	
<b>8b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	Yes	
<b>9</b>	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 . . . . .		No

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		No
<b>10b</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? . . . . .		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	Yes	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	Yes	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	Yes	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	Yes	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	Yes	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	Yes	
<b>15</b>	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?		
<b>15a</b>	The organization's CEO, Executive Director, or top management official . . . . .	Yes	
<b>15b</b>	Other officers or key employees of the organization . . . . .	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	Yes	
<b>16b</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? . . . . .	Yes	

**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 Form 1023 (or 1024 if applicable), 990, and 990-T (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  Other (explain in Schedule O)
- 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 (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, or 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 (list any hours for related organizations below dotted line)	(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			
See Additional Data Table										

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

Table with 6 main columns: (A) Name and Title, (B) Average hours per week, (C) Position (Individual trustee or director, Institutional Trustee, Officer, Key employee, Highest compensated employee, Former), (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.

Summary rows: 1b Sub-Total, c Total from continuation sheets to Part VII, Section A, d Total (add lines 1b and 1c). Values: 5,370,511, 0, 1,663,993.

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 93

Questions 3, 4, 5 regarding compensation reporting. Question 3: Did the organization list any former officer...? Question 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? Question 5: Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization?

**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

Table with 3 columns: (A) Name and business address, (B) Description of services, (C) Compensation. Rows include BRIGHAM ANESTHESIA SOUTH LLC, MEDICAL STAFFING NETWORK, LABORATORY CORP OF AMERICA, AOS LLC, PRAIRIE CARDIOVASCULAR.

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 35



**Part VIII Statement of Revenue**

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . . <b>1a</b>						
	<b>b</b>	Membership dues . . . . . <b>1b</b>						
	<b>c</b>	Fundraising events . . . . . <b>1c</b>						
	<b>d</b>	Related organizations . . . . . <b>1d</b>	149,694					
	<b>e</b>	Government grants (contributions) <b>1e</b>	2,213,617					
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>	958,586					
	<b>g</b>	Noncash contributions included in lines 1a-1f \$						
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .	3,321,897					
<b>Program Service Revenue</b>	<b>2a</b>	PATIENT REVENUE	622110	378,705,933	378,705,933	0		
	<b>b</b>	PARTNERSHIP INCOME	900099	1,682,140	1,682,140	0		
	<b>c</b>	LEASEHOLD REVENUE FROM RELATED ORGANIZATIONS	531120	108,913	108,913	0		
	<b>d</b>			0				
	<b>e</b>			0				
	<b>f</b>	All other program service revenue		0	0	0		
	<b>g</b>	<b>Total.</b> Add lines 2a-2f . . . . .		380,496,986				
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .		10,335,023	0	0	10,335,023	
	<b>4</b>	Income from investment of tax-exempt bond proceeds . . . . .		0				
	<b>5</b>	Royalties . . . . .		0				
	<b>6a</b>	Gross rents	(i) Real	622,488				
			(ii) Personal					
	<b>b</b>	Less rental expenses		591,364				
	<b>c</b>	Rental income or (loss)		31,124		0		
	<b>d</b>	Net rental income or (loss) . . . . .		31,124	0	0	31,124	
	<b>7a</b>	Gross amount from sales of assets other than inventory	(i) Securities	145,899,914		24,916		
			(ii) Other					
	<b>b</b>	Less cost or other basis and sales expenses		137,734,006		255,657		
	<b>c</b>	Gain or (loss)		8,165,908		-230,741		
	<b>d</b>	Net gain or (loss) . . . . .		7,935,167	0	0	7,935,167	
<b>8a</b>	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>						
<b>b</b>	Less direct expenses . . . . . <b>b</b>							
<b>c</b>	Net income or (loss) from fundraising events . . . . .			0				
<b>9a</b>	Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>						
<b>b</b>	Less direct expenses . . . . . <b>b</b>							
<b>c</b>	Net income or (loss) from gaming activities . . . . .			0				
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>						
		<b>b</b>						
		<b>c</b>						
<b>b</b>	Less cost of goods sold . . . . . <b>b</b>							
<b>c</b>	Net income or (loss) from sales of inventory . . . . .			0				
Miscellaneous Revenue		Business Code						
<b>11a</b>	CAFETERIA/VENDING/HOSPITAL AUXILIARY	900099	1,803,003	531,268	0	1,271,735		
<b>b</b>	MEDICAL RECORDS/X-RAY/INTERNET PHYSICIANS	621300	484,013	154,481	329,532	0		
<b>c</b>	REFERENCE LAB	621500	422,311	0	422,311	0		
<b>d</b>	All other revenue . . . . .		1,942,035	1,942,035	0	0		
<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .		4,651,362					
<b>12</b>	<b>Total revenue.</b> See Instructions . . . . .		406,771,559	383,124,770	751,843	19,573,049		

**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)

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	444,462	444,462		
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22	1,440	1,440		
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
<b>4</b>	Benefits paid to or for members	0			
<b>5</b>	Compensation of current officers, directors, trustees, and key employees	6,390,986	827,338	5,563,648	0
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	52,538	52,538	0	0
<b>7</b>	Other salaries and wages	121,707,635	100,376,134	21,195,101	136,400
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,683,238	1,093,380	1,586,857	3,001
<b>9</b>	Other employee benefits	27,964,798	24,809,223	3,126,445	29,130
<b>10</b>	Payroll taxes	8,776,213	7,160,431	1,606,060	9,722
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management	0	0	0	0
<b>b</b>	Legal	313,652	47,857	265,795	0
<b>c</b>	Accounting	188,030	0	188,030	0
<b>d</b>	Lobbying	74,138	0	74,138	0
<b>e</b>	Professional fundraising services. See Part IV, line 17	0			
<b>f</b>	Investment management fees	465,105	0	465,105	0
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	51,130,143	42,260,367	8,869,776	0
<b>12</b>	Advertising and promotion	838,214	23,869	814,345	0
<b>13</b>	Office expenses	8,531,600	7,527,246	992,690	11,664
<b>14</b>	Information technology	6,779,618	5,329,037	1,450,581	0
<b>15</b>	Royalties	0			
<b>16</b>	Occupancy	6,176,518	5,227,263	949,255	0
<b>17</b>	Travel	712,234	441,405	270,829	0
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
<b>19</b>	Conferences, conventions, and meetings	989,646	568,088	421,558	0
<b>20</b>	Interest	6,760,114	6,724,221	35,893	0
<b>21</b>	Payments to affiliates	0			
<b>22</b>	Depreciation, depletion, and amortization	25,242,988	17,066,819	8,176,169	0
<b>23</b>	Insurance	8,403,358	8,158,833	244,525	0
<b>24</b>	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)				
<b>a</b>	MEDICAL SUPPLIES	65,106,973	65,106,973	0	0
<b>b</b>	PROVIDER TAX	5,854,768	5,854,768	0	0
<b>c</b>	EQUIPMENT RENTAL	5,367,804	4,881,826	485,978	0
<b>d</b>	HOSPITAL AUXILIARY	614,872	614,872	0	0
<b>e</b>	All other expenses	1,785,715	1,082,089	703,626	0
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e	363,356,800	305,680,479	57,486,404	189,917
<b>26</b>	<b>Joint costs.</b> 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**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	6,447	<b>1</b>	6,859
	<b>2</b> Savings and temporary cash investments . . . . .	4,966,236	<b>2</b>	4,075,871
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	77,150,828	<b>4</b>	83,950,513
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .		<b>5</b>	0
	<b>6</b> Loans and other 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) Complete Part II of Schedule L . . . . .		<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	1,319,798	<b>7</b>	1,100,268
	<b>8</b> Inventories for sale or use . . . . .	6,238,647	<b>8</b>	7,876,596
	<b>9</b> Prepaid expenses and deferred charges . . . . .	4,618,976	<b>9</b>	5,080,193
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 376,661,017		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 206,963,227	161,803,612	<b>10c</b> 169,697,790
	<b>11</b> Investments—publicly traded securities . . . . .	278,002,054	<b>11</b>	310,962,871
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	3,283,090	<b>12</b>	3,014,093
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	0	<b>13</b>	0
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets See Part IV, line 11 . . . . .	13,580,145	<b>15</b>	21,349,206
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	550,969,833	<b>16</b>	607,114,260	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	38,279,251	<b>17</b>	45,777,524
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .	134,407,000	<b>20</b>	135,345,000
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .		<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> 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 . . . . .	30,846,058	<b>25</b>	29,898,956
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	203,532,309	<b>26</b>	211,021,480
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	346,929,346	<b>27</b>	395,765,997
	<b>28</b> Temporarily restricted net assets . . . . .	508,178	<b>28</b>	326,783
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	347,437,524	<b>33</b>	396,092,780	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	550,969,833	<b>34</b>	607,114,260	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	406,771,559
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	363,356,800
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	43,414,759
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	347,437,524
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	7,386,450
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-2,145,953
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	396,092,780

**Part XII Financial Statements and Reporting**

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

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
<b>2b</b>	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
<b>2c</b>	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	Yes	
<b>3a</b>	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?	Yes	
<b>3b</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	

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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 HOSPITAL SERVICES

**Employer identification number**

37-0618939

**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 - Non-functionally integrated
- 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?
- h Provide the following information about the supported organization(s)

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(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 monetary support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

**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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> . . . . . ▶						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
<b>15</b> Public support percentage for 2011 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>b 33 1/3% support test—2011.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>17a 10%-facts-and-circumstances test—2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>b 10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶		

**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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b> <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2011</b> Schedule A, Part III, line 17	<b>18</b>	

- 19a 33 1/3% support tests—2012.** 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
- b 33 1/3% support tests—2011.** 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
- 20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

<b>Facts And Circumstances Test</b>

<b>Explanation</b>



SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2012

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

Table with 2 columns: Name of the organization (SOUTHERN ILLINOIS HOSPITAL SERVICES) and Employer identification number (37-0618939)

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

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

**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

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)														
<b>d</b> Other exempt purpose expenditures														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)														
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">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													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)														
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-														
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-														
<b>j</b> 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.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> 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
<b>1</b> 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			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		74,138
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities?	Yes		69,796
<b>j</b> Total Add lines 1c through 1i			143,934
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> 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
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	<b>1</b>	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	<b>2</b>	
<b>3</b> Did the organization agree to carry over lobbying and political expenditures from the prior year?	<b>3</b>	

**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."**

<b>1</b> Dues, assessments and similar amounts from members	<b>1</b>	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	<b>2a</b>	
<b>b</b> Carryover from last year	<b>2b</b>	
<b>c</b> Total	<b>2c</b>	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	<b>3</b>	
<b>4</b> 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?	<b>4</b>	
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	<b>5</b>	

**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 (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i	Schedule C, Part II-B, Line 1	A PORTION OF DUES PAID TO THE ILLINOIS HOSPITAL ASSOCIATION IS USED FOR LOBBYING BY THAT ASSOCIATION IN THE AMOUNT OF \$69,796
DIRECT CONTACT WITH LEGISLATORS	SCHEDULE C, PART II-B, LINE 1G	THE ORGANIZATION HAS HIRED A PROFESSIONAL SERVICES FIRM TO CONDUCT LOBBYING ON BEHALF OF THE ORGANIZATION. IN ADDITION, SEVERAL MEMBERS OF THE ORGANIZATION'S MANAGEMENT HAVE SPENT A PORTION OF THEIR TIME LOBBYING

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number 37-0618939

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 total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor informed consent.

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

Table with 2 columns: Description, Held at the End of the Year. Rows include purpose of easements, total number, acreage, and monitoring details.

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: Description, Amount. Rows include questions about reporting art and historical treasures.

**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 XIII

**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 XIII and complete the following table

	Amount
<b>1c</b> Beginning balance	
<b>1d</b> Additions during the year	
<b>1e</b> Distributions during the year	
<b>1f</b> 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 XIII. Check here if the explanation has been provided in Part XIII

**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
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> 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

	Yes	No
<b>(i)</b> unrelated organizations	<b>3a(i)</b>	
<b>(ii)</b> related organizations	<b>3a(ii)</b>	
<b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	<b>3b</b>	

**4** Describe in Part XIII 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
<b>1a</b> Land		11,127,417		11,127,417
<b>b</b> Buildings		105,863,901	53,172,363	52,691,538
<b>c</b> Leasehold improvements		12,655,229	8,284,278	4,370,951
<b>d</b> Equipment		238,732,061	145,506,586	93,225,475
<b>e</b> Other		8,282,409		8,282,409
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				169,697,790

**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		
Other		
<b>Total.</b> (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
<b>Total.</b> (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
<b>Total.</b> (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
Federal income taxes	0
<b>Total.</b> (Column (b) must equal Form 990, Part X, col (B) line 25)	29,898,956

2. Fin 48 (ASC 740) Footnote In Part XIII, 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) Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

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

**Part XIII 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, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	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, 2013 AND 2012, 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, 2013 AND 2012. 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, 2009 AND PRIOR.

## Additional Data

**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

### Form 990, Schedule D, Part X, - Other Liabilities

<sup>1</sup> (a) Description of Liability	(b) Book Value
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	8,731,874
ACCRUED BOND INTEREST	588,320
MEDICAL PROFESSIONAL LIABILITY	4,352,067
ASBESTOS LIABILITY	276,009
LONG TERM EXECUTIVE RETIREMENT PLAN	307,956
EMPLOYEES HELPING EMPLOYEES FUNDS	35,858
DUE TO AFFILIATE - RIC	240,912
INTEREST RATE SWAP CONTRACT	15,006,798
RSP MATCH LIABILITY	88,569
DUE TO AFFILIATE - SIHE	270,593



SCHEDULE F (Form 990)

Statement of Activities Outside the United States

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number 37-0618939

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of the grants or assistance...
2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

Table with 6 columns: (a) Region, (b) Number of offices in the region, (c) Number of employees, agents, and independent contractors in region, (d) Activities conducted in region (by type), (e) If activity listed in (d) is a program service, describe specific type of service(s) in region, (f) Total expenditures for and investments in region. Includes row for CENTRAL AMERICA AND THE CARIBBEAN and a Totals row.

