

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning APRIL 01, 2013, and ending MARCH 31, 20 14

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

C Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES
 Doing Business As SOUTHERN ILLINOIS HEALTHCARE
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
P.O. BOX 3988
 City or town, state or province, country, and ZIP or foreign postal code
CARBONDALE, IL 62902-3988

D Employer identification number
37-0618939

E Telephone number
(618)457-5200

F Name and address of principal officer: REX BUDDÉ
P.O. BOX 3988, CARBONDALE, IL 62902-3988

G Gross receipts \$ 791,472,291

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW.SIH.NET

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 1946 **M** State of legal domicile: IL

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>SOUTHERN ILLINOIS 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."</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	<u>13</u>
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	<u>12</u>
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	<u>3,060</u>
	6	Total number of volunteers (estimate if necessary)	6	<u>274</u>
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	<u>744,466</u>
b	Net unrelated business taxable income from Form 990-T, line 34	7b	<u>-190,433</u>	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	<u>3,321,897</u>	<u>2,453,089</u>
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>380,496,986</u>	<u>403,639,319</u>
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>18,270,190</u>	<u>37,643,751</u>
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>4,682,486</u>	<u>10,090,495</u>
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>406,771,559</u>	<u>453,826,654</u>
	14	Benefits paid to or for members (Part IX, column (A), line 4)	<u>445,902</u>	<u>969,461</u>
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<u>0</u>	<u>0</u>
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	<u>167,575,408</u>	<u>175,384,686</u>
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>207,502</u>	<u>0</u>	<u>0</u>
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>195,335,490</u>	<u>219,781,261</u>
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>363,356,800</u>	<u>396,135,408</u>
19	Revenue less expenses. Subtract line 18 from line 12	<u>43,414,759</u>	<u>57,691,246</u>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	<u>607,114,260</u>	<u>650,327,766</u>
	22	Net assets or fund balances. Subtract line 21 from line 20	<u>211,021,480</u>	<u>202,895,203</u>
			<u>396,092,780</u>	<u>447,432,563</u>

Part II Signature Block

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

Sign Here

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

Paid Preparer Use Only

Print/Type preparer's name: RACHEL SPURLOCK Preparer's signature: Rachel Spurlock Date: 11/10/2014 Check if self-employed PTIN: P00520729
 Firm's name ▶ CROWE HORWATH LLP Firm's EIN ▶ 35-0921680
 Firm's address ▶ 9600 BROWNSBORO ROAD, SUITE 400, LOUISVILLE, KY 40241-1122 Phone no. (502)326-3996

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

Application for Extension of Time To File an Exempt Organization Return

(Rev. January 2014)

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

► **File a separate application for each return.**
► **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

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

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

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

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

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

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

Type or print	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions. SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number (EIN) or 37-0618939
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 3988	Social security number (SSN)
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CARBONDALE, IL 62902-3988	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ► **MIKE KASSER**

Telephone No. ► **(618)457-5200** Fax No. ►

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

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **November 15**, 20 **14**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
► calendar year 20 ____ or

► tax year beginning **April 01**, 20 **13**, and ending **March 31**, 20 **14**.

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

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

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

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

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

Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number (EIN) or 37-0618939
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 3988	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CARBONDALE, IL 62902-3988	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

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

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

- I request an additional 3-month extension of time until February 15, 20 15.
- For calendar year _____, or other tax year beginning April 01, 20 13, and ending March 31, 20 14.
- If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period
- State in detail why you need the extension ADDITIONAL TIME IS REQUIRED TO GATHER THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

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

Signature and Verification must be completed for Part II only.

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

Signature ► *Rachel Spurlock* Title ► CPA Date ► 9/5/2014

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

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.

4a (Code:) (Expenses \$ 333,185,772 including grants of \$ 0) (Revenue \$ 411,519,546)
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)

4b (Code:) (Expenses \$ 2,193,906 including grants of \$ 969,461) (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)

4c (Code:) (Expenses \$ 130,201 including grants of \$ 0) (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)

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

4e Total program service expenses ▶ 335,509,879

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 Did the organization report an amount in Part X, line 21, 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>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Part IV Checklist of Required Schedules *(continued)*

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	✓	
22 Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	✓	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	✓	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		✓
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		✓
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		✓
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>		✓
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II		✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	✓	
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	✓	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	✓	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	✓	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	✓	
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>	✓	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
	1a 337		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	✓	
1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	2a 3,060		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	✓	
2b			
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	✓	
3a			
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	✓	
3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	✓	
4a			
b	If "Yes," enter the name of the foreign country: CJ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		✓
5a			
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		✓
5b			
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		✓
6a			
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
6b			
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		✓
7a			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		✓
7c			
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		✓
7e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		✓
7f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
7h			
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
8			
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?		
9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
9b			
10	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter:		
a	Gross income from members or shareholders	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
12b			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state?		
13a			
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
13b			
c	Enter the amount of reserves on hand	13c	
13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		✓
14a			
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		
14b			

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ► IL
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request 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 62901, (618)457-5200

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

Check if Schedule O contains a response or note to any line in this Part VII

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (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			
(1) REX BUDDE PRESIDENT/CEO	40 15			✓				1,051,133	0	241,430
(2) STEVE SABENS CHAIR	2 2	✓		✓				450	0	0
(3) EUGENE BASANTA VICE CHAIR	2 2	✓		✓				350	0	0
(4) MARLENE SIMPSON SECRETARY	2 1	✓		✓				400	0	0
(5) KATHLEEN FRALISH TRUSTEE	2 2	✓						400	0	0
(6) HAROLD BARDO TRUSTEE	2 2	✓						250	0	0
(7) GEORGE O'NEILL TRUSTEE	2 2	✓						400	0	0
(8) MORTON LEVINE TRUSTEE	2 2	✓						350	0	0
(9) MARSHA RYAN , MD TRUSTEE	2 2	✓						7,165	0	0
(10) DR. TERRENCE GLENNON TRUSTEE	2 2	✓						7,280	0	0
(11) DEBRA MCMORROW TRUSTEE	2 1	✓						300	0	0
(12) MIKE ABSHER TRUSTEE	2 1	✓						350	0	0
(13) BOB MEES TRUSTEE	2 1	✓						400	0	0
(14) MIKE KASSER VP/CFO/TREASURER	40 15			✓				401,237	0	145,249

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

(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			
(15) WILLIAM SHERWOOD VP/ GENERAL COUNSEL	40 15			✓			461,443	0	173,385	
(16) JULIE FIRMAN VP/CNO	50 0			✓			330,649	0	95,865	
(17) PHILIP SCHAEFER VP/ AMB & PHYS SERVICES	15 55			✓			486,711	0	164,808	
(18) PAM HENDERSON VP/ HR	40 0			✓			342,460	0	86,573	
(19) DAVID HOLLAND VP/ INFO SYSTEMS	40 10			✓			350,554	0	105,751	
(20) JOHN B MILLSTEAD VP/ ADMINISTRATOR	50 0			✓			534,639	0	172,051	
(21) JAMES MILLER , MD VP/CMO	40 10			✓			473,599	0	66,755	
(22) WILLIAM THORNE VP/ COMMUNITY BENEFITS	32 0			✓			304,888	0	102,548	
(23) TERRENCE FARRELL VP/ ADMINISTRATOR	60 0			✓			354,287	0	124,019	
(24) JOHN BROTHERS VP/ADMINISTRATOR	50 0			✓			263,910	0	117,906	
(25) SHELLY PIERCE VP/QUALITY	30 25			✓			190,905	0	36,606	
1b Sub-total							5,564,510	0	1,632,946	
c Total from continuation sheets to Part VII, Section A							1,166,895	0	179,367	
d Total (add lines 1b and 1c)							6,731,405	0	1,812,313	

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 **▶ 112**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
BRIGHAM ANESTHESIA SOUTH LLC, 35 ALBANY RD STE C, CARBONDALE, IL 62903	MEDICAL AND HEALTHCARE PAYMENTS	3,649,278
MEDICAL STAFFING NETWORK, PO BOX 203000, DALLAS, TX 72445	MEDICAL AND HEALTHCARE PAYMENTS	3,065,378
AOS LLC, 1859 BOWKES AVE, FENTON, MO 63026	IT SERVICES	2,830,007
LAB CORP OF AMERICA, PO BOX 12140, BURLINGTON, NC 27216	LAB SERVICES	2,011,281
MIDWEST REGIONAL NEONATOLOGY, 1809 WEST MAIN, CARBONDALE, IL 62901	MEDICAL AND HEALTHCARE PAYMENTS	1,014,878