**Part II Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . \_\_\_\_\_

3 Enter total number of other organizations or entities . . . . . \_\_\_\_\_

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

**Part IV Foreign Forms**

- 1 Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*  Yes  No
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*  Yes  No
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*  Yes  No
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*  Yes  No
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*  Yes  No
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*  Yes  No

**Part V Supplemental Information**

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	ReturnReference	Explanation
Method used to account for expenditures on organization's financial statements	Schedule F, Part I, Line 3	CENTRAL AMERICA AND THE CARIBBEAN ACCRUAL
Method used to account for expenditures on organization's financial statements	Schedule F, Part I, Line 3	CENTRAL AMERICA AND THE CARIBBEAN ACCRUAL

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, question 20. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number 37-0618939

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0 %
2 Economic development					0	0 %
3 Community support					0	0 %
4 Environmental improvements					0	0 %
5 Leadership development and training for community members					0	0 %
6 Coalition building			113,659		113,659	0.030 %
7 Community health improvement advocacy			493,177		493,177	0.140 %
8 Workforce development					0	0 %
9 Other					0	0 %
<b>10 Total</b>	0	0	606,836	0	606,836	0.160 %

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1	No
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . .	2	10,363,971
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit . . . . .	3	2,285,686
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements		

**Section B. Medicare**

5	Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	130,780,697
6	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	135,661,148
7	Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	-4,880,451
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

9a	Did the organization have a written debt collection policy during the tax year? . . . . .	9a	Yes
9b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI . . . . .	9b	Yes

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 PHYSICIAN'S SURGERY CENTER	SURGERY CENTER	55 %	2 %	41 %
2 SOUTHERN ILLINOIS ORTHOPEDICS CENTER	MEDICINE	34 %	0 %	66 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)  
 How many hospital facilities did the organization operate during the tax year?  
3

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MEMORIAL HOSPITAL OF CARBONDALE 405 WEST JACKSON STREET CARBONDALE, IL 62901 WWW.SIH.NET	X	X		X			X			A
2	HERRIN HOSPITAL 201 SOUTH 14TH STREET HERRIN, IL 62948 WWW.SIH.NET	X	X					X		ACUTE REHAB	A
3	ST JOSEPH MEMORIAL HOSPITAL 800 NORTH 2ND STREET MURPHYSBORO, IL 62966 WWW.SIH.NET	X	X			X		X			A



**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group A

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>20 12</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	<b>3</b> Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b> Yes	
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	<b>7</b> Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	No
<b>b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400%</u> If "No," explain in Part VI the criteria the hospital facility used	<b>11</b> Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .	<b>15</b> Yes	
<b>16</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a  Notified individuals of the financial assistance policy on admission
- b  Notified individuals of the financial assistance policy prior to discharge
- c  Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d  Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e  Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility's policy was not in writing
- c  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d  Other (describe in Part VI)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d  Other (describe in Part VI)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** *(continued)***Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

18

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	



**Additional Data**

**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

**18**

Name and address	Type of Facility (describe)
<b>1</b> SLEEP CENTER 8305 EXPRESS DRIVE MARION,IL 62959	SLEEP STUDIES
<b>2</b> THE HANDS OF HOPE MEDICAL CLINIC 808 W PRAIRIE ST MARION,IL 62959	SLEEP STUDIES
<b>3</b> BREAST CENTER 1237 EAST MAIN STREET CARBONDALE,IL 62901	SLEEP STUDIES
<b>4</b> MINERS MEMORIAL HEALTH CENTER 2553 KEN GRAY BLVD WEST FRANKFORT,IL 62896	SLEEP STUDIES
<b>5</b> REHAB UNLIMITED 305 WEST JACKSON CARBONDALE,IL 62901	SLEEP STUDIES
<b>6</b> CANCER CARE CENTER 3117 WILLIAMSON COUNTY PARKWAY MARION,IL 62959	SLEEP STUDIES
<b>7</b> LOGAN PARK RADIOLOGY AND LAB 405 RUSHING DRIVE HERRIN,IL 62948	SLEEP STUDIES
<b>8</b> REHAB UNLIMITED AND FIT FOR WORK 515 EAST VIENNA STREET ANNA,IL 62906	SLEEP STUDIES
<b>9</b> PHYSICIANS SURGERY CENTER 2601 WEST MAIN ST CARBONDALE,IL 62901	SLEEP STUDIES
<b>10</b> WOUND CARE 315 SOUTH 13TH ST HERRIN,IL 62948	SLEEP STUDIES
<b>11</b> REHAB UNLIMITED 6 EAST SHAWNEE DRIVE MURPHYSBORO,IL 62864	SLEEP STUDIES
<b>12</b> RIC PHYSICIAN PRACTICES 3224 SOUTH PARK AVENUE HERRIN,IL 62948	SLEEP STUDIES
<b>13</b> RIC AND SIH REHABILITATION SERVICES LLC PO BOX 3988 CARBONDALE,IL 62901	SLEEP STUDIES
<b>14</b> FRANKLIN MEDICAL ARTS 203 BAILEY LANE BENTON,IL 62912	SLEEP STUDIES
<b>15</b> WOMEN'S CENTER 315 SOUTH 13TH ST HERRIN,IL 62948	SLEEP STUDIES
<b>16</b> FIT FOR WORK 101 SOUTH PARK AVENUE HERRIN,IL 62948	SLEEP STUDIES
<b>17</b> LPC WF IMAGING AND LAB 502 ST LOUIS STREET WEST FRANKFORT,IL 62896	SLEEP STUDIES
<b>18</b> REFERENCE LAB 500 LINCOLN DRIVE HERRIN,IL 62948	SLEEP STUDIES

Schedule I (Form 990)

OMB No 1545-0047

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

2012

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

Attach to Form 990

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number 37-0618939

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?
2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government (b) EIN (c) IRC Code section if applicable (d) Amount of cash grant (e) Amount of non-cash assistance (f) Method of valuation (book, FMV, appraisal, other) (g) Description of non-cash assistance (h) Purpose of grant or assistance

See Additional Data Table

Table with 8 columns: (a) Name and address of organization or government, (b) EIN, (c) IRC Code section if applicable, (d) Amount of cash grant, (e) Amount of non-cash assistance, (f) Method of valuation, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. The table is currently empty.

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 12
3 Enter total number of other organizations listed in the line 1 table 1

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.

Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

**Part IV Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	ALL GRANTS MADE ARE UNRESTRICTED AND CAN BE USED IN ANY WAY THE DONEE ORGANIZATION SEES FIT TO FURTHER ITS EXEMPT PURPOSE



**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

## Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LAND OF LINCOLN LEGAL ASSISTANCE FOUNDATION 509 S UNIVERSITY AVE 3RD FLOOR CARBONDALE, IL 62901	37-0958448	501(C)(3)	80,000		N/A	N/A	GENERAL PROGRAM FUNDING
SHAWNEE HEALTH SERVICES 109 CALIFORNIA STREET PO BOX 577 CARTERVILLE, IL 62918	37-0966854	501(C)(3)	84,084		N/A	N/A	GENERAL PROGRAM FUNDING
SOUTHERN ILLINOIS UNIVERSITY 1235 DOUGLAS DRIVE CARBONDALE, IL 62901	37-6024575	501(C)(3)	95,000		N/A	N/A	GENERAL PROGRAM FUNDING
AMERICAN HEART ASSOCIATION PO BOX 4002 2902 DES MOINES, IA 50340 2902	13-5613797	501(C)(3)	15,000		N/A	N/A	GENERAL PROGRAM FUNDING
JACKSON COUNTY HEALTH DEPARTMENT 415 HEALTH DEPARTMENT ROAD MURPHYSBORO, IL 62956	37-6001092	501(C)(3)	18,612		N/A	N/A	GENERAL PROGRAM FUNDING
AMERICAN CANCER SOCIETY 4503 WEST DEYOUNG SUITE 200 C MARION, IL 62959	13-1788491	501(C)(3)	12,000		N/S	N/A	GENERAL PROGRAM FUNDING
REHAB INSTITUTE OF CHICAGO 345 EAST SUPERIOR CHICAGO, IL 60016	37-2256036	501(C)(3)	5,500		N/A	N/A	GENERAL PROGRAM FUNDING
SOUTHERN IL REGIONAL SOCIAL SERVICES 604 EAST COLLEGE CARBONDALE, IL 62901	37-0795898	501(C)(3)	14,584		N/A	N/A	GENERAL PROGRAM FUNDING
WOMEN FOR HEALTH & WELLNESS 700 LOGAN COLLEGE ROAD CARTERVILLE, IL 62918	37-1331447	501(C)(3)	20,000		N/A	N/A	GENERAL PROGRAM FUNDING
HERRIN CHAMBER OF COMMERCE 3 SOUTH PARK AVENUE SUITE A HERRIN, IL 62948	37-0618499	501(C)(6)	7,500		N/A	N/A	GENERAL PROGRAM FUNDING
ILLINOIS POISON CENTER 222 SOUTH RIVERSIDE PLAZA SUITE 1900 CHICAGO, IL 60606	36-2167008	501(C)(3)	18,468		N/A	N/A	GENERAL PROGRAM FUNDING
UNION COUNTY AMBULANCE PO BOX 37 JONESBORO, IL 62952	37-6002199	UNION COUNTY IL GOV	10,000		N/A	N/A	GENERAL PROGRAM FUNDING
NATIVE AMERICAN HERITAGE ASSOCIATION 830 F JOHN MARSHALL HIGHWAY FRONT ROYAL, VA 22630	46-0414390	501(C)(3)		31,731	FIXED COST PER POUND	MEDICAL SUPPLIES	PROGRAM USE

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number

37-0618939

**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 in 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, but explain in Part III

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**Only 501(c)(3) and 501(c)(4) organizations only 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?
- b** Any related organization?

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?
- b** Any related organization?

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
<b>1b</b>		
<b>2</b>		
<b>4a</b>	Yes	
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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 and Title	(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				
See Additional Data Table							

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Severance or change-of-control payment	Schedule J, Part I, Line 4a	BECKY ASHTON, VP/ADMINISTRATOR RECEIVED SEVERANCE PAYMENTS OF \$237,144
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	THE ORGANIZATION MADE THE FOLLOWING SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENTS/CONTRIBUTIONS REX BUDDE - \$32,657 PAYMENT, \$191,539 DEFERRED COMPENSATION BECKY ASHTON-\$90,484 PAYMENT, \$83,315 DEFERRED COMPENSATION PAM HENDERSON - \$59,595 PAYMENT, \$66,309 DEFERRED COMPENSATION DAVE HOLLAND - \$74,946 PAYMENT, \$74,327 DEFERRED COMPENSATION MIKE KASSER - NO PAYMENT, \$91,497 DEFERRED COMPENSATION JAMES MILLER - \$78,774 PAYMENT, \$17,000 DEFERRED COMPENSATION BART MILLSTEAD - \$86,603 PAYMENT, \$114,872 DEFERRED COMPENSATION PHIL SCHAEFER - \$83,956 PAYMENT, \$103,728 DEFERRED COMPENSATION SCOTT SEABORN - \$253,629 PAYMENT, NO DEFERRED COMPENSATION BILL SHERWOOD - \$217,765 PAYMENT, \$118,798 DEFERRED COMPENSATION JULIE FIRMAN - \$72,752 PAYMENT, \$70,646 DEFERRED COMPENSATION WILLIAM THORNE - NO PAYMENT \$54,479 DEFERRED COMPENSATION TERENCE FARRELL - NO PAYMENT, \$68,010 DEFERRED COMPENSATION SHELLY PIERCE - NO PAYMENT, \$14,232 DEFERRED COMPENSATION

**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BRIAN LANCE	(i) (ii)	175,484 0	1,396 0	6,691 0	7,317 0	26,804 0	217,692 0	0 0
CLAUDIA CREWS	(i) (ii)	151,582 0	797 0	21,986 0	6,428 0	38,136 0	218,929 0	0 0
DAVID HOLLAND	(i) (ii)	212,717 0	109 0	84,609 0	82,593 0	21,229 0	401,257 0	74,946 0
JAMES MILLER MD	(i) (ii)	300,253 0	109 0	90,122 0	27,000 0	39,333 0	456,817 0	78,774 0
JOHN B MILLSTEAD	(i) (ii)	321,659 0	109 0	97,219 0	124,872 0	40,684 0	584,543 0	86,603 0
JOHN BROTHERS	(i) (ii)	164,550 0	114 0	12,453 0	2,875 0	14,631 0	194,623 0	0 0
JULIE FIRMAN	(i) (ii)	191,970 0	109 0	82,024 0	77,366 0	19,052 0	370,521 0	72,752 0
LEAH MACFARLANE	(i) (ii)	166,956 0	340 0	171 0	6,764 0	14,159 0	188,390 0	0 0
MIKE KASSER	(i) (ii)	297,101 0	985 0	26,152 0	101,497 0	34,375 0	460,110 0	0 0
PAM HENDERSON	(i) (ii)	201,427 0	109 0	71,414 0	74,426 0	4,300 0	351,676 0	59,595 0
PHILIP SCHAEFER	(i) (ii)	278,935 0	109 0	94,954 0	113,728 0	46,985 0	534,711 0	83,956 0
REX BUDDE	(i) (ii)	471,744 0	109 0	48,125 0	201,539 0	55,965 0	777,482 0	32,657 0
SCOTT SEABORN	(i) (ii)	222,274 0	839 0	270,903 0	9,058 0	22,299 0	525,373 0	253,629 0
SHELLY PIERCE	(i) (ii)	178,176 0	114 0	1,989 0	20,874 0	15,068 0	216,221 0	0 0
TERRENCE FARRELL	(i) (ii)	252,053 0	109 0	16,250 0	72,363 0	28,256 0	369,031 0	0 0
THOMAS HENTRICH	(i) (ii)	167,594 0	5,641 0	11,649 0	7,253 0	37,052 0	229,189 0	0 0
WILLIAM SHERWOOD	(i) (ii)	245,665 0	109 0	230,592 0	128,798 0	41,657 0	646,821 0	217,765 0
WILLIAM THORNE	(i) (ii)	165,590 0	114 0	14,562 0	61,475 0	37,782 0	279,523 0	0 0

**Schedule K  
(Form 990)**

OMB No 1545-0047

**Supplemental Information on Tax Exempt Bonds**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ See separate instructions.