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 **▶ 44**

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	16,101				
	e Government grants (contributions)	1e	1,785,803				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	651,185				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		2,453,089				
Program Service Revenue	Business Code						
	2a PATIENT REVENUE	622110	401,920,581	401,920,581	0	0	
	b PARTNERSHIP INCOME	900099	1,510,727	1,510,727	0	0	
	c LEASEHOLD REVENUE FROM RELATED ORGANIZATIONS	531120	208,011	208,011	0	0	
	d _____		0				
	e _____		0				
	f All other program service revenue .		0	0	0	0	
g Total. Add lines 2a-2f		403,639,319					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		8,782,600	0	0	8,782,600	
	4 Income from investment of tax-exempt bond proceeds		0				
	5 Royalties		0				
	6a Gross rents	(i) Real	670,891				
		(ii) Personal					
		b Less: rental expenses	637,346				
		c Rental income or (loss)	33,545	0			
	d Net rental income or (loss)		33,545	0	0	33,545	
	7a Gross amount from sales of assets other than inventory	(i) Securities	365,861,072				
		(ii) Other	8,370				
		b Less: cost or other basis and sales expenses	336,808,801	199,490			
		c Gain or (loss)	29,052,271	-191,120			
	d Net gain or (loss)		28,861,151	0	0	28,861,151	
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
		c Net income or (loss) from fundraising events		0			
	9a Gross income from gaming activities. See Part IV, line 19	a					
		b Less: direct expenses	b				
		c Net income or (loss) from gaming activities		0			
	10a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold		b					
c Net income or (loss) from sales of inventory			0				
Miscellaneous Revenue		Business Code					
11a CAFETERIA/VENDING/HOSPITAL AUXILIARY	900099	1,961,136	528,879	0	1,432,257		
b MEDICAL RECORDS/X-RAY/INTERNET PHYSICIANS	621300	638,179	123,740	514,439	0		
c REFERENCE LAB	621500	230,027	0	230,027	0		
d All other revenue	900099	7,227,608	7,227,608	0	0		
e Total. Add lines 11a-11d		10,056,950					
12 Total revenue. See instructions.		453,826,654	411,519,546	744,466	39,109,553		

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 or note to any line in this Part IX

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

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	969,461	969,461		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0	0		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0	0		
4 Benefits paid to or for members	0	0		
5 Compensation of current officers, directors, trustees, and key employees	7,460,026	1,194,379	6,265,647	0
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	43,680	43,680	0	0
7 Other salaries and wages	125,471,649	103,689,202	21,630,195	152,252
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,868,988	1,741,941	1,124,681	2,366
9 Other employee benefits	29,937,717	27,429,410	2,488,929	19,378
10 Payroll taxes	9,602,626	7,753,614	1,837,760	11,252
11 Fees for services (non-employees):				
a Management	0	0	0	0
b Legal	612,467	9,231	603,236	0
c Accounting	146,133	0	146,133	0
d Lobbying	77,000	0	77,000	0
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	484,592	0	484,592	0
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	61,046,680	52,581,926	8,464,754	0
12 Advertising and promotion	1,056,025	17,748	1,038,277	0
13 Office expenses	8,451,517	7,517,532	911,731	22,254
14 Information technology	9,413,074	6,805,653	2,607,421	0
15 Royalties	0	0	0	0
16 Occupancy	7,026,148	5,661,496	1,364,652	0
17 Travel	770,515	460,779	309,736	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19 Conferences, conventions, and meetings	1,008,634	509,679	498,955	0
20 Interest	6,700,565	6,662,200	38,365	0
21 Payments to affiliates	0	0	0	0
22 Depreciation, depletion, and amortization	27,012,904	17,842,811	9,170,093	0
23 Insurance	8,728,918	8,460,282	268,636	0
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>MEDICAL SUPPLIES</u>	73,586,384	73,586,384	0	0
b <u>PROVIDER TAX</u>	5,854,768	5,854,768	0	0
c <u>EQUIPMENT RENTAL</u>	5,736,778	5,241,896	494,882	0
d <u>HOSPITAL AUXILIARY</u>	533,726	533,726	0	0
e All other expenses	1,534,433	942,081	592,352	0
25 Total functional expenses. Add lines 1 through 24e	396,135,408	335,509,879	60,418,027	207,502
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	6,859	1	6,325
	2 Savings and temporary cash investments	4,075,871	2	8,492,184
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	83,950,513	4	82,227,368
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 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	0	6	0
	7 Notes and loans receivable, net	1,100,268	7	789,001
	8 Inventories for sale or use	7,876,596	8	9,332,618
	9 Prepaid expenses and deferred charges	5,080,193	9	4,844,913
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 400,487,556		
	b Less: accumulated depreciation	10b 219,428,076	169,697,790	10c 181,059,480
	11 Investments—publicly traded securities	310,962,871	11	323,940,686
	12 Investments—other securities. See Part IV, line 11	3,014,093	12	2,805,594
	13 Investments—program-related. See Part IV, line 11	0	13	0
	14 Intangible assets		14	574,500
	15 Other assets. See Part IV, line 11	21,349,206	15	36,255,097
16 Total assets. Add lines 1 through 15 (must equal line 34)	607,114,260	16	650,327,766	
Liabilities	17 Accounts payable and accrued expenses	45,777,524	17	47,748,475
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	135,345,000	20	128,290,000
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 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	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	29,898,956	25	26,856,728
	26 Total liabilities. Add lines 17 through 25	211,021,480	26	202,895,203
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	395,765,997	27	447,280,642
	28 Temporarily restricted net assets	326,783	28	151,921
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	396,092,780	33	447,432,563
34 Total liabilities and net assets/fund balances	607,114,260	34	650,327,766	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	453,826,654
2	Total expenses (must equal Part IX, column (A), line 25)	2	396,135,408
3	Revenue less expenses. Subtract line 2 from line 1	3	57,691,246
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	396,092,780
5	Net unrealized gains (losses) on investments	5	-9,453,002
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	3,101,539
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	447,432,563

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	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.		
2a	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		✓
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	✓	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	✓	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	✓	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	✓	

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (Check all that apply)						(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			
(26) THOMAS HENTRICH ----- PHARMACIST	40 ----- 0					✓		184,748	0	44,089
(27) LEAH MACFARLANE ----- PHARMACIST	40 ----- 0					✓		178,365	0	21,560
(28) DANIEL SKILES ----- EXEC DIRECTOR PHO	40 ----- 0					✓		190,708	0	39,302
(29) CHARLES BROOKS ----- STAFF NURSE	40 ----- 0					✓		182,634	0	30,276
(30) REBECCA BRASEL ----- STAFF NURSE	40 ----- 0					✓		181,178	0	43,733
(31) BECKY ASHTON ----- FORMER VP	0 ----- 0						✓	249,262	0	407

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2013

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

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Open to Public Inspection

Name of the organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vii)**. (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?

	Yes	No
(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?	11g(i)	
(ii) A family member of a person described in (i) above?	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	

(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	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									0

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Cat. No. 11285F Schedule A (Form 990 or 990-EZ) 2013

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	%

- 19a 33 1/3% support tests—2013.** 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—2012.** 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

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

OMB No. 1545-0047

2013

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

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

Name of the organization

SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer identification number

37-0618939

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33¹/₃ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

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

Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	----- ----- -----	\$ ----- 452,750	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	----- ----- -----	\$ ----- 728,205	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	----- ----- -----	\$ ----- 15,436	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	----- ----- -----	\$ ----- 235,303	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	----- ----- -----	\$ ----- 15,382	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	----- ----- -----	\$ ----- 518,266	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	----- ----- -----	\$ ----- 23,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	----- ----- -----	\$ ----- 41,494	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	----- ----- -----	\$ ----- 29,652	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	----- ----- -----	\$ ----- 375,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	----- ----- -----	\$ ----- 16,101	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

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

Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ _____

Use duplicate copies of Part III if additional space is needed.

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

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

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

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

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

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

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

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

Political Campaign and Lobbying Activities

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

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

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

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

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

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

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

Name of organization SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number 37-0618939
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		✓	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	✓		
c Media advertisements?		✓	
d Mailings to members, legislators, or the public?		✓	
e Publications, or published or broadcast statements?		✓	
f Grants to other organizations for lobbying purposes?		✓	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	✓		77,000
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
i Other activities?	✓		75,875
j Total. Add lines 1c through 1i			152,875
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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.

SEE NEXT PAGE

Part IV

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

Return Reference	Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1	DESCRIPTION OF THE ACTIVITIES REPORTED ON LINES 1A THROUGH 1I	A PORTION OF DUES PAID TO THE ILLINOIS HOSPITAL ASSOCIATION IS USED FOR LOBBYING BY THAT ASSOCIATION IN THE AMOUNT OF \$75,875.
SCHEDULE C, PART II-B, LINE 1G	DIRECT CONTRACT WITH LEGISLATORS	THE ORGANIZATION HAS HIRED A PROFESSIONAL SERVICES FIRM TO CONDUCT LOBBYING ON BEHALF OF THE ORGANIZATION.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Open to Public Inspection

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: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes No, 6 Did the organization inform all grantees... Yes No.