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number  
37-0618939

**Part I Bond Issues**

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
<b>A</b>	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FS42	02-18-2010	68,985,878	DEEMED REISSUANCE OF 2005 BONDS		X		X		X
<b>B</b>	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FSD2	11-16-2011	52,750,000	DEEMED REISSUANCE OF 2008 VARIABLE RATE DEMAND REVENUE BONDS		X		X		X
<b>C</b>	ILLINOIS FINANCE AUTHORITY	86-1091967		10-27-2011	14,420,000	REFUNDING 1998 BOND ISSUE		X		X		X

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired	0		995,000		3,830,000			
<b>2</b>	Amount of bonds legally defeased	0		0		0			
<b>3</b>	Total proceeds of issue	68,985,878		52,750,000		14,420,000			
<b>4</b>	Gross proceeds in reserve funds	0		0		0			
<b>5</b>	Capitalized interest from proceeds	0		0		0			
<b>6</b>	Proceeds in refunding escrows	0		0		0			
<b>7</b>	Issuance costs from proceeds	0		0		282,518			
<b>8</b>	Credit enhancement from proceeds	0		0		0			
<b>9</b>	Working capital expenditures from proceeds	0		0		0			
<b>10</b>	Capital expenditures from proceeds	0		0		0			
<b>11</b>	Other spent proceeds	68,985,878		52,750,000		14,137,482			
<b>12</b>	Other unspent proceeds	0		0		0			
<b>13</b>	Year of substantial completion	2010		2011		2011			
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a current refunding issue?	X		X		X			
<b>15</b>	Were the bonds issued as part of an advance refunding issue?		X		X		X		
<b>16</b>	Has the final allocation of proceeds been made?	X		X		X			
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

**Part III Private Business Use**

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b>	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X		X		
<b>2</b>	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X		X		

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X		X		X		
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 0000%		0 0000%		0 0000%		%	
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 0000%		0 0000%		0 0000%		%	
<b>6</b> Total of lines 4 and 5	0 0000%		0 0000%		0 0000%		%	
<b>7</b> Does the bond issue meet the private security or payment test?		X		X		X		
<b>8a</b> Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 000000%		0 000000%		0 000000%		%	
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T?		X		X		X		
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	X		X		X			
<b>b</b> Exception to rebate?		X		X		X		
<b>c</b> No rebate due?		X		X		X		
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?		X	X			X		
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X			X		
<b>b</b> Name of provider	MORGAN STANLEY CAPITAL SERVICES		MORGAN STANLEY CAPITAL SERVICES					
<b>c</b> Term of hedge	0 0		27 3		0 0			
<b>d</b> Was the hedge superintegrated?		X		X		X		
<b>e</b> Was a hedge terminated?		X		X		X		

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
<b>b</b> Name of provider								
<b>c</b> Term of GIC	0 0		0		0 0			
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?		X		X		X		
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X		X		X		
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

**Part VI Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
EXPLANATION OF BOND ISSUE	SCHEDULE K, PART I	THE BOND ISSUE REFERRED TO IN PART I, LINE A RELATES TO 2005 MULTI-MODAL BONDS THAT WERE CONVERTED TO A FLOATING INDEX RATE INTEREST MODE AND DEEMED REISSUED FOR PURPOSES OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, ON 11/5/2008 THE BOND WAS THEN CONVERTED TO A FIXED INTEREST RATE AND DEEMED REISSUED FOR PURPOSES OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, ON 02/18/2010
WRITTEN POLICY	SCHEDULE K, PART V	THE ORGANIZATION IS IN THE PROCESS OF ADOPTING WRITTEN PROCEDURES WHICH DICTATE HOW MANAGEMENT TIMELY IDENTIFIES AND CORRECTS VIOLATIONS OF FEDERAL TAX REQUIREMENTS USING THE VOLUNTARY CLOSING AGREEMENT PROGRAM PROVIDED BY THE IRS WHEN SELF-REMEDICATION IS NOT AVAILABLE TO THE ORGANIZATION THE ORGANIZATION STRIVES TO STAY ABREAST OF FEDERAL REGULATIONS AND CONSIDERS THE REPERCUSSIONS OF ALL SIGNIFICANT ACTIVITIES WHICH COULD FORESEEABLY HAVE AN IMPACT ON THE ORGANIZATION'S TAX EXEMPT BONDS AND THE ASSOCIATED FEDERAL TAX REGULATIONS IN THE EVENT A VIOLATION IS IDENTIFIED THE ORGANIZATION'S POLICY IS TO CORRECT THE VIOLATION AS SOON AS POSSIBLE, WHILE WORKING WITH THE FEDERAL AUTHORITIES AS NECESSARY TO ENSURE THAT SUFFICIENT CONTROLS ARE PRESENT WHICH WILL GUARD AGAINST FUTURE VIOLATIONS



Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b. Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number 37-0618939

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958. 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization.

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JILL KASSER	SPOUSE OF VP/CFO, MIKE KASSER	28,814	EMPLOYEE COMPENSATION		No
(2) LIAM FARRELL	SON OF VP/ADMINISTRATOR TERENCE FARRELL	23,724	EMPLOYEE COMPENSATION		No

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization  
SOUTHERN ILLINOIS HOSPITAL SERVICES

**Employer identification number**

37-0618939

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART III, LINE 1	(CONTINUED FROM PART III) OVER 3,000 EMPLOYEES, ALONG WITH PHYSICIANS AND VOLUNTEERS, ARE WORKING TOGETHER TO ACHIEVE OUR MISSION AND ENSURE THAT THE HEALTH CARE NEEDS OF THOSE WE SERVE ARE MET BY TREATING PATIENTS IN SIHS FACILITIES, BY OFFERING SERVICES IN RURAL CLINICS, BY COLLABORATING WITH SOME OF AMERICA'S BEST HOSPITALS AND BY IMPROVING THE QUALITY OF LIFE IN OUR COMMUNITIES WITH OUR CHARITABLE COMMUNITY BENEFITS PROGRAMS OUR SERVICES ARE PROVIDED REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY

Identifier	Return Reference	Explanation
HOSPITAL SERVICES	FORM 990, PART III, LINE 4A	<p>(CONTINUED FROM PART III) THE FACILITIES THAT MAKE UP SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) INCLUDE MEMORIAL HOSPITAL OF CARBONDALE. OPENED IN 1950, MEMORIAL HOSPITAL OF CARBONDALE IS THE LARGEST FACILITY AND A REGIONAL MEDICAL CENTER WITH 140 LICENSED BEDS. IT IS HOME TO THE FIRST OPEN HEART SURGERY PROGRAM IN THE IMMEDIATE SOUTHERN ILLINOIS AREA AND OFFERS HIGH-QUALITY CARDIAC SERVICES. THE HOSPITAL IS ALSO HOME TO A REGIONAL CANCER TREATMENT CENTER, THE ONLY LEVEL II PLUS NEO-NATAL INTENSIVE CARE UNIT, AND THE ONLY PEDIATRIC UNIT IN THE IMMEDIATE SOUTHERN ILLINOIS AREA. THE HOSPITAL IS AFFILIATED WITH SOUTHERN ILLINOIS UNIVERSITY'S MEDICAL SCHOOL THROUGH ITS FAMILY PRACTICE RESIDENCY PROGRAM. HERRIN HOSPITAL, OPENED IN 1913, HERRIN HOSPITAL WAS THE FIRST HOSPITAL OWNED AND OPERATED BY THE ORGANIZATION. HERRIN HOSPITAL CURRENTLY OPERATES 75 LICENSED BEDS. IT IS ALSO HOME TO THE 29 BED ACUTE REHABILITATION CENTER, AN AFFILIATE PROGRAM WITH THE REHABILITATION INSTITUTE OF CHICAGO, RECOGNIZED AS THE TOP REHABILITATION HOSPITAL IN AMERICA. THROUGH THIS AFFILIATION, PATIENTS RECOVERING FROM STROKE AND INJURY RECEIVE THE BEST POSSIBLE CARE IN THE REGION. ST. JOSEPH MEMORIAL HOSPITAL, A 25 LICENSED BED ACUTE CARE CATHOLIC HOSPITAL FACILITY, ST. JOSEPH MEMORIAL HOSPITAL IS LOCATED IN MURPHYSBORO, ILLINOIS. ST. JOSEPH OPENED ON OCTOBER 1, 1960 AND WAS ACQUIRED BY SOUTHERN ILLINOIS HOSPITAL SERVICES ON JANUARY 5, 1995. ST. JOSEPH'S CATHOLIC IDENTITY HAS BEEN RETAINED BY SIHS SINCE THE PURCHASE. ST. JOSEPH IS HOME TO THE SLEEP DISORDERS CENTER, WHICH IS DEDICATED TO THE DIAGNOSIS AND TREATMENT OF SLEEP DISORDERS. MINERS MEMORIAL HEALTH CENTER, WEST FRANKFORT, ILLINOIS IS HOME TO MINERS MEMORIAL HEALTH CENTER. THE HEALTH CENTER HOUSES A PHYSICIAN SPECIALTY CLINIC THAT OFFERS VISITING SPECIALISTS INCLUDING UROLOGY, PODIATRY AND CARDIOLOGY. IT IS ALSO HOME TO WEST FRANKFORT FAMILY MEDICINE, WITH FAMILY MEDICINE AND OBSTETRIC PHYSICIANS FROM SIU SCHOOL OF MEDICINE, AND OFFERS MAMMOGRAPHY, X-RAY, ULTRASOUND, BONE DENSITOMETRY, AND LABORATORY SERVICES. SERVICES PROVIDED DURING THIS REPORTING PERIOD, OUR HOSPITALS RECORDED 60,723 ADULT AND CHILD PATIENT DAYS AND 3,116 NEWBORN PATIENT DAYS. OUTPATIENT REGISTRATIONS TOTALED 311,723 WITH 67,985 OF THESE REGISTRATIONS BEING EMERGENCY ROOM VISITS. APPROXIMATELY 59.67% OF THESE DAYS AND REGISTRATIONS PROVIDED CARE THAT WAS CLASSIFIED AS EITHER UNCOMPENSATED CHARITY CARE OR UNCOMPENSATED GOVERNMENT-SPONSORED HEALTH CARE. AN ADDITIONAL 3.2% OF THE CARE PROVIDED IN THESE DAYS AND REGISTRATIONS WERE WRITTEN OFF AS BAD DEBT. ROUTINE INPATIENT CARE AND OUTPATIENT PROCEDURES ARE PROVIDED AT ALL THREE OF OUR FACILITIES. EACH FACILITY ALSO HAS ITS OWN UNIQUE PROGRAMS AND PATIENT CARE UNITS. OUR TWO LARGER FACILITIES, CARBONDALE MEMORIAL HOSPITAL AND HERRIN HOSPITAL BOTH HOUSE INTENSIVE CARE UNITS. THESE TWO LARGER FACILITIES EACH HAVE SPECIALTY UNITS WITHIN THEIR RESPECTIVE FACILITIES. CARBONDALE MEMORIAL HOSPITAL PROVIDES OBSTETRICAL, PEDIATRICS, AND A NEONATAL NURSERY. HERRIN HOSPITAL PROVIDES THE ACUTE REHABILITATION CENTER. PATIENTS IN THE ACUTE REHABILITATION CENTER ARE GIVEN THERAPY TO RECOVER FROM STROKE, CARDIAC EVENTS, SURGERIES, AND INJURIES. SURGICAL SERVICES ARE OFFERED AT ALL FACILITIES, WITH CARBONDALE MEMORIAL HOSPITAL PROVIDING OPEN-HEART AND CARDIAC SERVICES. TWO UNIQUE PROGRAMS OF ST. JOSEPH MEMORIAL HOSPITAL ARE THE SLEEP DISORDERS CENTER AND THE SENIOR RENEWAL PROGRAM. THE SLEEP DISORDERS CENTER OFFERS TWO LOCATIONS TO DIAGNOSE SLEEP DISORDERS. THE SENIOR RENEWAL PROGRAM OFFERS OUTPATIENT BEHAVIORAL HEALTH TREATMENT THROUGH A COMBINATION OF GROUP PSYCHOTHERAPY, INDIVIDUAL AND/OR FAMILY THERAPY AND INTENSIVE NURSING EDUCATION. SIHS HAS ALSO PROVIDED SUBSIDIZED HEALTH CARE SERVICES. SUBSIDIZED HEALTH SERVICES INCLUDE, BUT ARE NOT LIMITED TO PHYSICIAN REFERRAL CENTERS, FAMILY PRACTICE CENTERS, SENIOR MEMBERSHIP, ETC. THESE HEALTH CARE SERVICES ARE PROVIDED IN RESPONSE TO COMMUNITY NEEDS. THESE HEALTH SERVICES MUST BE SUBSIDIZED FROM OTHER REVENUE SOURCES IN ORDER TO BE PROVIDED. SIHS PROVIDES MEDICAL EDUCATION THROUGH AN AFFILIATION WITH THE SOUTHERN ILLINOIS UNIVERSITY'S MEDICAL SCHOOL FAMILY PRACTICE RESIDENCY PROGRAM.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFITS	FORM 990, PART III, LINE 4B	<p>(CONTINUED FROM PART III) THE COMMUNITY BENEFITS DEPARTMENT'S PRIMARY FUNCTIONS THAT ARE PERFORMED ON BEHALF OF SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) INCLUDE - COORDINATE SYSTEM-WIDE COMMUNITY HEALTH ASSESSMENTS AND COMMUNITY BENEFIT PLANNING, - PLAN, IMPLEMENT, AND EVALUATE DEPARTMENTALLY INITIATED COMMUNITY HEALTH PROMOTION PROGRAMS AND SERVICES, - INITIATE AND PARTICIPATE IN COLLABORATIVE PARTNERSHIPS WITH COMMUNITY-BASED ORGANIZATIONS TO DEVELOP AND IMPLEMENT SOLUTIONS TO UNMET HEALTH NEEDS, - CONVENE COMMUNITY-BASED ORGANIZATIONS AND PUBLIC SECTOR ENTITIES TO FOCUS ON PERVASIVE ISSUES AND TO DEVELOP HEALTH INITIATIVES, AND - IDENTIFY FUNDING OPPORTUNITIES/GRANT PROGRAMS THAT FUND COMMUNITY-BASED HEALTH PROGRAMS AND PUBLIC/PRIVATE HEALTH INITIATIVES COMMUNITY BENEFITS SERVICES TARGET THE FOLLOWING COMMUNITIES AND POPULATIONS - UNINSURED, UNDERINSURED AND UNDER-SERVED, - POPULATIONS THAT ARE VULNERABLE DUE TO A RANGE OF SOCIO-ECONOMIC BARRIERS SUCH AS POVERTY, EDUCATION LEVELS, EMPLOYMENT STATUS, AND/OR RACIAL DISPARITIES IN HEALTH CARE, - POPULATIONS THAT ARE HARD TO REACH DUE TO LANGUAGE AND CULTURAL CHALLENGES, - POPULATIONS WITH IDENTIFIED NEEDS THAT CAN BE EFFICIENTLY REACHED THROUGH THE LEVERAGING OF COMMUNITY LINKAGES ( I E FAITH-BASED, SCHOOLS, NEIGHBORHOODS, COMMUNITIES, ETC ), - THE WORKING POOR, AND - POPULATIONS AT RISK OF EXPERIENCING ADVERSE HEALTH CONDITIONS OR OUTCOMES IN ORDER TO ACCOMPLISH THE ORGANIZATION'S MISSION, THE COMMUNITY BENEFITS DEPARTMENT OF SIHS IMPLEMENTS A NUMBER OF DIRECTED INITIATIVES PROGRAMS DURING THE REPORTING YEAR INCLUDE HEALTH MINISTRY -- THE HEALTH MINISTRY PROGRAM COLLABORATES WITH SOUTHERN ILLINOIS FAITH COMMUNITIES TO IMPROVE THE HEALTH AND WELLNESS OF PEOPLE IN THE COMMUNITIES THEY SERVE EMPHASIZING WHOLENESS OF BODY, MIND AND SPIRIT, FAITH COMMUNITIES WITH A HEALTH MINISTRY OFFER HEALTH PROMOTION AND EDUCATION ACTIVITIES, ADVOCACY AND REFERRAL, AND CARING SPIRITUAL SUPPORT HEALTHY COMMUNITIES -- THE FOCUS OF THE WORK IN THE AREA OF HEALTHY COMMUNITIES IS TO INCREASE THE CAPACITY OF LOCAL AGENCIES TO WORK COLLABORATIVELY TO ADDRESS THE UNMET HEALTH NEEDS WITH THE COMMUNITIES SERVED BY SIHS STAFF WILL WORK TO IMPROVE COMMUNITY HEALTH THROUGH THE ASSESSMENT OF COMMUNITY NEEDS AND THE PLANNING, IMPLEMENTATION, AND EVALUATION OF COMMUNITY BASED HEALTH PROMOTIONS, EDUCATION, PREVENTION PROGRAMS, AND SERVICES AN INCREASED FOCUS OF THESE ACTIVITIES WILL BE DIRECTED TO INITIATIVES ADDRESSING CARDIOVASCULAR DISEASE AND CANCER, AND THE DEVELOPMENT OF STRATEGIES, PROGRAMMING, AND INTERVENTIONS TO REDUCE SUBSTANCE ABUSE, AND THE CONTINUATION OF EFFORTS TO EXPAND ACCESS TO CARE FOR THE UNINSURED AND THE UNDER-SERVED HEALTHY COMMUNITY COALITIONS ARE THE FORMAL GATHERING OF HEALTH PROVIDERS, SOCIAL SERVICE AGENCIES, CONCERNED CITIZENS, AND OTHER COMMUNITY GROUPS INTERESTED IN IMPROVING THE HEALTH OF THEIR RESPECTIVE COMMUNITIES SIHS IS ACTIVE IN TWO SUCH COALITIONS, ONE IN JACKSON COUNTY, AND THE OTHER IN FRANKLIN AND WILLIAMSON COUNTIES</p>

Identifier	Return Reference	Explanation
SCHOOL BASED HEALTH SERVICES	FORM 990, PART III, LINE 4C	<p>(CONTINUED FROM PART III) THE FOLLOWING IS A SUMMARY OF THE PROGRAMS DURING THIS REPORTING YEAR PARTNERS IN HEALTH-- A COLLABORATIVE INITIATIVE, PARTNERING WITH REGIONAL SCHOOLS, PROMOTING AND ASSISTING IN THE IMPLEMENTATION OF COORDINATED SCHOOL HEALTH PROGRAMMING IN SCHOOLS BY SUPPLYING CURRICULUM, MATERIALS, SUPPLIES, TEACHER TRAINING, AND ONGOING SUPPORT IN SOUTHERN ILLINOIS SCHOOLS STAFF ASSISTS SCHOOL PERSONNEL WITH ASSESSMENT, PROGRAM PLANNING, IMPLEMENTATION, AND EVALUATION WITHIN THE EIGHT AREAS OF THE COORDINATED SCHOOL HEALTH MODEL INVOLVED IN THIS PROGRAM ARE FIVE COLLABORATING PARTNERS, 53 SCHOOLS, 25,000 STUDENTS, AND APPROXIMATELY 1100 FACULTY AND STAFF HEALTHY STUDENTS - READY TO LEARN -- SCHOOLS PROVIDE AN IDEAL LOCATION WHERE A RANGE OF HEALTH SERVICES CAN BE DELIVERED TO THE ADOLESCENT POPULATION EFFECTIVELY AND EFFICIENTLY THE SCHOOL BASED HEALTH CENTER IS A PLANNED PARTNERSHIP BETWEEN THE SCHOOL DISTRICT AND LOCAL HEALTH CARE PROVIDERS TO DELIVER PRIMARY HEALTH CARE AND SOCIAL SERVICES THROUGH THE COLLABORATIVE RELATIONSHIP WITH EXISTING HEALTH CARE PROVIDERS, SCHOOL DISTRICTS PLAN, DELIVER, AND EVALUATE SERVICES THAT SERVE THE UNMET HEALTH NEEDS OF THE STUDENTS WITH THE GOAL OF IMPROVED OVERALL ACADEMIC AND SOCIAL OUTCOMES SERVICES PROVIDED AT THE SCHOOL BASED HEALTH CENTER INCLUDE PRIMARY CARE, IMMUNIZATIONS, VISION SCREENING, SOCIAL SERVICE REFERRALS, MENTAL HEALTH COUNSELING, AND NUTRITION COUNSELING COLLABORATIVE AGENCIES ARE WORKING TO SERVE THE HEALTH NEEDS OF 9,900 STUDENTS AND 670 IN NEWLY DEVELOPED SCHOOL BASED HEALTH CENTERS IN 6 SCHOOL DISTRICTS HEALTHY FITNESS ZONE -- PROMOTES LIFELONG FITNESS BY SUPPORTING QUALITY PHYSICAL EDUCATION IN SOUTHERN ILLINOIS SCHOOLS AND ASSISTING CHILDREN TO MEET THE SURGEON GENERAL'S RECOMMENDATION FOR 60 MINUTES OF DAILY PHYSICAL ACTIVITY THIS INITIATIVE IS BASED UPON CURRENT LOCAL RESEARCH AND NATIONAL PHYSICAL EDUCATION STANDARDS PUBLISHED BY THE NATIONAL ASSOCIATION FOR SPORTS AND PHYSICAL EDUCATION (NASPE) PROGRAM COMPONENTS ASSIST SCHOOLS IN DEVELOPING A QUALITY PHYSICAL EDUCATION PROGRAM THAT HELPS STUDENTS SET AND WORK TOWARD GOALS, PRACTICE SELF-ASSESSMENT, AND LEARN THE BENEFITS OF LIFELONG PHYSICAL ACTIVITY FITNESSGRAM WAS DEVELOPED BY THE COOPER INSTITUTE AND UNLIKE OTHER ASSESSMENT TOOLS, IS DESIGNED TO ENCOURAGE YOUTH TO SET GOALS TO IMPROVE THEIR OWN PERSONAL FITNESS LEVELS NATIONAL PHYSICAL EDUCATION GUIDELINES RECOMMEND THE USE OF FITNESSGRAM FOR PHYSICAL FITNESS ASSESSMENTS CATCH (COORDINATED APPROACH TO CHILD HEALTH) -- CATCH IS A PROGRAM DESIGNED TO PROMOTE PHYSICAL ACTIVITY, HEALTHY FOOD CHOICES, AND PREVENT TOBACCO USE IN ELEMENTARY SCHOOL AGED CHILDREN CATCH EMPLOYS A COORDINATED APPROACH TO CHILD HEALTH PROMOTION BY TARGETING MULTIPLE ASPECTS OF THE SCHOOL ENVIRONMENT AND INVOLVING CLASSROOM TEACHERS, SCHOOL FOOD SERVICE STAFF, PHYSICAL EDUCATION (PE) TEACHERS, STUDENTS' FAMILIES, AND THE BROADER SCHOOL COMMUNITY IN A RANGE OF HEALTH PROMOTING ACTIVITIES FOR ALL CHILDREN IN GRADES K-5, SIMILAR TO THE CDC'S COORDINATED SCHOOL HEALTH PROGRAM MODEL THE FOUR CORE COMPONENTS OF CATCH INCLUDE (1) THE EAT SMART SCHOOL NUTRITION PROGRAM, (2) A CLASSROOM PHYSICAL ACTIVITY AND HEALTHY EATING CURRICULA, (3) THE CATCH PHYSICAL EDUCATION PROGRAM, AND (4) A FAMILY EDUCATION AND INVOLVEMENT PROGRAM THE COORDINATION OF HEALTH MESSAGES AND ACTIVITIES BETWEEN THESE FOUR COMPONENT AREAS IS CRITICAL TO POSITIVELY IMPACTING CHILDREN'S KNOWLEDGE, SKILLS, AND BEHAVIOR SOUTHERN ILLINOIS HEALTHCARE HAS PILOTED CATCH IN 15 ELEMENTARY SCHOOLS, REACHING 8000 STUDENTS NEW PROGRAMS WERE PILOTED IN EARLY CHILDHOOD IN 4 SCHOOLS AND AFTER SCHOOL CURRICULUMS IN 5 SETTINGS</p>

Identifier	Return Reference	Explanation
Delegate broad authority to a committee	Form 990, Part VI, Section A, Line 1a	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. • 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.

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE ORGANIZATION'S SOLE MEMBER IS SOUTHERN ILLINOIS HOSPITAL ENTERPRISES, INC , A RELATED TAX-EXEMPT ORGANIZATION THE MEMBER HAS THE RIGHT TO ELECT MEMBERS TO THE BOARD OF TRUSTEES AND APPROVE SOME DECISIONS OF THE BOARD



Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	THE ORGANIZATION'S SOLE MEMBER, SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, HAS THE EXCLUSIVE RIGHT TO ELECT TRUSTEES TO THE ORGANIZATION'S BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	<p>THE ORGANIZATION'S SOLE MEMBER, SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES (CORPORATE MEMBER), HAS RESERVED POWERS FOUND IN THE ORGANIZATION'S BYLAWS EXCEPT FOR TRANSFERS IDENTIFIED IN THE BUDGET OF THE ORGANIZATION APPROVED BY THE CORPORATE MEMBER, THE ORGANIZATION MAY NOT TRANSFER ASSETS TO ENTITIES OTHER THAN THE CORPORATE MEMBER OR ENTITIES THAT THE CORPORATE MEMBER CONTROLS (THE "CORPORATE MEMBER AFFILIATES"), WITHOUT THE APPROVAL OF THE CORPORATE MEMBER. THE CORPORATE MEMBER HAS THE RIGHT TO REQUIRE THE ORGANIZATION TO TRANSFER ASSETS TO THE EXTENT NECESSARY TO ACCOMPLISH THE CORPORATE MEMBER'S GOALS AND OBJECTIVES. THE CORPORATE MEMBER ALSO HAS THE RIGHT TO REQUIRE THE ORGANIZATION TO PROVIDE FOR THE PAYMENT OF ALL INDEBTEDNESS OF THE CORPORATE MEMBER OR A CORPORATE MEMBER AFFILIATE. THE ORGANIZATION CANNOT BE REQUIRED TO VIOLATE ITS CHARITABLE PURPOSES, THE TERMS OF ANY RESTRICTED GIFTS, OR THE COVENANTS OF ITS DEBT INSTRUMENTS IN COMPLYING WITH ANY ASSET TRANSFERS DIRECTED BY THE CORPORATE MEMBER. IN ADDITION, THE FOLLOWING MATTERS MUST BE SUBMITTED TO AND RECEIVE THE APPROVAL OF THE CORPORATE MEMBER:</p> <ol style="list-style-type: none"> <li>1 CAPITAL EXPENDITURES IN EXCESS OF \$500,000,</li> <li>2 THE BUYING, SELLING, LEASING, MORTGAGING OR DISPOSING OF REAL PROPERTY BELONGING TO THE CORPORATION OR ANY OF ITS SUBSIDIARIES,</li> <li>3 THE ESTABLISHMENT OR DISCONTINUANCE OF ANY MAJOR SERVICES, INCLUDING SERVICES REQUIRING CERTIFICATES OF NEED,</li> <li>4 LONG-RANGE STRATEGIC PLANS,</li> <li>5 MASTER FACILITIES AND SITE PLANS,</li> <li>6 THE CREATION OR DISSOLUTION OF ANY CORPORATION, THE SOLE MEMBER OR MAJORITY STOCKHOLDER OF WHICH IS THE CORPORATION,</li> <li>7 JOINT VENTURE OR AFFILIATION AGREEMENTS,</li> <li>8 THE INCURRENCE OF INDEBTEDNESS IN EXCESS OF \$500,000,</li> <li>9 SUCH OTHER MATTERS AS MAY BE REQUIRED BY LAW OR BY THE ORGANIZATION'S ARTICLES OF INCORPORATION, OR BY ITS BYLAWS TO BE SUBMITTED TO THE CORPORATE MEMBER,</li> <li>10 DELEGATION OF THE FUNCTIONS, POWERS, DUTIES AND RESPONSIBILITIES OF ANY OFFICER OF THE CORPORATION, AND,</li> <li>11 ANY OTHER MATTER WHICH MAY BE SPECIFIED FROM TIME TO TIME BY THE CORPORATE MEMBER.</li> </ol> <p>IN ADDITION, THE CORPORATE MEMBER RETAINS THE RIGHT TO APPROVE ALL CHANGES TO THE ORGANIZATION'S BYLAWS.</p>

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	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. A DRAFT COPY WAS PRESENTED TO THE FINANCE COMMITTEE BY THE CFO AND THE ORGANIZATION'S TAX ADVISORS FOR REVIEW AND COMMENTS. AFTER THE 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 MADE AVAILABLE TO EVERY MEMBER OF THE GOVERNING BODY BEFORE IT WAS FILED WITH THE IRS.