Part II Conservation Easements.

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

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution..., 3 Number of conservation easements modified..., 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain...

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

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

b If "Yes," explain the arrangement in Part 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
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		11,331,285		11,331,285
b Buildings		107,968,814	57,414,121	50,554,693
c Leasehold improvements		13,110,479	8,782,368	4,328,111
d Equipment		245,336,076	153,231,587	92,104,489
e Other		22,740,902		22,740,902
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				181,059,480

Part VII Investments—Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII Investments—Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DUE FROM AFFILIATES	28,249,730
(2) STUDENT/TUITION LOANS RECEIVABLE	710,649
(3) OTHER CURRENT ASSETS	908,105
(4) UNAMORTIZED BOND COSTS, NET	3,918,508
(5) EXECUTIVE BENEFIT PLAN	2,468,105
(6) _____	
(7) _____	
(8) _____	
(9) _____	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	36,255,097

Part X Other Liabilities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes	0	
(2) ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	11,083,309	
(3) INTEREST RATE SWAP CONTRACT	9,853,341	
(4) MEDICAL PROFESSIONAL LIABILITY	4,603,859	
(5) DUE TO AFFILIATES	96,708	
(6) ACCRUED BOND INTEREST	631,364	
(7) ASBESTOS LIABILITY	98,378	
(8) LONG TERM EXECUTIVE RETIREMENT PLAN	338,900	
(9) MISCELLANEOUS	150,869	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	26,856,728	

2. Liability for uncertain tax positions. 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 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.

Return Reference	Identifier	Explanation
SCHEDULE D, PART X, LINE 2	FIN 48 (ASC 740) FOOTNOTE	<p>THE ORGANIZATION IS INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS. BELOW IS THE FIN 48 (ASC 740) FOOTNOTE FROM THOSE FINANCIAL STATEMENTS</p> <p>THE CORPORATION IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE CORPORATION REALIZED CERTAIN INCOME WHICH THE INTERNAL REVENUE SERVICE CONSIDERS TO BE UNRELATED BUSINESS INCOME SUBJECT TO INCOME TAX. FOR THE YEARS ENDED MARCH 31, 2014 AND 2013, NO TAX WAS DUE RELATED TO THESE OPERATIONS.</p> <p>WHEN TAX RETURNS ARE FILED, IT IS HIGHLY CERTAIN THAT SOME POSITIONS TAKEN WOULD BE SUSTAINED UPON EXAMINATION BY THE TAXING AUTHORITIES, WHILE OTHERS ARE SUBJECT TO UNCERTAINTY ABOUT THE MERITS OF THE POSITION TAKEN OR THE AMOUNT OF THE POSITION THAT WOULD BE ULTIMATELY SUSTAINED. EXAMPLES OF TAX POSITIONS COMMON TO HEALTH SYSTEMS INCLUDE MATTERS SUCH AS THE TAX EXEMPT ENTITY TAKING A TAX POSITION THAT AN ORGANIZATION IS TAX EXEMPT WITHOUT OBSERVING CORRESPONDING PROOF OF TAX EXEMPTION FROM FEDERAL AND STATE TAXING AUTHORITIES AND THERE IS MATERIAL NET INCOME GENERATED BY THE ENTITY OR EGREGIOUS COMPENSATION PAID TO INSIDERS THAT COULD RESULT IN REVOCATION OF EXEMPT STATUS (OUTSIDE THE SCOPE OF INTERMEDIATE SANCTIONS EXCISE TAX PENALTIES). THE TAX POSITION IS TO CONSIDER THAT THESE COMPENSATORY ARRANGEMENTS DO NOT JEOPARDIZE TAX EXEMPTION. THE BENEFIT OF A TAX POSITION IS RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS IN THE PERIOD DURING WHICH, BASED ON ALL AVAILABLE EVIDENCE, MANAGEMENT BELIEVES IT IS MORE LIKELY THAN NOT THAT THE POSITION WILL BE SUSTAINED UPON EXAMINATION, INCLUDING THE RESOLUTION OF APPEALS OR LITIGATION PROCESSES, IF ANY.</p> <p>TAX POSITIONS TAKEN ARE NOT OFFSET OR AGGREGATED WITH OTHER POSITIONS. TAX POSITIONS THAT MEET THE "MORE-LIKELY-THAN-NOT" RECOGNITION THRESHOLD ARE MEASURED AS THE LARGEST AMOUNT OF TAX BENEFIT THAT IS MORE THAN 50 PERCENT LIKELY OF BEING REALIZED UPON SETTLEMENT WITH THE APPLICABLE TAXING AUTHORITY. THERE WERE NO UNCERTAIN TAX BENEFITS IDENTIFIED AND RECORDED AT MARCH 31, 2014 AND 2013. 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. THERE WAS NO INTEREST AND/OR PENALTIES RELATED TO INCOME TAX MATTERS IDENTIFIED AND RECORDED AT MARCH 31, 2014 AND 2013.</p> <p>TAX RETURNS FILED BY THE CORPORATION ARE SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS) UP TO THREE YEARS FROM THE EXTENDED DUE DATE OF EACH RETURN. TAX RETURNS FILED BY THE CORPORATION ARE NO LONGER SUBJECT TO EXAMINATION FOR THE YEARS ENDED MARCH 31, 2010 AND PRIOR.</p>

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

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" on Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(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.g., fundraising, program services, investments, grants to recipients located in the region)	(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
(1) CENTRAL AMERICA AND THE CARIBBEAN	0	0	INVESTMENTS		120,000
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total	0	0			120,000
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			120,000

Part II Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" on 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)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

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" on 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)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

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, Information 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); 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).

Return Reference	Identifier	Explanation
SCHEDULE F, PART I, LINE 3	METHOD TO ACCOUNT FOR EXPENDITURES ON ORG.'S FINANCIAL STATEMENTS	CENTRAL AMERICA AND THE CARIBBEAN: ACCRUAL

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2013

Open to Public Inspection

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
 ▶ **Attach to Form 990.** ▶ **See separate instructions.**
 ▶ **Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.**

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

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	✓	
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. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
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.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%	✓	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____%	✓	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
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"?	✓	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	✓	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	✓	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		✓
6a Did the organization prepare a community benefit report during the tax year?	✓	
b If "Yes," did the organization make it available to the public?	✓	

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(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
a Financial Assistance at cost (from Worksheet 1)			13,260,538		13,260,538	3.35
b Medicaid (from Worksheet 3, column a)			68,266,981	45,083,070	23,183,911	5.85
c Costs of other means-tested government programs (from Worksheet 3, column b)					0	0.00
d Total Financial Assistance and Means-Tested Government Programs	0	0	81,527,519	45,083,070	36,444,449	9.20
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			805,548		805,548	0.20
f Health professions education (from Worksheet 5)			2,773,270	615,002	2,158,268	0.54
g Subsidized health services (from Worksheet 6)			3,010,926	1,886,301	1,124,625	0.28
h Research (from Worksheet 7)			159,410		159,410	0.04
i Cash and in-kind contributions for community benefit (from Worksheet 8)			973,920		973,920	0.25
j Total. Other Benefits	0	0	7,723,074	2,501,303	5,221,771	1.31
k Total. Add lines 7d and 7j	0	0	89,250,593	47,584,373	41,666,220	10.51

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat. No. 50192T Schedule H (Form 990) 2013

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	0.00
2 Economic development					0	0.00
3 Community support					0	0.00
4 Environmental improvements					0	0.00
5 Leadership development and training for community members					0	0.00
6 Coalition building			132,823		132,823	0.03
7 Community health improvement advocacy			416,275		416,275	0.10
8 Workforce development					0	0.00
9 Other					0	0.00
10 Total	0	0	549,098	0	549,098	0.14

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	✓
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	10,551,849
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	2,273,446
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	134,684,659
6	Enter Medicare allowable costs of care relating to payments on line 5	6	141,621,371
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-6,936,712
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	✓
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	✓

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	43
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, primary website address, and state license number

	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 0000513	✓	✓		✓			✓			A
2 HERRIN HOSPITAL 201 SOUTH 14TH STREET HERRIN, IL 62948 WWW.SIH.NET 0000935	✓	✓					✓		ACUTE REHAB	A
3 ST JOSEPH MEMORIAL HOSPITAL 800 NORTH 2ND STREET MURPHYSBORO, IL 62966 WWW.SIH.NET 0004614	✓	✓			✓		✓			A
4										
5										
6										
7										
8										
9										
10										

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

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) _____

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	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):			
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<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		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Section C)		
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>1</u> <u>2</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	✓	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	✓	
5	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):			
a	<input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.SIH.NET/ABOUT/COMMUNITY-BENEFITS/</u>		
b	<input type="checkbox"/> Other website (list url): _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Section C)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs	✓	
8a	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)?		✓
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	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)

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	✓	
10	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>2</u> <u>0</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.	✓	
11	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>4</u> <u>0</u> <u>0</u> % If "No," explain in Section C the criteria the hospital facility used.	✓	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	✓	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Residency		
i	<input type="checkbox"/> Other (describe in Section C)		
13	Explained the method for applying for financial assistance?	✓	
14	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):	✓	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Section C)		
Billing and Collections			
15	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?	✓	
16	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 individual's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		
17	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 individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged:		✓
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Section C)		

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 individuals regarding the individuals' bills
 - d** Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
 - e** Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d	<input type="checkbox"/> Other (describe in Section C)		

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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input checked="" type="checkbox"/> Other (describe in Section C)			
21	During the tax year, did the hospital facility charge any FAP-eligible individual 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 Section C.				
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?			✓
If "Yes," explain in Section C.				