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	ANNUALLY, THE GENERAL COUNSEL SENDS OUT A CONFLICT OF INTEREST QUESTIONNAIRE TO EACH TRUSTEE, DIRECTOR, OFFICER, AND MANAGER TO COMPLETE AND RETURN THE GENERAL COUNSEL THEN REVIEWS THESE QUESTIONNAIRES TO DETERMINE WHAT CONFLICTS, REAL OR PERCEIVED, EXIST DURING EVERY 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. 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 TRUSTEE MAY NEED TO ANSWER AND THEN THE CONFLICTED TRUSTEE IS EXCUSED FROM THE MEETING THE REMAINING TRUSTEES THEN DISCUSS THE MATTER FURTHER AND ACTION IS TAKEN ON THE MATTER FINALLY, THE CONFLICTED TRUSTEE IS THEN INVITED BACK INTO THE MEETING INTERESTED PERSONS MAY ALSO BE ASKED, IN RARE SITUATIONS, TO RESIGN THEIR POSITION ON THE BOARD

Identifier	Return Reference	Explanation
<p>Process used to establish compensation of top management official</p>	<p>Form 990, Part VI, Section B, Line 15a</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. EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST. 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. 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 2012.</p>

Identifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	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. EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST. 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. 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 THE SENIOR MANAGEMENT TEAM AND WILL REPORT IT'S ACTIONS TO THE BOARD. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2012.

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	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

Identifier	Return Reference	Explanation
Other Expenses	Form 990, Part IX, Line 11g	PHYSICIAN FEES - TOTAL EXPENSE 23739058, PROGRAM SERVICE EXPENSE 23623971, MANAGEMENT AND GENERAL EXPENSES 115087, FUNDRAISING EXPENSES 0, CONSULTING FEES - TOTAL EXPENSE 3201934, PROGRAM SERVICE EXPENSE 534884, MANAGEMENT AND GENERAL EXPENSES 2667050, FUNDRAISING EXPENSES 0, CREDIT AND COLLECTION FEES - TOTAL EXPENSE 741708, PROGRAM SERVICE EXPENSE 65840, MANAGEMENT AND GENERAL EXPENSES 675868, FUNDRAISING EXPENSES 0, CLINICAL SERVICE FEES - TOTAL EXPENSE 5510409, PROGRAM SERVICE EXPENSE 5510409, MANAGEMENT AND GENERAL EXPENSES 0, FUNDRAISING EXPENSES 0, ENGINEERING FEES - TOTAL EXPENSE 154972, PROGRAM SERVICE EXPENSE 153538, MANAGEMENT AND GENERAL EXPENSES 1434, FUNDRAISING EXPENSES 0, ARCHITECT FEES - TOTAL EXPENSE 311809, PROGRAM SERVICE EXPENSE 303870, MANAGEMENT AND GENERAL EXPENSES 7939, FUNDRAISING EXPENSES 0, RECRUITMENT FEES - TOTAL EXPENSE 419647, PROGRAM SERVICE EXPENSE 161258, MANAGEMENT AND GENERAL EXPENSES 258389, FUNDRAISING EXPENSES 0, AGENCY STAFFING - TOTAL EXPENSE 1995649, PROGRAM SERVICE EXPENSE 1995649, MANAGEMENT AND GENERAL EXPENSES 0, FUNDRAISING EXPENSES 0, OTHER PROFESSIONAL FEES - TOTAL EXPENSE 1258252, PROGRAM SERVICE EXPENSE 1046557, MANAGEMENT AND GENERAL EXPENSES 211695, FUNDRAISING EXPENSES 0, PURCHASED SERVICES - TOTAL EXPENSE 8762294, PROGRAM SERVICE EXPENSE 3829980, MANAGEMENT AND GENERAL EXPENSES 4932314, FUNDRAISING EXPENSES 0, PHYSICIAN SERVICES - TOTAL EXPENSE 5034411, PROGRAM SERVICE EXPENSE 5034411, MANAGEMENT AND GENERAL EXPENSES 0, FUNDRAISING EXPENSES 0,



Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990 , Part XI, Line 9	CHANGE IN FAIR VALUE OF INTEREST RATE SWAP - -290259, GAIN/LOSS ON DERIVATIVE - -425492, EQUITY TRANSFERS - -1430202,

Identifier	Return Reference	Explanation
REQUIREMENTS UNDER SINGLE AUDIT ACT AND OMB CIRCULAR A-133	FORM 990, PART XII, LINE 3A	AS REQUIRED BY THE U S OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS, IN 2013 SOUTHERN ILLINOIS HEALTHCARE SERVICES AND AFFILIATES RECEIVED AN AUDIT FOR THE 2012 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH THE SINGLE AUDIT ACT

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

▶ **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.**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SOUTHERN ILLINOIS HOSPITAL SERVICES

**Employer identification number**

37-0618939

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

(a) Name, address, and EIN (if applicable) 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) QUALITY HEALTH PARTNERS LLC 1239 E MAIN ST CARBONDALE, IL 62901 45-4435852	ADMINISTRATIVE SERVICES	IL	191,000	6,305	SOUTHERN ILLINOIS HOSPITAL SERVICES

**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 HEALTHCARE ENTERPRISES INC PO BOX 3988 CARBONDALE, IL 62902	LEASING OF MEDICAL SPACE	IL	501(C)(3)	11 - Type II	NA		No
(2) SOUTHERN ILLINOIS MEDICAL SERVICES NFP 1239 EAST MAIN STREET CARBONDALE, IL 62901	MEDICAL SERVICES	IL	501(C)(3)	3	SOUTHERN ILLINOIS HOSPITAL SERVICES	Yes	
(3) SIH FOUNDATION NFP 1239 EAST MAIN STREET CARBONDALE, IL 62901	FUNDRAISING	IL	501(C)(3)	11 - Type I	SOUTHERN ILLINOIS HOSPITAL SERVICES	Yes	

**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	
<b>(1)</b> RIC AND SIHS REHABILITATION SERVICES LLC  PO BOX 3988 CARBONDALE, IL 62902 36-4566925	MEDICAL SERVICES	IL	SIHS	RELATED	1,427,532	999		No			No	99.9 %
<b>(2)</b> PHYSICIANS' SURGERY CENTER LLC  2601 WEST MAIN STREET CARBONDALE, IL 62901 26-0425547	MEDICAL SERVICES	IL	SIHS	RELATED		1,534,097		No			No	56.12 %

**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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
<b>(1)</b> SIH CAYMAN SPC GROUP LTD  PO BOX 1051 CAYMAN ISLANDS KY1- 1102 CJ 98-0611605	FINANCING	CJ	SIHS	C CORPORATION	5,836,340	25,040,496	100 %	Yes	
<b>(2)</b> HEALTH SERVICES OF SOUTHERN ILLINOIS INC  PO BOX 3988 CARBONDALE, IL 62902 37-1115061	INACTIVE	IL	NA	C CORPORATION				Yes	
<b>(3)</b> HIDK PROPERTIES LAND TRUST  1239 EAST MAIN STREET CARBONDALE, IL 62901 46-6693066	RENTAL PROPERTIES	IL	SIHS	TRUST	0	0	100 %	Yes	

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

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

**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** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
<b>1a</b>	Yes	
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>	Yes	
<b>1e</b>	Yes	
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>	Yes	
<b>1k</b>	Yes	
<b>1l</b>	Yes	
<b>1m</b>		No
<b>1n</b>		No
<b>1o</b>	Yes	
<b>1p</b>	Yes	
<b>1q</b>		No
<b>1r</b>	Yes	
<b>1s</b>		No

**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-s)	(c) Amount involved	(d) Method of determining amount involved
<b>(1)</b> SOUTHERN ILLINOIS MEDICAL SERVICES	J	479,417	FMV
<b>(2)</b> SOUTHERN ILLINOIS MEDICAL SERVICES	R	1,430,202	FMV
<b>(3)</b> SOUTHERN ILLINOIS MEDICAL SERVICES	A	108,913	FMV
<b>(4)</b> SIH FOUNDATION	C	149,694	FMV

**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	

**Part VII Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
------------	------------------	-------------

**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

-->



**SOUTHERN ILLINOIS HOSPITAL SERVICES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
March 31, 2013 and 2012

SOUTHERN ILLINOIS HOSPITAL SERVICES  
Carbondale, Illinois

CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED STATEMENTS OF OPERATIONS	5
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEETS	31
CONSOLIDATING STATEMENTS OF OPERATIONS	35

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Southern Illinois Hospital Services ("SIHS" or "Corporation") and its wholly-owned and majority-owned subsidiaries and wholly-controlled affiliate, which comprise the consolidated balance sheets as of March 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 years ended March 31, 2013 and March 31, 2012 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

---

(Continued)

## 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 consolidated financial position of Southern Illinois Hospital Services and its wholly owned and majority-owned subsidiaries and wholly controlled affiliate as of March 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

## Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and consolidating statements of operations are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated financial statements. The consolidating balance sheets and consolidating statements of operations are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 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 such information directly to the underlying accounting and other records used to prepare the 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 balance sheets and consolidating statements of operations are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Crowe Horwath LLP*

Crowe Horwath LLP

Chicago, Illinois  
July 23, 2013

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2013 and 2012  
(\$ in thousands)

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 5,194	\$ 7,127
Assets whose use is limited by trust agreement	6	17
Accounts receivable		
Patients, net	95,807	85,303
Affiliates	330	46
Supplies	8,177	6,505
Prepaid expenses	6,223	5,693
Current portion of notes receivable	330	314
Other	<u>3,317</u>	<u>3,690</u>
Total current assets	119,384	108,695
Assets whose use is limited by		
Board designation for capital improvements	310,957	277,985
Board designation for self-insurance	19,489	15,304
Trust agreement	<u>15</u>	<u>17</u>
	330,461	293,306
Property, plant and equipment, net	185,224	175,691
Other assets		
Unamortized bond costs, net of accumulated amortization of \$1,024 in 2013 and \$760 in 2012	4,187	4,451
Investments in joint ventures	1,907	2,106
Notes receivable, less current portion	933	1,139
Goodwill	10,292	10,292
Intangible assets	1,185	1,200
Other	<u>7,731</u>	<u>7,839</u>
	<u>26,235</u>	<u>27,027</u>
Total assets	<u>\$ 661,304</u>	<u>\$ 604,719</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2013 and 2012  
(\$ in thousands)

	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current maturities of long-term debt	\$ 7,285	\$ 3,395
Current maturities of interest rate swap contracts	2,222	2,206
Accounts payable		
Construction contracts	133	128
Trade	21,476	18,052
Estimated third-party payor settlements	9,112	11,698
Accrued liabilities		
Payroll and related expenses	24,318	19,589
Other	<u>7,867</u>	<u>9,512</u>
Total current liabilities	<u>72,413</u>	<u>64,580</u>
 Long-term debt, less current maturities	 128,517	 131,468
 Interest rate swap contracts	 12,785	 12,085
Medical professional liabilities	30,507	26,620
Other	<u>712</u>	<u>688</u>
	<u>172,521</u>	<u>170,861</u>
 Total liabilities	 <u>244,934</u>	 <u>235,441</u>
 Net assets		
Common stock	-	-
SIHS controlling interest	414,536	367,994
Non-controlling interest	<u>748</u>	<u>699</u>
Total unrestricted	415,284	368,693
 Temporarily restricted	 <u>1,086</u>	 <u>585</u>
 Total net assets	 <u>416,370</u>	 <u>369,278</u>
 Total liabilities and net assets	 <u>\$ 661,304</u>	 <u>\$ 604,719</u>

See accompanying notes to consolidated financial statements

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the years ended March 31, 2013 and 2012  
(\$ in thousands)

	<u>2013</u>	<u>2012</u>
Net patient service revenue	\$ 472,691	\$ 417,514
Provision for bad debts	<u>39,892</u>	<u>37,865</u>
Net patient service revenue, less provision for bad debts	432,799	379,649
Other operating revenue	6,333	4,938
Net assets released from restriction	<u>323</u>	<u>305</u>
Total revenue	439,455	384,892
<b>Expenses</b>		
Salaries	164,139	146,185
Employee benefits	47,647	43,383
Physicians' fees	32,559	25,079
Professional fees	34,878	18,871
Purchased services	11,795	12,318
Patient chargeable supplies	37,944	37,252
Patient nonchargeable supplies	14,166	12,671
Drugs and pharmaceuticals	16,006	13,396
Other supplies and expense	8,078	7,355
Rent expense	2,371	2,273
Repairs and maintenance	12,245	9,981
Insurance	9,603	11,891
Miscellaneous (income) expense	(3,491)	3,358
Interest and amortization	7,290	7,508
Depreciation	26,523	25,481
Non-cash interest expense associated with interest rate swap contract	<u>425</u>	<u>4,746</u>
Total expense	<u>422,178</u>	<u>381,748</u>
Income from operations	17,277	3,144
<b>Nonoperating gains (losses)</b>		
Unrestricted gifts and interest income	1,487	1,184
Investment income and net realized gains from board designated funds	16,698	9,266
Change in net unrealized gains (losses) on investments	7,485	(5,577)
Equity in earnings of joint ventures	1,682	1,612
Other	<u>(275)</u>	<u>(363)</u>
	<u>27,077</u>	<u>6,122</u>
Excess of revenues over expenses	44,354	9,266
Contributions for equipment	2,479	184
Change in fair value of interest rate swap	<u>(291)</u>	<u>(3,751)</u>
Increase in unrestricted net assets	<u>\$ 46,542</u>	<u>\$ 5,699</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, 2013 and 2012  
(\$ in thousands)

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets Parent Co</u>	<u>Non- Controlling Interests</u>	<u>Total Net Assets</u>
Balances, April 1, 2012	\$ 362,295	\$ 548	\$ 362,843	\$ 588	\$ 363,431
Changes in net assets					
Distributions, net	-	-	-	(28)	(28)
Contributions for equipment	184	-	184	-	184
Contributions	-	342	342	-	342
Releases from restriction	-	(305)	(305)	-	(305)
Change in fair value of interest rate swap	(3,751)	-	(3,751)	-	(3,751)
Excess of revenue over expenses	<u>9,266</u>	<u>-</u>	<u>9,266</u>	<u>139</u>	<u>9,405</u>
Total change in nets assets	<u>5,699</u>	<u>37</u>	<u>5,736</u>	<u>111</u>	<u>5,847</u>
Balances, March 31, 2012	367,994	585	368,579	699	369,278
Changes in net assets					
Distributions	-	-	-	(54)	(54)
Contributions for equipment	2,479	-	2,479	-	2,479
Contributions	-	824	3,303	40	3,343
Releases from restriction	-	(323)	(323)	-	(323)
Change in fair value of interest rate swap	(291)	-	(291)	-	(291)
Excess of revenue over expenses	<u>44,354</u>	<u>-</u>	<u>44,354</u>	<u>63</u>	<u>44,417</u>
Total change in net assets	<u>46,542</u>	<u>501</u>	<u>49,522</u>	<u>49</u>	<u>49,571</u>
Balances, March 31, 2013	<u>\$ 414,536</u>	<u>\$ 1,086</u>	<u>\$ 415,622</u>	<u>\$ 748</u>	<u>\$ 416,370</u>

See accompanying notes to consolidated financial statements



SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended March 31, 2013 and 2012  
(\$ in thousands)

	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 49,571	\$ 5,847
Adjustments to reconcile change in net assets to net cash from operating activities		
Non-controlling interest in net income (loss) of consolidated subsidiary	63	139
Minority dividend distributions	(54)	(28)
Depreciation	26,500	25,481
Amortization of bond costs	269	222
Loss on bond refinancing	-	216
Provision for bad debts	39,892	37,865
Loss on disposal of property and equipment	235	224
Amortization of intangible assets	263	-
(Gain) on sale of investments	7,797	(87)
Net unrealized (gains) losses on investments	(7,485)	5,577
Undistributed net earnings of joint ventures	(1,682)	(1,612)
Loss on interest rate swap contracts	716	8,495
Changes in working capital components		
(Increase) decrease in		
Patient accounts receivable	(50,680)	(53,639)
Supplies, prepaids and other assets	(5,878)	(2,536)
Increase (decrease) in		
Trade payables	3,424	1,049
Third-party reimbursement programs	(2,586)	3,577
Payroll and related expenses	4,729	2,414
Medical professional liabilities	3,886	4,874
Other liabilities	(1,622)	1,944
Net cash from operating activities	<u>67,358</u>	<u>40,022</u>
<b>Cash flows from investing activities</b>		
Purchase of (proceeds from) trading securities, net	(33,353)	4,553
Payments received on notes receivable, net of (advances)	190	(281)
Proceeds from sale of property and equipment	155	52
Acquisitions of businesses	(2,060)	(15,810)
Distributions from joint venture	1,935	1,449
Purchases and construction of property and equipment	(34,613)	(27,262)
Net cash used in investing activities	<u>(67,746)</u>	<u>(37,299)</u>
<b>Cash flows from financing activities</b>		
Principal payments on long-term debt	(5,527)	(135)
Proceeds from long-term debt	9,528	73
Proceeds from bonds	-	14,420
Principal payments on bonds	(3,062)	(18,358)
Payment of bond costs	(5)	(579)
Net cash provided by (used in) financing activities	<u>934</u>	<u>(4,579)</u>
Decrease in cash and cash equivalents	(1,933)	(1,856)
Cash and cash equivalents at beginning of year	<u>7,127</u>	<u>8,983</u>
Cash and cash equivalents at end of year	<u>\$ 5,194</u>	<u>\$ 7,127</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 6,717</u>	<u>\$ 7,456</u>
Supplemental disclosures of noncash investing and financing activities		
Construction-in-progress released/(incurred) in exchange for construction contracts payable	<u>\$ 3,836</u>	<u>\$ 1,200</u>

See accompanying notes to consolidated financial statements

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

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

Nature of Organization 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 (\$ in thousands)

	<u>PSC</u>
Balance, April 1, 2011	\$ 588
Excess of revenues over expenses (from continuing operations)	139
Distributions	<u>(28)</u>
Change in net assets	<u>111</u>
Balance, March 31, 2012	699
Excess of revenues over expenses (from continuing operations)	63
Distributions	(54)
Contributions	<u>40</u>
Change in net assets	<u>49</u>
Balance, March 31, 2013	<u>\$ 748</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**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 a 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 consisting of 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 accounts 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 All investments are designated as trading securities 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 and interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law

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

---

SOUTHERN ILLINOIS HOSPITAL SERVICES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2013 and 2012

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

(Continued)

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, 2013 and 2012.

Investments in Joint Ventures As of March 31, 2013 and 2012, the Corporation has an interest of 34% in Southern Illinois Orthopedic Center, LLC (SIOC). SIOC was established in fiscal 1999 to build and operate an ambulatory surgical treatment center. 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 All business combinations are accounted for using the purchase method of accounting. In addition, identifiable intangible assets are recognized apart from goodwill based on meeting certain criteria. Goodwill and intangible assets with indefinite useful lives are not amortized but will be subject to annual impairment tests based on their estimated fair value. There was no impairment in 2013 and 2012. Other identifiable intangible assets are being amortized over their estimated useful lives of 5 years.

Business Combinations 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 (\$ in thousands):

Property and equipment	\$	5,207
Prepaid assets		68
Goodwill		9,415
Other intangible assets		1,200
Other accrued liabilities		<u>(80)</u>
Total purchase allocation	\$	<u>15,810</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

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

(Continued)

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 consolidated statements of operations and consolidated statements of 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.

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, 2013 and 2012, no tax was due related to these operations.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

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

(Continued)

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 exceed 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 at March 31, 2013 and 2012. 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, 2009 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 consolidated balance sheets at their fair value. Changes in the fair value of interest rate swaps are recognized as a change in unrestricted net assets below excess of revenues 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 statements 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.

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.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

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

(Continued)

Recent Accounting Pronouncement In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time services are rendered, even though they do not assess the patient's ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual adjustments and discounts) on the consolidated statements of operations. ASU 2011-07 requires enhanced disclosure about the entity's policies for recognizing revenue and assessing bad debts and also requires disclosures of patient service revenue (net of contractual adjustments and discounts), as well as qualitative and quantitative information about changes in the allowance for bad debts. The presentation requirements of ASU 2011-07 were applied retrospectively, while its disclosure requirements are prospective. The requirements of ASU 2011-07 are effective for fiscal years and interim periods within those fiscal years beginning December 15, 2011, with early adoption permitted. The Corporation adopted the requirements of ASU 2011-07 effective April 1, 2011, and retroactively applied presentation and disclosures to the year ended March 31, 2012. The change in presentation and additional disclosures as required by ASU 2011-07 are reflected in the Corporation's consolidated statements of operations and in Note 3.

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, 2013 and 2012, 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, 2013 and 2012. 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 2013 and 2012, respectively, the hedge resulted in additional interest expense of approximately \$1,223,000 and \$1,228,000.

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 \$28,955,000 and \$29,235,000 as of March 31, 2013 and 2012, respectively. The Series 2008 bonds had an outstanding balance of \$51,755,000 and \$52,270,000 as of March 31, 2013 and 2012, respectively.

---

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**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 2013 and 2012, respectively, the hedge resulted in a reduction of interest expense of approximately \$1,073,000 and \$1,093,000.

The interest rate swap contracts had a combined fair value of \$(15,006,798) and \$(14,291,000) as of March 31, 2013 and 2012, respectively. The change in the fair value of these contracts resulted in a net loss of \$715,751 and \$8,496,000 for the years ended March 31, 2013 and 2012, respectively. The change in the fair value of the ineffective hedge (RBC) was recognized as a debit to interest expense of \$425,492 and \$4,746,000 in the consolidated statements of operations for the years ended March 31, 2013 and 2012, respectively. The change in the fair value of the Morgan Stanley contract was recorded as a \$290,259 and \$3,750,000 decrease of unrestricted net assets in the consolidated statement of changes in net assets during 2013 and 2012, 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.

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, 2008.

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 2013 and 2012 net patient service revenue increased by approximately \$225,000 and \$710,000, 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.



SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**NOTE 3 - NET PATIENT SERVICE REVENUE (Continued)**

*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 and \$1,464,000, for the years ended March 31, 2013 and 2012, and a liability of \$3,482,000 and \$3,601,000 for the years ended March 31, 2013 and 2012, respectively. Total reimbursement revenue recognized by the Corporation related to this Program amounted to \$14,404,455 during each of the Corporation's years ended March 31, 2013 and 2012 and is included in net patient service revenue on the consolidated statements of operations. Total assessments incurred by the Corporation related to this program amounted to \$5,855,000 during each of the Corporation's years ended March 31, 2013 and 2012 and is included in miscellaneous expenses on the consolidated statements of operations.

Charity Care The Corporation maintains records to identify and monitor the level of charity care it provides. The cost of charity care during the years ended March 31, 2013 and 2012 was approximately \$12 million and \$11 million, respectively. 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.

Provision for Bad Debt Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party insurance coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The Corporation regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for doubtful accounts. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

---

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 3 - NET PATIENT SERVICE REVENUE (Continued)**

Patient service revenue, net of contractual allowances and discounts (but before provision for uncollectible accounts), recognized in the period from the major payor sources is as follows for the years ended March 31, 2013 and 2012 (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Medicare	\$ 217,438	\$ 183,706
Medicaid	80,357	75,153
Other third-party payors	146,535	137,779
Self-pay	<u>28,361</u>	<u>20,876</u>
 Total patient service revenue (net of contractual allowances and discounts)	 <u>\$ 472,691</u>	 <u>\$ 417,514</u>

**NOTE 4 - PATIENT RECEIVABLES**

Patient receivables at March 31, 2013 and 2012 are as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Patient receivables	\$ 305,194	\$ 292,134
Less allowance for doubtful accounts	(44,350)	(40,593)
Less unapplied third party payments and allowances for estimated contractual adjustments	<u>(165,037)</u>	<u>(166,238)</u>
	<u>\$ 95,807</u>	<u>\$ 85,303</u>

**NOTE 5 - NOTES RECEIVABLE**

Notes receivable bearing interest at various rates at March 31, 2013 and 2012 are as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Physician advances	\$ 1,079	\$ 1,128
Other miscellaneous receivables	<u>184</u>	<u>325</u>
	1,263	1,453
 Less current portion	 <u>330</u>	 <u>314</u>
 Long-term portion	 <u>\$ 933</u>	 <u>\$ 1,139</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**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>2013</u>	<u>2012</u>
Project fund - long term	\$ 6	\$ 17
Principal and interest fund	<u>15</u>	<u>17</u>
	<u>\$ 21</u>	<u>\$ 34</u>

Board designated funds for expansion, replacement and major repairs of property and equipment at March 31, 2013 and 2012 are as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Certificates of deposit, money market accounts, mutual funds, repurchase agreements, commercial paper and bonds and U S government obligations	<u>\$ 310,957</u>	<u>\$ 277,985</u>
	<u>\$ 310,957</u>	<u>\$ 277,985</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 \$19,489,000 and \$15,304,000 at March 31, 2013 and 2012, respectively

The composition of investments and assets whose use is limited as of March 31, 2013 and 2012 are set forth in the following table (\$ in thousands) Investments are stated at fair value

	<u>2013</u>	<u>2012</u>
Cash, certificates of deposit, money market funds	\$ 12,130	\$ 4,593
U S government securities	7,828	7,243
Exchange traded funds	1,653	1,187
Common stocks	26,483	31,012
Mutual funds	219,045	192,160
Corporate bonds	<u>63,322</u>	<u>57,111</u>
	<u>\$ 330,461</u>	<u>\$ 293,306</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

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, 2013 and 2012

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 8,803	\$ 8,872
Net realized gains (losses) on sale of investments	7,895	394
Change in net unrealized gains (losses) on investments	<u>7,485</u>	<u>(5,577)</u>
	<u>\$ 24,183</u>	<u>\$ 3,689</u>

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

	<u>2013</u>	<u>2012</u>
Nonoperating gains		
Investment income and net realized gains from board designated funds	\$ 16,698	\$ 9,266
Change in net unrealized gains (losses) on investments	<u>7,485</u>	<u>(5,577)</u>
	<u>\$ 24,183</u>	<u>\$ 3,689</u>

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment at March 31, 2013 and 2012 are as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Buildings	\$ 116,635	\$ 112,809
Building equipment	156,499	88,092
Departmental equipment	90,769	141,578
Land and leasehold improvements	<u>13,180</u>	<u>12,103</u>
	377,083	354,582
Less accumulated depreciation	<u>212,184</u>	<u>192,603</u>
	164,899	161,979
Land	12,013	9,236
Construction-in-progress	<u>8,312</u>	<u>4,476</u>
	<u>\$ 185,224</u>	<u>\$ 175,691</u>