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5a, 5b 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Return Reference	Identifier	Explanation
SCHEDULE H, PART V SEC B, LINE 3	COMMUNITY SERVED BY NEEDS ASSESSMENT	<p>(1) A EXPLANATION</p> <p>THE BROAD INTERESTS OF THE COMMUNITY WE SERVE WERE INCORPORATED BY INCLUDING INPUT FROM RESIDENTS, PATIENT GROUPS, HEALTH CARE PRACTITIONERS, LOCAL HEALTH DEPARTMENTS, SOCIAL SERVICE PROVIDERS, AND OTHER COMMUNITY ORGANIZATIONS AND PARTNERS. PARTICIPANTS CONTRIBUTED TO THIS ASSESSMENT BY: IDENTIFYING AND PRIORITIZING NEEDS; HIGHLIGHTING CURRENT SUCCESSFUL AND ONGOING ACTIVITIES; IDENTIFYING GAPS WHERE ATTENTION IS NEEDED; FOSTERING COLLABORATION, PURSUING OPPORTUNITIES FOR INNOVATION AND SUSTAINABILITY; AND DEVELOPING PLANS TO ADDRESS SIGNIFICANT COMMUNITY HEALTH ISSUES.</p> <p>THE PROCESS WAS GUIDED BY A STEERING COMMITTEE COMPOSED OF AN INTERNAL TEAM OF SIH REPRESENTATIVES AND AN EXTERNAL TEAM OF COMMUNITY STAKEHOLDERS KNOWLEDGEABLE ABOUT HEALTH, NEEDS ASSESSMENT, AND THE LOCAL COMMUNITY. THE PROCESS INCLUDED A PRIMARY SURVEY OF OUR COMMUNITY'S HEALTH PRIORITIES, A PATIENT FOCUS GROUP, AND FACILITATED GROUP DISCUSSIONS WITH LOCAL PUBLIC HEALTH DEPARTMENT STAFF, HEALTH AND SOCIAL SERVICE PROVIDERS, AND OTHER COMMUNITY MEMBERS. ACTIVE PARTICIPATION IN LOCAL HEALTH COMMUNITY COALITIONS ALSO PROVIDED INSIGHT INTO THE NEEDS AND PRIORITIES OF OUR COMMUNITY MEMBERS.</p>
SCHEDULE H, PART V SEC B, LINE 4	OTHER HOSPITAL FACILITIES INCLUDED IN NEEDS ASSESSMENT	<p>(1) A EXPLANATION</p> <p>HERRIN HOSPITAL, HERRIN, IL, ST JOSEPH MEMORIAL HOSPITAL, MURPHYSBORO, IL, MEMORIAL HOSPITAL OF CARBONDALE, CARBONDALE, IL</p>
SCHEDULE H, PART V SEC B, LINE 20D	HOW AMOUNTS CHARGED TO FAP- ELIGIBLE PATIENTS WERE DETERMINED	<p>(1) A EXPLANATION</p> <p>ORGANIZATION IS USING THE LOOK-BACK METHOD DESCRIBED IN 501(R)-5(B)(1).</p>

Part V Facility Information *(continued)***Section D. 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? 24

Name and address	Type of Facility (describe)
1 RIC AND SIH REHABILITATION SERVICES, LLC PO BOX 3988 CARBONDALE, IL 62901	REHABILITATION SERVICES
2 PRAIRIE BUILDING 409 WEST OAK CARBONALE, IL 62901	CARDIAC DIAGNOSTIC
3 ST JO LAB AND IMAGING AT CMA 2601 WEST MAIN CARBONDALE, IL 62901	LAB AND IMAGING SERVICES
4 PHYSICIANS SURGERY CENTER 2601 WEST MAIN ST CARBONDALE, IL 62901	SURGERY CENTER
5 LPC WF IMAGING AND LAB 502 ST LOUIS STREET WEST FRANKFORT, IL 62896	RADIOLOGY SERVICES, LABORATORY SERVICES
6 CANCER CARE CENTER 3117 WILLIAMSON COUNTY PARKWAY MARION, IL 62959	CANCER TREATMENT SERVICES
7 SLEEP CENTER 8305 EXPRESS DRIVE MARION, IL 62959	SLEEP STUDIES
8 BREAST CENTER 1237 EAST MAIN STREET CARBONDALE, IL 62901	MAMMOGRAPHY FACILITY
9 REHAB UNLIMITED 305 WEST JACKSON CARBONDALE, IL 62901	PHYSICAL THERAPY
10 MINERS MEMORIAL HEALTH CENTER 2553 KEN GRAY BLVD WEST FRANKFORT, IL 62896	FAMILY PRACTICE, RADIOLOGY AND LAB SERVICES, AND SPECIALTY CLINICS

Part V Facility Information *(continued)***Section D. 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? 24

Name and address	Type of Facility (describe)
1 LOGAN PARK RADIOLOGY AND LAB 405 RUSHING DRIVE HERRIN, IL 62948	RADIOLOGY SERVICES, LABORATORY SERVICES
2 REHAB UNLIMITED AND FIT FOR WORK 515 EAST VIENNA STREET ANNA, IL 62906	PHYSICAL THERAPY SERVICES
3 REFERENCE LAB 500 LINCOLN DRIVE HERRIN, IL 62948	LAB SERVICES
4 WOUND CARE 315 SOUTH 13TH ST HERRIN, IL 62948	WOUND CARE
5 REHAB UNLIMITED 6 EAST SHAWNEE DRIVE MURPHYSBORO, IL 62864	PHYSICAL THERAPY SERVICES
6 FRANKLIN MEDICAL ARTS 203 BAILEY LANE BENTON, IL 62912	LAB AND IMAGING SERVICES
7 LPC REHAB 3308 LOGAN DRIVE HERRIN, IL 62948	REHABILITATION SERVICES
8 RIC PHYSICIAN PRACTICES 3224 SOUTH PARK AVENUE HERRIN, IL 62948	REHABILITATION SERVICES
9 WOMEN'S CENTER 315 SOUTH 13TH ST HERRIN, IL 62948	MAMMOGRAPHY SERVICE
10 HERRIN MEDICAL ARTS 220 S PARK AVE HERRIN, IL 62948	OUTPAT CARDIOVASCULAR CENTER/CHF CLINIC

Part V Facility Information *(continued)*

Section D. 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? 24

Name and address	Type of Facility (describe)
1 FIT FOR WORK 101 SOUTH PARK AVENUE HERRIN, IL 62948	PHYSICAL THERAPY SERVICES
2 WOUND CARE - HARRISBURG 411 WEST POPLAR HARRISBURG, IL 62948	WOUND CARE
3 REHAB UNLIMITED - MARION 3905 ERNESTINE MARION, IL 62959	REHABILITATION SERVICES
4 REHAB UNLIMITED MCLEANSBORO 117-119 S JACKSON MCLEANSBORO, IL 62859	REHABILITATION SERVICES
5 	
6 	
7 	
8 	
9 	
10 	