As of March 31, 2013, construction-in-progress represents amounts expended 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 Cath Lab 4, Energy Center, Surgery Expansion, and Cancer Center. At Herrin Hospital, the significant projects are the Medical Arts Building Renovation and Signage and the Lower Level East Data Room. The significant project at St Joseph Memorial Hospital is the Procedure Expansion. 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. Ongoing SIMS projects include CMA Oncology Suite, CMA Generator, CMA Elevator Addition and 2nd floor upgrades. The projects in progress at March 31, 2013 are expected to be completed over the next three fiscal years. The estimated total costs-to-complete construction projects in progress at March 31, 2013 are approximately \$60,413,000.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 8 - LONG-TERM DEBT**

Long-term debt as of March 31, 2013 and 2012 is as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
<u>Hospital revenue bonds</u>		
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 15% and 0 19% at March 31, 2013 and 2012, respectively, with annual payments in 2011 through 2038	51,755	52,270
Series 2011, serial bonds, with interest at 1 86% at March 31, 2013 with annual payments in 2012 through 2015	5,200	7,747
Series 2011, serial bonds, with interest at 2 51% at March 31, 2013 with annual payments in 2016 through 2020	5,390	5,390
Line of credit, with interest of LIBOR +3%, secured by all of PSC's assets	-	213
Line of credit, with interest of LIBOR + 2 30%	4,000	-
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	83	179
Note payable, with fixed interest of 3 35%, due in monthly installments of \$2,142 including interest, final installment due October 15, 2014, secured by all of PSC's assets	38	64
Note payable, with fixed interest of 3 19% due in monthly installments of \$4,676 including interest, final installment due May 30, 2016, secured by all of PSC's assets	169	-

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 8 - LONG-TERM DEBT (Continued)**

Note payable, with fixed interest of 3.08% due in monthly installments of \$6,200 including interest, final installment due July 18, 2015, secured by all of PSC's assets	167	-
	135,802	134,863
Less current portion	7,285	3,395
Long-term debt	\$ 128,517	\$ 131,468

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. 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.

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 statements 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 consolidated statements of financial position.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 8 - LONG-TERM DEBT** (Continued)

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. 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 letter-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, 2013, the aggregate annual maturities of long-term debt are as follows (\$ in thousands)

<u>Year ending March 31</u>	<u>Amount</u>
2014	\$ 7,285
2015	3,338
2016	3,414
2017	3,489
2018	3,600
Thereafter	<u>114,676</u>
	<u>\$ 135,802</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, 2013, the Corporation was in compliance with these covenants.

The Corporation guaranteed 20% of a River to River Residential Corp. bank loan, for Hurricane Creek. Pursuant to performance terms of the Hurricane Creek Project, the corporation was released from the loan guarantee during the current fiscal year. Therefore, the outstanding guaranteed amount was approximately \$0 and \$456,449 as of March 31, 2013 and 2012, respectively.

The Corporation has a credit card account with a bank with a credit limit of \$7,000,000. As of March 31, 2013, approximately \$1,684,000 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 \$4,000,000 and \$0 as of March 31, 2013 and 2012.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 March 31, 2013 and 2012

**NOTE 8 - LONG-TERM DEBT (Continued)**

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, 2013.

PSC had a line-of-credit from a bank with a credit limit of \$250,000, which expired May 30, 2012. The balance of the line of credit was \$0 and \$213,889 as of March 31, 2013 and 2012, respectively.

**NOTE 9 - GOODWILL AND INTANGIBLE ASSETS**

Goodwill consists of the following at March 31, 2013 and 2012 (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Beginning balance	\$ 10,292	\$ 877
Acquisitions	-	9,415
End of year	\$ 10,292	\$ 10,292

Acquired Intangible Assets The gross carrying amount of acquired intangible assets were \$1,448,000 and \$1,200,000 at March 31, 2013 and 2012 and accumulated amortization was \$263,000 and \$0 at March 31, 2013 and 2012. Aggregate amortization expense was \$263,000 and \$0 for the years ended March 31, 2013 and 2012. Estimated amortization expense is expected to be as follows for each of the next five years (in thousands)

<u>Year ending March 31</u>	<u>Amount</u>
2014	\$ 290
2015	290
2016	290
2017	290
2018	26

**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 consolidated financial statements.

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



SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

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

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 \$5,187,000 and \$5,014,000 can be claimed from its reinsurers, as of March 31, 2013 and 2012, 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 non-current 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% for the years ended March 31, 2013 and 2012 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

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

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 \$4,352,000 and \$3,820,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 1, 2005 which were not reported as of March 31, 2013 and 2012, respectively. The Corporation has recorded liabilities for SIMS of approximately \$1,474,000 and \$1,536,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 15, 2007 which were not reported as of March 31, 2013 and 2012, respectively. These liabilities are included in medical professional liabilities on the consolidated balance sheets as of March 31, 2013 and 2012. Self-insured professional and general liability expense of approximately \$5,438,531 in 2013 and \$4,770,000 in 2012 has been included within insurance expense in the accompanying consolidated statements of operations.

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, 2013 and 2012. Losses in excess of this self-insurance amount are covered by reinsurance. The expense related to claims paid and accrued for health and dental insurance costs, recognized for the years ended March 31, 2013 and 2012, was approximately \$27,158,000 and \$23,963,000, respectively.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)**

At March 31, 2013 and 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>
2014	\$ 1,165
2015	906
2016	563
2017	541
2018	421
Thereafter	<u>-</u>
	<u>\$ 3,596</u>

Total rent and lease expense for the years ended March 31, 2013 and 2012 was approximately \$2,371,000 and \$2,274,000, 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 consolidated financial position or results of operations.

**NOTE 11 - DEFINED CONTRIBUTION 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 \$4,768,000 and \$4,445,000, for the years ended March 31, 2013 and 2012, 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, 2012 and 2011, respectively, the Corporation contributed approximately \$633,000 and \$778,000 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 \$815,000 and \$700,000 for 2013 and 2012, respectively.

The Corporation also has a nonqualified deferred compensation plan for selected executive level employees as defined under Section 457(b) of the Internal Revenue Code of 1986 (the "Code"). The plan's effective date is January 1, 2012. The Corporation's policy is to make an annual contribution to the plan, not to exceed the maximum annual amount allowed under the Code. The Corporation contributed approximately \$187,000 and \$0, for the years ended March 31, 2013 and 2012, respectively.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**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 \$612,000 and \$563,000 for the years ended March 31, 2013 and 2012, 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

**NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

ASC 825 requires disclosure of fair value information about financial instruments, whether or not recognized in the consolidated balance sheets 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, 2013 and 2012 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, 2013 and 2012 was approximately \$139,735,000 and \$141,796,000

**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

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)**

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)

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

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)**

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

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, 2013 and 2012, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value

	March 31, <u>2013</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Cash, certificates of deposit, money market funds	\$ 12,130	\$ 12,130	\$ -	\$ -
US government securities	7,828	1,572	6,256	-
Exchange traded funds	1,653	1,653	-	-
Common stocks	26,483	26,483	-	-
Mutual funds				
Equity mutual funds	154,030	154,029	-	-
Debt mutual funds	65,015	65,015	-	-
Corporate bonds	<u>63,322</u>	<u>-</u>	<u>63,322</u>	<u>-</u>
	<u>\$ 330,461</u>	<u>\$ 260,882</u>	<u>\$ 69,578</u>	<u>\$ -</u>
<b>Liabilities</b>				
Interest rate swap contracts	<u>\$ 15,007</u>	<u>\$ -</u>	<u>\$ 15,007</u>	<u>\$ -</u>

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

**NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)**

	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)
<b>Assets</b>				
Investments				
Cash, certificates of deposit, money market funds	\$ 4,593	\$ 4,593	\$ -	\$ -
US government securities	7,243	-	7,243	-
Exchange traded funds	1,187	1,187	-	-
Common stocks	31,012	31,012	-	-
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>\$ 293,306</u>	<u>\$ 228,952</u>	<u>\$ 64,354</u>	<u>\$ -</u>
<b>Liabilities</b>				
Interest rate swap contracts	<u>\$ 14,291</u>	<u>\$ -</u>	<u>\$ 14,291</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, 2013 and 2012 was as follows:

	<u>Gross Patient Service Revenue</u>		<u>Patient Receivables</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Medicare	46 %	44 %	17 %	16 %
Medicaid	17	18	41	45
Other third-party payors	31	33	15	15
Patients	<u>6</u>	<u>5</u>	<u>27</u>	<u>24</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

At March 31, 2013 and 2012, 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.

SOUTHERN ILLINOIS HOSPITAL SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2013 and 2012

---

**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, 2013 and 2012, these expenses are as follows (\$ in thousands)

	<u>2013</u>	<u>2012</u>
Health care services	\$ 356,549	\$ 321,370
General and administrative	65,395	59,962
Fundraising	<u>234</u>	<u>416</u>
	<u>\$ 422,178</u>	<u>\$ 381,748</u>

**NOTE 17 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to March 31, 2013, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2013. Management has performed their analysis through July 23, 2013, the date the financial statements were issued.



**SUPPLEMENTARY INFORMATION**

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATING BALANCE SHEET  
March 31, 2013  
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrn 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
<b>ASSETS</b>												
Current assets												
Cash and cash equivalents	\$ 2,176	\$ 617	\$ 749	\$ 58	\$ 3,600	\$ 160	\$ -	\$ 271	\$ 805	\$ 6	\$ -	\$ 5,194
Assets whose use is limited by trust agreement	1	4	1	-	6	-	-	-	-	-	-	6
Accounts receivable	50,902	21,629	11,415	-	83,946	11,092	-	769	-	-	-	95,807
Patients, net	-	-	-	11,969	11,969	3	-	-	-	-	-	330
Affiliates	4,347	1,542	717	1,270	7,876	4	-	297	-	-	(11,642)	8,177
Supplies	1,834	653	141	2,451	5,079	1,093	12	39	-	-	-	6,223
Prepaid expenses	39	249	20	22	330	-	-	-	-	-	-	330
Current portion of notes receivable	790	438	273	1,677	3,178	139	-	-	-	-	-	3,317
Other	60,089	25,132	13,316	17,447	115,984	12,491	364	1,376	805	6	(11,642)	119,384
Total current assets	205,184	80,897	18,657	6,219	310,957	-	-	-	-	-	-	310,957
Assets whose use is limited by	15	-	-	-	15	-	19,489	-	-	-	-	19,489
Board designation for capital improvements	205,199	80,897	18,657	6,219	310,972	-	19,489	-	-	-	-	330,461
Board designation for self-insurance	-	-	-	-	-	-	-	-	-	-	-	-
Trust agreement	73,849	52,882	16,680	26,487	169,698	15,031	-	495	-	-	-	185,224
Property and equipment, net	2,486	1,386	315	-	4,187	-	-	-	-	-	-	4,187
Other assets	1,906	1	-	1,107	3,014	-	-	-	-	-	(1,107)	1,907
Unamortized bond costs, net	144	608	-	19	771	162	-	878	-	-	-	933
Investments in joint ventures	-	-	-	-	-	9,414	-	-	-	-	-	10,292
Notes receivable, less current portion	-	-	-	-	-	1,185	-	-	-	-	-	1,185
Goodwill	99	120	-	1,780	1,999	545	5,187	-	-	-	-	7,731
Intangible assets	4,635	2,115	315	2,906	9,971	11,306	5,187	878	-	-	(1,107)	26,235
Other	\$ 343,772	\$ 160,826	\$ 48,968	\$ 53,059	\$ 606,625	\$ 38,828	\$ 25,040	\$ 2,749	\$ 805	\$ 6	\$ (12,749)	\$ 661,304
Total assets												

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATING BALANCE SHEET  
March 31, 2013  
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrn 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
<b>LIABILITIES AND NET ASSETS</b>												
Current liabilities												
Current maturities of long-term debt	\$ 2,094	\$ 757	\$ 204	\$ 4,000	\$ 7,055	\$ -	\$ -	\$ 230	\$ -	\$ -	\$ -	\$ 7,285
Current maturities of interest rate swap contracts	1,282	762	178	-	2,044	-	-	-	-	-	-	2,222
Accounts payable	129	4	-	-	133	-	-	-	-	-	-	133
Construction contracts	7,191	2,860	1,376	8,594	20,021	1,130	75	210	-	43	(3)	21,476
Trade	-	-	-	-	-	11,172	153	15	28	271	(11,639)	-
Affiliates	5,360	1,899	1,473	-	8,732	-	-	380	-	-	-	9,112
Estimated third-party payor settlements	8,197	5,028	1,896	4,550	19,671	4,594	-	53	-	-	-	24,318
Accrued liabilities	3,549	1,237	318	1,735	6,839	1,026	2	890	-	-	-	7,867
Payroll and related expenses	27,802	12,547	5,445	18,879	64,495	17,922	228	890	28	314	(11,642)	72,413
Other	74,859	43,154	10,277	-	128,290	-	-	227	-	-	-	128,517
Total current liabilities												
Long-term debt, less current maturities												
Interest rate swap contracts	7,375	4,383	1,027	-	12,785	-	-	-	-	-	-	12,785
Medical professional liabilities	2,474	1,324	555	-	4,353	1,474	24,680	-	-	-	-	30,507
Other	130	111	34	308	583	129	-	-	-	-	-	712
Total liabilities	84,838	48,972	11,893	308	146,011	1,603	24,680	227	-	-	-	172,521
Net assets												
Common stock	112,640	61,519	17,338	19,187	210,506	19,525	24,908	1,117	28	314	(11,642)	244,934
SIHS controlling interest	231,111	99,307	31,622	33,574	395,614	19,303	120	1,100	-	-	(1,220)	-
Non-controlling interest	231,111	99,307	31,622	33,574	395,614	19,303	12	(216)	18	(308)	113	414,536
Total unrestricted	21	99,307	31,622	33,574	395,614	19,303	132	748	18	(308)	(1,107)	415,284
Temporarily restricted	21	-	8	298	327	-	-	-	759	-	-	1,086
Total net assets	231,132	99,307	31,630	33,872	395,941	19,303	132	1,632	777	(308)	(1,107)	416,370
Total liabilities and net assets	\$ 343,772	\$ 160,826	\$ 48,968	\$ 53,059	\$ 606,447	\$ 38,828	\$ 25,040	\$ 2,749	\$ 805	\$ 6	\$ (12,749)	\$ 661,304

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

	Memorial Hospital of Carbondale	Herrn 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
<b>ASSETS</b>												
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	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	55,170	22,892	13,169	9,380	100,611	9,666	1,270	1,328	85	572	(4,837)	108,695
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>15,304</u>					<u>293,306</u>
Property and equipment, net	70,325	53,473	16,810	21,195	161,803	13,383	-	505	-	-	-	175,691
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	-	878	-	-	-	1,139
Goodwill	-	-	-	-	-	9,414	-	-	-	-	-	10,292
Intangible assets	-	-	-	-	-	1,200	-	-	-	-	-	1,200
Other	111	232	85	2,059	2,487	338	5,014	-	-	-	(1,177)	7,839
	<u>5,301</u>	<u>2,211</u>	<u>442</u>	<u>3,274</u>	<u>11,228</u>	<u>11,084</u>	<u>5,014</u>	<u>878</u>			<u>(1,177)</u>	<u>27,027</u>
Total assets	\$ 314,283	\$ 150,852	\$ 47,100	\$ 39,409	\$ 551,644	\$ 34,133	\$ 21,588	\$ 2,711	\$ 85	\$ 572	\$ (6,014)	\$ 604,719

(Continued)

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

	Memorial Hospital of Carbondale	Herrn 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
<b>LIABILITIES AND NET ASSETS</b>												
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	6,657	4,024	1,551	3,554	15,786	3,750	-	53	-	-	-	19,589
Payroll and related expenses	5,300	1,195	385	1,865	8,745	766	-	1	-	-	-	9,512
Other	28,120	14,380	4,151	10,673	57,324	10,731	193	1,011	-	158	(4,837)	64,580
Total current liabilities	76,953	43,911	10,481	-	131,345	-	-	123	-	-	-	131,468
Long-term debt, less current maturities	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate swap contracts	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	86,269	49,368	11,954	251	147,842	97	21,263	123	-	-	-	170,861
Total liabilities	114,389	63,748	16,105	10,924	205,166	12,364	21,456	1,134	-	158	(4,837)	235,441
Net assets												
Common stock	-	-	-	-	-	-	120	1,100	-	-	(1,220)	-
SIHS controlling interest	199,888	87,104	30,993	27,985	345,970	21,770	12	(223)	8	414	43	367,994
Non-controlling interest	199,888	87,104	30,993	27,985	345,970	21,770	132	699	8	414	(1,177)	699
Total unrestricted	6	-	2	500	508	-	-	-	77	-	-	585
Temporarily restricted	199,894	87,104	30,995	28,485	346,478	21,770	132	1,576	85	414	(1,177)	369,278
Total net assets	\$ 314,283	\$ 150,852	\$ 47,100	\$ 39,409	\$ 551,644	\$ 34,134	\$ 21,588	\$ 2,710	\$ 85	\$ 572	\$ (6,014)	\$ 604,719
Total liabilities and net assets												

SOUTHERN ILLINOIS HOSPITAL SERVICES  
CONSOLIDATING STATEMENT OF OPERATIONS  
Year ended March 31, 2013  
(\$ 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
Net patient service revenue	\$ 232,494	\$ 127,650	\$ 52,630	\$ -	\$ 412,775	\$ 55,964	\$ -	\$ 3,952	\$ -	\$ -	\$ -	\$ 472,691
Provision for bad debts	15,688	13,181	4,795	18	33,646	6,088	-	158	-	-	-	39,892
Net patient service revenue, less provision for bad debts	216,806	114,469	47,835	18	379,129	49,876	-	3,794	-	-	-	432,799
Other operating revenue	2,492	874	578	994	4,938	4,785	2,372	-	(12)	191	(5,941)	6,333
Net assets released from restriction	6	2	2	303	311	-	-	-	12	-	-	323
Corporate allocation	750	401	164	(1,315)	-	-	2,372	-	-	-	(5,941)	439,455
Total revenue	220,054	115,744	48,579	-	384,378	54,661	-	3,794	-	191	(5,941)	439,455
Expenses												
Salaries	55,536	34,018	12,851	24,167	126,572	36,774	-	786	-	-	7	164,139
Employee benefits	19,181	11,912	4,060	5,846	40,999	6,441	-	207	-	-	-	47,647
Physicians' fees	14,902	7,166	1,478	115	23,661	8,820	-	-	-	78	-	32,559
Professional fees	7,676	3,549	2,520	4,847	14,666	14,666	162	-	-	529	-	34,878
Purchased services	3,606	1,798	467	5,148	11,019	613	-	(88)	-	299	(48)	11,795
Patient chargeable supplies	28,834	7,688	1,241	-	37,763	181	-	-	-	-	-	37,944
Patient nonchargeable supplies	8,479	4,172	1,299	7	13,957	209	-	-	-	-	-	14,166
Drugs and pharmaceuticals	3,810	3,774	5,609	-	13,393	1,459	-	1,154	-	-	-	16,008
Other supplies and expense	4,159	2,494	560	361	7,575	426	-	72	-	5	-	8,078
Rent expense	682	337	310	623	1,952	1,227	-	189	-	-	(997)	2,371
Repairs and maintenance	3,269	1,365	608	6,688	11,930	268	-	47	-	-	-	12,245
Insurance	5,174	2,774	1,142	323	9,413	3,149	2,442	38	-	-	(5,439)	9,603
Miscellaneous (income) expense	6,226	2,218	620	3,903	12,967	(17,146)	79	71	-	2	536	(3,491)
Interest and amortization	4,253	2,278	462	11	7,004	263	-	23	-	-	-	7,290
Depreciation	8,948	5,664	2,186	8,176	24,974	1,288	-	261	-	-	-	26,523
Corporate allocation	34,323	18,366	7,526	(60,215)	-	-	-	-	-	-	-	-
Non-cash interest expense associated with interest rate swap contract	274	132	19	-	425	-	-	-	-	-	-	425
Total expense	209,332	109,705	43,158	-	362,196	58,638	2,683	3,689	-	913	(5,941)	422,178
Income from operations	10,722	6,039	5,421	-	22,182	(3,977)	(811)	105	-	(722)	-	17,277
Nonoperating gains (losses)												
Unrestricted gifts and interest income	938	209	204	31	1,382	83	-	12	10	-	-	1,487
Investment income and net realized gains from board designated funds	10,880	4,296	989	330	16,485	-	213	-	-	-	-	16,698
Change in net unrealized gains (losses) on investments	4,876	1,920	443	148	7,387	-	98	-	-	-	-	7,485
Equity in earnings of joint ventures	1,093	589	(36)	(1)	1,682	(6)	-	(39)	-	-	-	1,682
Other	(95)	(99)	63	(608)	(231)	(5)	-	-	-	-	-	(276)
Corporate allocation	289	156	63	-	508	-	-	-	-	-	-	-
Total nonoperating gains (losses)	17,981	7,061	1,663	-	26,705	78	311	(27)	10	-	-	27,077
Excess of revenues over expenses	28,703	13,100	7,084	-	48,887	(3,899)	-	78	10	(722)	-	44,354
Corporate allocation	276	148	61	(485)	-	-	-	-	-	-	-	-
Contributions for equipment	1,085	540	369	485	2,479	-	-	-	-	-	-	2,479
Contributions to affiliate	1,297	(1,470)	(5,416)	5,689	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	(139)	(113)	(39)	-	(291)	-	-	-	-	-	-	(291)
Income (decrease) in unrestricted net assets	\$ 31,222	\$ 12,205	\$ 2,059	\$ 5,689	\$ 51,075	\$ (3,899)	\$ -	\$ 78	\$ 10	\$ (722)	\$ -	\$ 46,542

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
Net patient service revenue	\$ 212,743	\$ 111,914	\$ 49,314	\$ -	\$ 373,970	\$ 39,630	\$ -	\$ 3,914	\$ -	\$ -	\$ -	\$ 417,514
Provision for bad debts	15,959	11,115	4,839	5	31,908	5,827	-	130	-	-	-	37,865
Net patient service revenue, less provision for bad debts	196,784	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	199,079	101,512	44,749	(6)	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	(34)	18,871
Purchased services	4,061	2,345	602	4,553	11,561	393	-	397	-	1	-	12,318
Patient chargeable supplies	28,839	7,041	1,289	-	37,169	83	-	-	-	-	-	37,252
Patient nonchargeable 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	5,057	9,812	136	-	33	-	-	-	9,981
Insurance	4,922	2,374	960	362	8,618	2,602	5,392	49	-	-	(4,770)	11,891
Miscellaneous (income) expense	6,094	2,365	734	3,519	12,712	(9,724)	51	85	-	1	233	3,358
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	(52,251)	-	-	-	-	-	-	-	-
Non-cash interest expense associated with interest rate swap contract	3,061	1,476	209	-	4,746	-	-	-	-	-	-	4,746
Total expense	198,542	101,415	38,087	4	338,049	38,880	5,552	3,491	-	1,291	(5,515)	381,748
Income from operations	537	97	6,662	(10)	7,294	(3,200)	(157)	293	-	(1,086)	-	3,144
Nonoperating gains (losses)	802	147	200	16	1,165	-	-	11	8	-	-	1,184
Unrestricted gifts and interest income	-	-	-	-	-	-	-	-	-	-	-	-
Investment income and net realized gains from board designated funds	6,024	2,373	548	183	9,128	-	138	-	-	-	-	9,266
Change in net unrealized gains (losses) on investments	(3,693)	(1,455)	(336)	(112)	(5,596)	-	19	-	-	-	-	(5,577)
Equity in earnings of joint ventures	1,047	565	-	-	1,612	-	-	-	-	-	-	1,612
Other	(96)	(80)	(23)	(9)	(208)	(21)	-	(134)	-	-	-	(363)
Corporate allocation	49	20	8	(77)	-	-	-	-	-	-	-	-
Excess of revenues over expenses	4,133	1,570	397	1	6,101	(21)	157	(123)	8	-	-	6,122
Corporate allocation	4,670	1,667	7,059	(9)	13,395	(3,221)	-	170	8	(1,086)	-	9,266
Corporate allocation	4	2	1	(7)	-	-	-	-	-	-	-	-
Contributions for equipment	-	109	9	7	184	-	-	-	-	-	-	184
Contributions to affiliate	(12,998)	(5,081)	(5,060)	23,139	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	(1,820)	(1,343)	(588)	-	(3,751)	-	-	-	-	-	-	(3,751)
Increase (decrease) in unrestricted net assets	\$ (10,085)	\$ (4,646)	\$ 1,421	\$ 23,130	\$ 9,828	\$ (3,221)	\$ -	\$ 170	\$ 8	\$ (1,086)	\$ -	\$ 5,699

**Additional Data**

**Software ID:** 12000266  
**Software Version:** v2012.1.0  
**EIN:** 37-0618939  
**Name:** SOUTHERN ILLINOIS HOSPITAL SERVICES

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
EUGENE BASANTA Vice Chair	2 00	X		X				300	0	0
MARLENE SIMPSON Secretary	2 00	X		X				450	0	0
REX BUDDER President/CEO	34 00	X		X				519,978	0	257,504
STEVE SABENS Chair	2 00	X		X				450	0	0
ANAD SALEM MD Trustee Resigned	2 00	X						150	0	0
BOB MEES Trustee	2 00	X						200	0	0
DEBRA MCMORROW Trustee	2 00	X						300	0	0
DR TERENCE GLENNON Trustee	2 00	X						3,260	0	0
GEORGE O'NEILL Trustee	2 00	X						400	0	0
HAROLD BARDO Trustee	2 00	X						250	0	0
KATHLEEN FRALISH Trustee	2 00	X						300	0	0
MARSHA RYAN MD Trustee	2 00	X						4,885	0	0
MIKE ABSHER Trustee	2 00	X						50	0	0
MORTON LEVINE Trustee	2 00	X						400	0	0
PHIL NORDSTROM Trustee Resigned	2 00	X						200	0	0
DAVID HOLLAND VP/ Info Systems	32 00			X				297,435	0	103,822
JAMES MILLER MD CMO	33 00			X				390,484	0	66,333
JOHN B MILLSTEAD VP/ Administrator	40 00			X				418,987	0	165,556
JOHN BROTHERS Administrator/ VP	40 00			X				177,117	0	17,506
JULIE FIRMAN VP/CNO	40 00			X				274,103	0	96,418
MIKE KASSER VP/CFO/Treasurer	28 00			X				324,238	0	135,872
PAM HENDERSON VP/ HR	36 00			X				272,950	0	78,726
PHILIP SCHAEFER VP/ Ambulatory Services	10 00			X				373,998	0	160,713
SCOTT SEABORN VP/ Administrator	40 00			X				494,016	0	31,357
TERRENCE FARRELL VP/ Administrator	40 00			X				268,412	0	100,619



**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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				
WILLIAM SHERWOOD VP/ General Counsel	28 00 12 00			X				476,366	0	170,455	
WILLIAM THORNE VP/ Community Benefits	25 00 0			X				180,266	0	99,257	
BRIAN LANCE Pharmacist	40 00 0					X		183,571	0	34,121	
CLAUDIA CREWS Pharmacist	40 00 0					X		174,365	0	44,564	
LEAH MACFARLANE Pharmacist	40 00 0					X		167,467	0	20,923	
SHELLY PIERCE Corp Director PT Relations	40 00 0					X		180,279	0	35,942	
THOMAS HENTRICH Pharmacist	40 00 0					X		184,884	0	44,305	