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Return Reference	Identifier	Explanation
SCHEDULE H, PART I, LINE 7	BAD DEBT EXPENSE	THE ORGANIZATION IS REQUIRED FOR GAAP TO RECORD BAD DEBT EXPENSE AS A CONTRA-REVENUE ACCOUNT. THEREFORE ON THE TAX RETURN THE BAD DEBT EXPENSE IS INCLUDED IN PART VIII AND NOT PART IX OF THE CORE FORM 990. THEREFORE THERE IS NO BAD DEBT EXPENSE TO REMOVE FROM TOTAL EXPENSES FOR PURPOSES OF CALCULATING CHARITY CARE AND COMMUNITY BENEFIT PERCENTAGES.
SCHEDULE H, PART I, LINE 7	COSTING METHODOLOGY USED TO CALCULATE FINANCIAL ASSISTANCE	<p>THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED VARY ACCORDING TO THE INFORMATION REQUESTED AND THE MOST ACCURATE MEANS OF GATHERING THE REQUIRED INFORMATION.</p> <p>THE IRS PROVIDED WORKSHEET NUMBER 2 WAS USED TO CALCULATE A COST TO CHARGE RATIO USING INFORMATION FROM THE ORGANIZATION'S GENERAL LEDGER AND COST REPORTS. THAT RATIO WAS THEN USED IN CONJUNCTION WITH IRS WORKSHEET NUMBER 1 TO CALCULATE THE COST OF CHARITY CARE PROVIDED AND WORKSHEET NUMBER 3 TO CALCULATE UNREIMBURSED MEDICAID AMOUNTS.</p> <p>THE ORGANIZATION'S COST ACCOUNTING SOFTWARE WAS UTILIZED FOR CALCULATING PORTIONS OF THE SUBSIDIZED HEALTH SERVICES. THE ORGANIZATION'S COST ACCOUNTING SOFTWARE ENCOMPASSES ALL PATIENT TYPES, SERVICES, AND PAYORS. THE COST ASSOCIATED WITH A SERVICE ARE REVIEWED AND UPDATED ANNUALLY TO PROVIDE THE MOST ACCURATE COST POSSIBLE. BOTH DIRECT AND INDIRECT COSTS ARE CONSIDERED WHEN ENTERED INTO THE SYSTEM.</p> <p>ACTUAL COST OF HEALTH IMPROVEMENT AND COMMUNITY BENEFIT PROGRAMS, HEALTH EDUCATION, RESEARCH PROGRAMS, SOME SUBSIDIZED HEALTH SERVICES AND DONATIONS ARE STATED AT ACTUAL COST. THE COSTS OF THESE ITEMS ARE TRACKED THROUGH THE GENERAL LEDGER PROCESS AND THROUGH OTHER ACCOUNTING SOFTWARE.</p>
SCHEDULE H, PART I, LINE 7, COL(F)	BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	0
SCHEDULE H, PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES	A FAMILY PRACTICE CENTER IS INCLUDED IN SUBSIDIZED HEALTH SERVICES. THE COST OF PROVIDING THIS CENTER WAS \$626,881.
SCHEDULE H, PART II	COMMUNITY BUILDING ACTIVITIES	<p>THROUGH COMMUNITY BUILDING ACTIVITIES, SOUTHERN ILLINOIS HOSPITAL SERVICES ADDRESSES THE CAUSES OF HEALTH PROBLEMS THROUGH PROGRAMS THAT ADVOCATE FOR COMMUNITY HEALTH IMPROVEMENTS.</p> <p>THESE PROGRAMS INCLUDE:</p> <p>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 WITHIN THE COMMUNITIES SERVED BY SIH HOSPITALS. DEPARTMENT STAFF WORKS 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. IN FY13 AN INCREASED FOCUS WILL BE DIRECTED ON INITIATIVES ADDRESSING CARDIOVASCULAR DISEASE AND CANCER. THE DEVELOPMENT OF STRATEGIES, PROGRAMMING, AND INTERVENTIONS TO REDUCE METHAMPHETAMINE USAGE, AND THE CONTINUATION OF EFFORTS TO EXPAND ACCESS TO CARE FOR THE UNINSURED AND UNDER-INSURED. SIH IS ACTIVE IN TWO HEALTHY COMMUNITIES COALITIONS IN LOCAL COUNTIES. THESE COALITIONS ARE COMPRISED OF HEALTH PROVIDERS, SOCIAL SERVICE AGENCIES, CITIZENS AND OTHER INTERESTED COMMUNITY GROUPS.</p> <p>COORDINATED SCHOOL HEALTH – "HEALTHY STUDENTS- READY TO LEARN" - THROUGH THE COORDINATED SCHOOL HEALTH PROGRAM, THE PARTNERS IN HEALTH TEAM WORKS WITH SCHOOL DISTRICTS TO ENSURE THAT THE LEARNING ENVIRONMENT IS STRUCTURALLY SAFE AS WELL AS FREE FROM FEAR. POLICIES, SCHOOL SAFETY PLANS AND LESSONS FOCUSING ON VIOLENCE PREVENTION CONTRIBUTE TO A SAFE SCHOOL ENVIRONMENT. COMPREHENSIVE, SKILL-BASED HEALTH EDUCATION, PHYSICAL EDUCATION IN SCHOOL THAT EMPHASIZES IMPROVED FITNESS, THE DEVELOPMENT OF A LIFELONG INTEREST IN HEALTH AND WELLNESS, AND DEVELOPING EXPANDED AND SUSTAINABLE HEALTH SERVICES IN SCHOOLS ARE FOCUS AREAS OF THIS PROGRAM.</p>

Return Reference	Identifier	Explanation
		<p>THE "PARTNERS IN HEALTH" INITIATIVE NOW INVOLVES 41 SCHOOLS, 21,000 STUDENTS AND 1,100 FACULTY AND STAFF. THE COMPONENTS OF A COORDINATED SCHOOL HEALTH PROGRAM INCLUDE HEALTH INSTRUCTION, PHYSICAL EDUCATION, HEALTH SERVICES, NUTRITION SERVICES, DEVELOPMENT OF A HEALTHY SCHOOL ENVIRONMENT, HEALTH PROMOTION FOR STAFF, PSYCHOLOGICAL AND SOCIAL SERVICES, AND FAMILY/COMMUNITY INVOLVEMENT.</p> <p>IN ADDITION TO THE PARTNERS IN HEALTH, SOUTHERN ILLINOIS HOSPITAL SERVICES IS WORKING COLLABORATIVELY TO ESTABLISH SCHOOL-BASED HEALTH CENTERS IN THE COMMUNITIES OF CARBONDALE, MARION, WEST FRANKFORT, AND BENTON. THIS IS A COLLABORATION OF MULTIPLE COMMUNITY PARTNERS WHOSE GOAL IS TO ALLEVIATE THE OVERALL HEALTH DISPARITIES BETWEEN CHILDREN THAT RECEIVE REGULAR PRIMARY CARE, SCREENINGS AND SPECIALIZED SERVICES AND THOSE WHO DO NOT EXPERIENCE SUCH CARE. BY OFFERING HEALTH SERVICES FOR CHILDREN IN SCHOOL SETTINGS, IMPROVED COORDINATION OF CARE WITH PRIMARY PHYSICIANS WILL BE ENHANCED, CHRONIC CONDITIONS CAN BE BETTER MANAGED, AND ACCESS WILL BE INCREASED TO THOSE LACKING A PRIMARY CARE PROVIDER. CURRENT EFFORTS INCLUDE PLANNED PARTNERSHIPS BETWEEN THE SCHOOLS AND WOULD INVOLVE MULTIPLE COLLABORATIVE ENTITIES SUCH AS COMMUNITY HEALTH CENTERS, COMMUNITY MENTAL HEALTH AGENCIES, LOCAL HEALTH DEPARTMENTS, RURAL HEALTH CLINICS AND SIH COMMUNITY BENEFITS.</p> <p>PATIENT SUPPORT INITIATIVE – SOUTHERN ILLINOIS HOSPITAL SERVICES PROVIDES A PATIENT SUPPORT INITIATIVE (PSI) WITH THE GOAL OF PROVIDING PATIENTS WITH ADEQUATE CARE AND COMPENSATING PHYSICIANS AT REASONABLE RATES FOR PATIENTS THAT DO NOT HAVE RESOURCES AVAILABLE TO PAY THEIR HEALTH CARE BILLS. SIHS COMPENSATES PHYSICIANS FOR THE CARE OF PATIENTS THAT ENTER THE HEALTHCARE SYSTEM VIA THE EMERGENCY DEPARTMENTS AT SIHS FACILITIES AND ARE ASSIGNED TO PHYSICIANS BASED UPON THE ON-CALL ROTATION COVERAGE. PSI IS DESIGNED FOR PHYSICIAN/PATIENT CONTACT THAT OCCURS IN A HOSPITAL BASED SETTING WHEN THERE WAS NO PREVIOUS RELATIONSHIP BETWEEN THE PATIENT AND THE PHYSICIAN OR THE PHYSICIAN'S PRACTICE. PSI PAYS COMPENSATION FOR PROFESSIONAL FEES ONLY, RELATING DIRECTLY TO THE EPISODE OF CARE BEGUN IN THE EMERGENCY DEPARTMENT, NOT TO EXCEED 30 DAYS.</p> <p>INDIGENT CARE FUNDING – SOUTHERN ILLINOIS HOSPITAL SERVICES PROVIDES FUNDING TO PURCHASE PRESCRIPTIONS, MEDICAL SUPPLIES AND TRANSPORTATION TO PATIENTS DEEMED FINANCIALLY INDIGENT ON A CASE-BY- CASE BASIS.</p>
SCHEDULE H, PART III, LINE 2	BAD DEBT EXPENSE - METHODOLOGY USED TO ESTIMATE AMOUNT	<p>IN EVALUATING THE COLLECTABILITY 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 PROVISION FOR BAD DEBTS. FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY INSURANCE COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES A PROVISION FOR BAD DEBTS, IF NECESSARY. 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 PROVISION FOR BAD DEBT.</p>
SCHEDULE H, PART III, LINE 3	BAD DEBT EXPENSE METHODOLOGY	<p>COSTING METHODOLOGY OF BAD DEBT EXPENSE THE COST TO CHARGE RATIO IS CALCULATED UTILIZING WORKSHEET 2 INCLUDED IN THE INTERNAL REVENUE SERVICE'S FORM 990 SCHEDULE H INSTRUCTIONS. THIS COST TO CHARGE RATIO IS APPLIED TO THE CHARGES THAT ARE WRITTEN OFF PER THE ABOVE METHODOLOGY.</p> <p>COSTING METHODOLOGY TO ESTIMATE CHARITY CARE IN BAD DEBT EXPENSE TO ESTIMATE THE AMOUNT OF CARE THAT WAS WRITTEN OFF AS BAD DEBT EXPENSE THAT WOULD HAVE BEEN ELIGIBLE FOR CHARITY UNDER OUR POLICY THE FOLLOWING STEPS WERE TAKEN:</p> <ul style="list-style-type: none"> - THE NUMBER OF ENCOUNTERS BY COUNTY AT EACH OF OUR 3 FACILITIES WAS OBTAINED FROM OUR REGISTRATION SYSTEM. THE PERCENTAGE OF PATIENTS FROM EACH COUNTY VARIES BY FACILITY DUE TO THE LOCATION OF THE FACILITY. - THE AMOUNT OF BAD DEBT EXPENSE BY COUNTY AT EACH HOSPITAL WAS ESTIMATED BY APPLYING THE PERCENTAGES OBTAINED ABOVE TO THE AMOUNT OF TOTAL CHARGES WRITTEN OFF AT EACH FACILITY. - THE POVERTY RATE OF EACH COUNTY WAS THEN APPLIED TO THESE ALLOCATED CHARGES TO ESTIMATE THE AMOUNT OF CHARGES THAT WOULD HAVE BEEN ELIGIBLE UNDER OUR CHARITY POLICY BASED ON POVERTY LEVEL GUIDELINES. - THE COST TO CHARGE RATIO AS CALCULATED UTILIZING WORKSHEET 2 FROM THE SCHEDULE H INSTRUCTIONS WAS THEN USED TO DETERMINE THE COST OF THESE CHARGES.
SCHEDULE H, PART III, LINE 4	BAD DEBT EXPENSE - FINANCIAL STATEMENT FOOTNOTE	<p>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</p>

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		<p>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 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.</p>
<p>SCHEDULE H, PART III, LINE 8</p>	<p>COMMUNITY BENEFIT & METHODOLOGY FOR DETERMINING MEDICARE COSTS</p>	<p>THE EXPENSES FROM THE AUDITED FINANCIAL STATEMENTS ARE ADJUSTED PER MEDICARE REGULATIONS. OVERHEADS ARE ALLOCATED BASED ON THE STEP-DOWN METHOD BY USING MEDICARE APPROVED STATISTICS. MEDICARE COSTS ARE DETERMINED BY MULTIPLYING THE DAYS OR CHARGES TIMES THE PER DIEM AMOUNT OR THE COST TO CHARGE RATIO APPLICABLE TO THE DEPARTMENT. HOME OFFICE EXPENSES ARE ALLOCATED TO THE FACILITIES BASED ON THE HOME OFFICE COST REPORT. STATISTICS USED ON THE HOME OFFICE COST REPORT ARE APPROVED BY THE MEDICARE INTERMEDIARY.</p> <p>ONE HUNDRED PERCENT OF THE SHORTFALL OF MEDICARE ALLOWABLE COSTS OVER MEDICARE REVENUE IS CONSIDERED TO BE A COMMUNITY BENEFIT.</p>
<p>SCHEDULE H, PART III, LINE 9B</p>	<p>COLLECTION PRACTICES FOR PATIENTS ELIGIBLE FOR FINANCIAL ASSISTANCE</p>	<p>THE FOLLOWING IS INCLUDED IN OUR POLICY – PATIENT FAIR BILLING AND COLLECTIONS, POLICY # SY-PF-128:</p> <p>PURSUING COLLECTION ACTION: SIH AND ITS AGENTS MAY PURSUE COLLECTION ACTION AGAINST AN UNINSURED PATIENT ONLY WHEN THE FOLLOWING CONDITIONS ARE MET:</p> <p>A. SIH HAS GIVEN THE UNINSURED PATIENT THE OPPORTUNITY TO:</p> <ol style="list-style-type: none"> 1) ASSESS THE ACCURACY OF THE BILL. 2) APPLY FOR FINANCIAL ASSISTANCE IN ACCORDANCE WITH SIH'S HEALTHCARE ASSISTANCE POLICY (HAP) POLICY WITHIN 60 DAYS OF DISCHARGE. 3) AVAIL THEMSELVES OF A REASONABLE PAYMENT PLAN BASED UPON THEIR ACCOUNT(S) BALANCE OR UPON THE PATIENT'S AVAILABLE INCOME AND ASSETS, THE AMOUNT OWED AND ANY PRIOR PAYMENTS. <p>B. IF THE UNINSURED PATIENT HAS INDICATED AN INABILITY TO PAY THE FULL AMOUNT OF THE DEBT IN ONE PAYMENT, SIH OR AVADYNE HEALTH OFFERS THE PATIENT A REASONABLE PAYMENT PLAN.</p> <ol style="list-style-type: none"> 1) SIH OR AVADYNE HEALTH MAY REQUIRE THE UNINSURED PATIENT TO PROVIDE REASONABLE VERIFICATION OF HIS OR HER INABILITY TO PAY THE FULL AMOUNT OF THE DEBT IN ONE PAYMENT. 2) SIH OR AVADYNE HEALTH MAY REQUIRE THE PATIENT TO PROVIDE REASONABLE VERIFICATION OF HIS OR HER INCOME IF AN EXTENDED PAYMENT PLAN IS REQUESTED (THE EXTENDED PAYMENT PLAN ALLOWS LONGER TIME FRAME TO PAY THAN IS OUTLINED IN POLICY SY-PF-111 PAYMENT ARRANGEMENTS). <p>C. WHEN THE CIRCUMSTANCES OF THE PATIENT SUGGEST THE POTENTIAL FOR HAP ELIGIBILITY, THE PATIENT IS GIVEN AT LEAST 60 DAYS FOLLOWING THE DATE OF DISCHARGE OR RECEIPT OF OUTPATIENT CARE TO SUBMIT A HAP APPLICATION BEFORE NON-ECA.</p> <p>D. THE PATIENT HAS FAILED TO MAKE PAYMENTS IN ACCORDANCE WITH A REASONABLE PAYMENT PLAN PREVIOUSLY AGREED TO WITH SIH OR AVADYNE HEALTH.</p> <p>E. THE PATIENT INFORMS SIH THAT HE OR SHE HAS APPLIED FOR HEALTHCARE COVERAGE UNDER MEDICAID, KIDCARE OR OTHER GOVERNMENT SPONSORED HEALTHCARE PROGRAM (AND THERE IS A REASONABLE BASIS TO BELIEVE THE PATIENT WILL QUALIFY FOR SUCH PROGRAM) BUT THE PATIENT'S APPLICATION IS DENIED.</p> <p>SIH DOES NOT REFER A BILL, OR PORTION THEREOF, TO A COLLECTION AGENCY OR ATTORNEY FOR COLLECTION ACTION AGAINST THE PATIENT, WITHOUT FIRST OFFERING THE PATIENT THE OPPORTUNITY TO REQUEST A REASONABLE PAYMENT PLAN FOR THE AMOUNT PERSONALLY OWED BY THE PATIENT.</p> <ol style="list-style-type: none"> A) THIS OPPORTUNITY IS AVAILABLE FOR THE 80 DAYS FOLLOWING THE INITIAL BILL DATE. B) IF THE PATIENT REQUESTS A REASONABLE PAYMENT PLAN, BUT FAILS TO AGREE TO A PLAN WITHIN 80 DAYS OF THE REQUEST, SIH MAY PROCEED WITH COLLECTION ACTION AGAINST THE PATIENT. <p>NO COLLECTION AGENCY, LAW FIRM OR INDIVIDUAL MAY INITIATE LEGAL ACTION FOR NON-PAYMENT OF A HOSPITAL BILL AGAINST A PATIENT WITHOUT THE WRITTEN APPROVAL OF THE CORPORATE DIRECTOR OF PFS WHO REASONABLY BELIEVES THE CONDITIONS FOR PURSUING COLLECTION HAVE BEEN MET.</p> <p>SIH FACILITIES WILL NOT ENGAGE IN ECA'S AGAINST AN INDIVIDUAL BEFORE THE FACILITY HAS MADE REASONABLE EFFORTS TO DETERMINE WHETHER THE INDIVIDUAL MAY BE ELIGIBLE FOR HAP.</p> <p>SIH MAY ENGAGE AN OUTSIDE THIRD PARTY COLLECTION AGENCY, FIRM OR INDIVIDUAL TO MANAGE THE PROCESS OF IMPLEMENTING SIH'S FINANCIAL ASSISTANCE AND REASONABLE PAYMENT PLAN PROGRAMS AND POLICIES SO LONG AS SUCH AGENCY, FIRM OR INDIVIDUAL IS CONTRACTUALLY BOUND TO COMPLY WITH THE TERMS OF PUBLIC ACT 094-0885 (PATIENT FAIR BILLING ACT).</p> <p>COLLECTION LIMITATIONS: SIH DOES NOT PURSUE LEGAL ACTION FOR NON-PAYMENT OF A HOSPITAL BILL AGAINST PATIENTS WHO HAVE CLEARLY DEMONSTRATED THEY HAVE NEITHER SUFFICIENT INCOME</p>

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		<p>NOR ASSETS TO MEET THEIR FINANCIAL OBLIGATIONS PROVIDED THE PATIENT HAS MET THEIR RESPONSIBILITIES AS LISTED BELOW.</p> <p>A. PATIENT RESPONSIBILITIES:</p> <p>1) TO RECEIVE THE PROTECTION AND BENEFITS OF THE PATIENT FAIR BILLING ACT, A PATIENT RESPONSIBLE FOR PAYING A HOSPITAL BILL MUST ACT REASONABLY AND COOPERATE IN GOOD FAITH WITH SIH BY PROVIDING SIH WITH ALL OF THE REASONABLY REQUESTED FINANCIAL AND OTHER RELEVANT INFORMATION AND DOCUMENTATION NEEDED TO DETERMINE THE PATIENT'S ELIGIBILITY UNDER HAP OR REASONABLE PAYMENT PLAN OPTIONS WITHIN 80 DAYS OF A REQUEST FOR SUCH INFORMATION.</p> <p>2) TO RECEIVE THE PROTECTION AND BENEFITS OF THE PATIENT FAIR BILLING ACT, A PATIENT RESPONSIBLE FOR PAYING A HOSPITAL BILL COMMUNICATES TO SIH ANY MATERIAL CHANGE IN THE PATIENT'S FINANCIAL SITUATION THAT MAY AFFECT THE PATIENT'S ABILITY TO ABIDE BY THE PROVISIONS OF AN AGREED UPON REASONABLE PAYMENT PLAN OR QUALIFICATION FOR HAP WITHIN 30 DAYS OF THE CHANGE.</p>
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT.	<p>A COMPLETE COPY OF THE ORGANIZATION'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY CAN BE FOUND AT: HTTP://WWW.SIH.NET/ABOUT/COMMUNITY-BENEFITS/</p>
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE.	<p>THE FOLLOWING EXCERPT IS FROM OUR POLICY # SY-PF-128 PATIENT FAIR BILLING AND COLLECTIONS:</p> <p>PATIENT NOTIFICATION OF HEALTHCARE ASSISTANCE PROGRAM</p> <p>7.1 NOTICES ARE PLACED IN ALL DEPARTMENTS WHERE PATIENT REGISTRATION TAKES PLACE. THIS NOTICE STATES SIH ACCEPTS MEDICARE, MEDICAID, AND ALL HEALTH INSURANCES, INCLUDING AUTOMOBILE AND LIABILITY.</p> <p>7.2 PATIENT NOTIFICATION OF HEALTHCARE ASSISTANCE PROGRAM:</p> <p>A. FINANCIAL ASSISTANCE NOTICES ARE PLACED IN ALL DEPARTMENTS REGISTERING PATIENTS.</p> <p>1) SIGNAGE IN ENGLISH, SPANISH AND ARABIC IS POSTED SAYING:</p> <p>A) A HEALTHCARE ASSISTANCE PROGRAM IS AVAILABLE TO ASSIST QUALIFYING PATIENTS TO AID IN THE FINANCIAL RESOLUTION OF THEIR HOSPITAL BILLS.</p> <p>B. SIH'S WEBSITE PROMINENTLY POSTS A NOTICE THAT FINANCIAL ASSISTANCE IS AVAILABLE THROUGH HAP ALONG WITH A DESCRIPTION OF THE HAP APPLICATION PROCESS AND A COPY OF THE HAP APPLICATION AND POLICY.</p> <p>C. INFORMATION (PAPER COPIES OF THE HAP, HAP APPLICATION FORM, PLAIN LANGUAGE SUMMARY OF THE HAP, AND OTHER APPLICABLE WRITTEN MATERIAL REGARDING THE HAP) IS AVAILABLE IN ALL PATIENT INTAKE OFFICES AND IN OTHER PUBLIC LOCATIONS WITHIN THE HOSPITAL AND BY MAIL (UPON REQUEST WITHOUT CHARGE).</p>
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION.	<p>THE PRIMARY SERVICE AREA OF SOUTHERN ILLINOIS HEALTHCARE IS A SEVEN-COUNTY REGION BETWEEN THE MISSISSIPPI AND OHIO RIVERS IN SOUTHERN ILLINOIS THAT INCLUDES PERRY, JACKSON, FRANKLIN, WILLIAMSON, UNION, JOHNSON, AND SALINE COUNTIES. THE COMBINED POPULATION OF THIS AREA IS APPROXIMATELY 240,000. SIH FACILITIES ARE LOCATED IN COMMUNITIES THAT ARE ADJACENT TO RT. 13, THE PRIMARY EAST-WEST STATE HIGHWAY THROUGH THE REGION, AND ON INTERSTATE I-57, THE MAIN NORTH-SOUTH TRANSPORTATION ARTERY. THESE COUNTIES ARE VERY RURAL: WILLIAMSON COUNTY, THE MOST DENSELY POPULATED COUNTY IN THE SIH SERVICE TERRITORY, CONTAINS 158 PERSONS PER SQUARE MILE. JOHNSON COUNTY, THE LEAST DENSELY POPULATED, CONTAINS 37 PERSONS PER SQUARE MILE. THE AVERAGE NUMBER OF PERSONS PER SQUARE MILE IN ILLINOIS IS 231.</p> <p>COLLECTIVELY, THE RESIDENTS OF EACH OF THESE COUNTIES HAVE MEDIAN HOUSEHOLD INCOMES THAT ARE SUBSTANTIALLY LESS THAN THE STATEWIDE AVERAGE OF \$55,735. OF THE SEVEN COUNTIES, JOHNSON'S MEDIAN HOUSEHOLD INCOME IS THE HIGHEST AT \$41,619 AND JACKSON COUNTY'S IS THE LOWEST AT \$32,169. MORE OF THE RESIDENTS IN THESE COUNTIES LIVE IN POVERTY THAN THE STATE AVERAGE OF 12.6% WITH THE HIGHEST PERCENTAGE BEING 28.5% IN JACKSON COUNTY AND THE LOWEST OF 13.6% IN JOHNSON COUNTY.</p> <p>FURTHER EVIDENCE OF THE ECONOMIC DISTRESS OF THE REGION IS REFLECTED IN THE DEGREE OF CHILDHOOD POVERTY. NOT SURPRISINGLY, THESE COUNTIES RANK AMONG THE POOREST OF ILLINOIS' 102 COUNTIES BASED UPON THE PERCENTAGE OF CHILDREN LIVING IN POVERTY. JACKSON COUNTY HAS THE HIGHEST RATE, 32.1%, OF CHILDHOOD POVERTY RANKING 98TH IN THE STATE. JACKSON, UNION, WILLIAMSON, AND SALINE COUNTIES FALL CLOSELY BEHIND WITH RANKINGS OF 97TH, 92ND, 89TH, AND 83RD RESPECTIVELY.</p> <p>THE POPULATION OF THIS AREA IS LARGELY HOMOGENEOUS WITH A RACIAL MAKEUP THAT IS PREDOMINATELY WHITE, 95%+. JACKSON COUNTY IS THE MOST DIVERSE OF THE COUNTIES WITH 78.5% OF THE POPULATION BEING WHITE AND 14.7% AFRICAN AMERICAN.</p>
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	<p>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. OVER 3,000 EMPLOYEES, ALONG WITH PHYSICIANS AND VOLUNTEERS, ARE WORKING TOGETHER TO ACHIEVE OUR MISSIONS 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. SIHS PROVIDES QUALITY HEALTH SERVICES TO PEOPLE THROUGHOUT SOUTHERN ILLINOIS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY.</p> <p>SIHS OPERATES 3 COMMUNITY HOSPITALS WITH A COMBINED TOTAL OF 253 BEDS. EACH HOSPITAL OPERATES A FULL TIME EMERGENCY ROOM. NO ONE IS DENIED CARE OR TREATMENT WITHIN THE HOSPITALS OR EMERGENCY ROOMS.</p> <p>MEDICAL STAFF PRIVILEGES ARE AVAILABLE TO ALL QUALIFIED PHYSICIANS IN THE AREA, CONSISTENT WITH THE SERVICES PROVIDED AT EACH FACILITY.</p>

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		<p>THE BOARD OF TRUSTEES OF SIHS IS COMPRISED OF 13 MEMBERS. THESE MEMBERS ARE COMPRISED OF LOCAL COMMUNITY LEADERS, PHYSICIANS AND OUR CEO AND A MAJORITY OF THE BOARD IS COMPRISED OF PERSONS WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION OR FAMILY MEMBERS THEREOF.</p> <p>SIHS INVESTS EXCESS FUNDS FROM OPERATIONS INTO THE EXPANSION AND REPLACEMENT OF EXISTING FACILITIES AND EQUIPMENT, REPAYMENT OF DEBT AND IMPROVEMENT IN PATIENT CARE.</p> <p>SOUTHERN ILLINOIS HOSPITAL SERVICES HAS ALSO EXTENDED ITS SERVICES BEYOND HOSPITAL WALLS AND INTO THE NEIGHBORHOODS WHERE PEOPLE LIVE AND WORK. ANNUALLY OPERATING FUNDS ARE ALLOCATED SPECIFICALLY TO BRING HEALTH-RELATED PROGRAMS TO THE AREAS IN WHICH THEY ARE MOST NEEDED. OUR GOAL IS TO REACH OUT TO COMMUNITIES TO LEARN HOW SIHS CAN HELP IN COMPLETING THE HEALTH CARE PICTURE.</p> <p>CURRENTLY, THE COMMUNITY BENEFITS DEPARTMENT OF SIHS COLLABORATES WITH SOUTHERN ILLINOIS SCHOOLS TO PROVIDE SCHOOL NURSING SERVICES AND A COMPREHENSIVE SCHOOL HEALTH EDUCATION PROGRAM.</p> <p>INCLUDED IN THESE AND OTHER DEPARTMENTAL INITIATIVES ARE EFFORTS TO ADDRESS DISPARITIES IN LOCAL RESIDENT'S HEALTH STATUS AND HEALTH OUTCOMES. A HEALTH MINISTRY INITIATIVE, AIDING THE REGION'S FAITH COMMUNITIES THROUGH THE TRAINING AND SUPPORT OF PARISH NURSES, IS AN ONGOING EFFORT OF THE DEPARTMENT. OVER 100 PARISH NURSES HAVE BEEN TRAINED AND ARE BEING SUPPORTED IN THE HEALTH PROMOTION WORK OF THEIR RESPECTIVE FAITH COMMUNITIES TO DATE.</p> <p>ALSO THE DEPARTMENT IS ACTIVE IN THE CREATION AND FACILITATION OF HEALTHY COMMUNITY COALITIONS. THESE GROUPS INCLUDE HEALTH PROVIDERS, SOCIAL SERVICE AGENCIES, CONCERNED CITIZENS AND OTHER COMMUNITY GROUPS INTERESTED IN IMPROVING THE HEALTH OF THEIR RESPECTIVE COMMUNITIES. THE GROUPS SEEK TO MEET LOCALLY IDENTIFIED COMMUNITY HEALTH NEEDS AND THROUGH THE IMPLEMENTATION OF PROGRAMS THAT ADDRESS THE DEMONSTRATED UNMET HEALTH NEEDS OF THE RESIDENTS OF THE COMMUNITIES SERVED. THESE COALITIONS MAKE A SIGNIFICANT IMPACT ON THE LIVES OF THOSE WITHIN THE COMMUNITIES SERVED BY SIHS.</p> <p>CURRENTLY, STAFF IS ENGAGED IN NUMEROUS COMMUNITY HEALTH PROMOTION, EDUCATION, AND PREVENTION INITIATIVES. AN INCREASE IN ACCESS TO PRIMARY HEALTH, BEHAVIORAL HEALTH, AND ORAL HEALTH CARE SERVICES HAS BEEN AFFECTED THROUGH THE SIHS SUPPORT OF EXISTING AND DEVELOPING COMMUNITY-BASED INTERVENTIONS. INCREASED NUMBERS OF COLLABORATIVE PARTNERSHIPS THAT SUPPORT INCREASED INDIVIDUAL AND COMMUNITY CAPACITY TO ACHIEVE A HEALTHY COMMUNITY VISION ARE ONGOING.</p> <p>IN ORDER TO ACCOMPLISH THE ORGANIZATION'S MISSION AS WELL AS THE OVERALL GOALS PREVIOUSLY OUTLINED, THE COMMUNITY BENEFITS DEPARTMENT OF SOUTHERN ILLINOIS HEALTHCARE IMPLEMENTS A NUMBER OF DIRECTED INITIATIVES. FOLLOWING IS A DESCRIPTION OF THESE INITIATIVES, THE SPECIFIC GOALS AND OBJECTIVES TO BE ACHIEVED FOR FY14, AND AN OUTLINE OF THE MEANS BY WHICH DEPARTMENT STAFF WILL WORK TO PLAN, IMPLEMENT, AND EVALUATE THESE PROGRAMS.</p> <p>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.</p> <p>THE FOCUS OF THE SIH HEALTH COMMUNITIES PROGRAM IS TO IMPROVE THE HEALTH AND WELL-BEING OF THE COMMUNITY MEMBERS OF SOUTHERN ILLINOIS HEALTHCARE'S SERVICE AREA AND TO IMPROVE THE HEALTH AND WELL-BEING OF SIH EMPLOYEES THROUGH A STRATEGIC WELLNESS PLAN INCLUDING PREVENTATIVE HEALTH SCREENINGS, EDUCATIONAL PROGRAMMING, AND DISEASE MANAGEMENT.</p> <p>IN ADDITION TO THE INITIATIVES WHICH DEPARTMENT STAFF PLANS, IMPLEMENTS, AND EVALUATES, COMMUNITY BENEFITS ALSO PROVIDES SIGNIFICANT FINANCIAL SUPPORT TO SEED NEW PROGRAMS WHICH MEET BOTH THE PRIORITIES OF THE DEPARTMENT AND PRESSING COMMUNITY NEEDS.</p> <p>THIS FINANCIAL SUPPORT IS PROVIDED TO APPLICANTS WHO DEMONSTRATE THE CAPACITY TO SUCCESSFULLY IMPLEMENT THE PROPOSED PROGRAM PLAN AND CREATE SUSTAINABLE SOLUTIONS TO UNMET HEALTH NEEDS. CURRENTLY, COMMUNITY BENEFITS IS WORKING CLOSELY WITH SEVERAL COMMUNITY-BASED PROVIDERS TO DESIGN PROGRAMS WHERE THE LEVERAGING OF SIH FUNDING, COMBINED WITH THE AGENCY'S RESOURCES AND EXPERTISE, RESULT IN INNOVATIVE PROGRAMS THAT MEET THE NEEDS OF THE COMMUNITIES SERVED BY SIH HOSPITALS AND IMPROVE BOTH INDIVIDUAL AND COMMUNITY HEALTH.</p> <p>SOME OF THE PROGRAMS INVOLVE INCREASING ACCESS TO PRIMARY AND LIMITED SPECIALTY HEALTH CARE, INCREASING ACCESS TO ORAL HEALTH CARE FOR THE UNINSURED, AND IMPROVING THE OVERALL HEALTH AND HUMAN SERVICE SYSTEM CAPACITY TO RECOGNIZE AND RESPOND TO DOMESTIC VIOLENCE AND CHILD ABUSE AND NEGLECT.</p>
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) IS PART OF A LARGER SYSTEM THAT PROVIDES HEALTH SERVICES TO THE POPULATION OF SOUTHERN ILLINOIS. SIHS PROVIDES CARE THROUGH ITS THREE HOSPITALS AND ONE COMMUNITY HEALTH CENTER. SOUTHERN ILLINOIS MEDICAL SERVICES (SIMS) PROVIDES CARE THROUGH PHYSICIAN PRACTICES. THESE PRACTICES ARE COMPRISED OF THE CENTER FOR MEDICAL ARTS, LOGAN PRIMARY CARE, PHYSICIAN CARE GROUP, INDIVIDUAL PHYSICIAN PRACTICES, HOSPITAL PHYSICIANS AND EMERGENCY ROOM PHYSICIANS.

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		SIHS AND SIMS WORK TOGETHER IN PROVIDING CARE AND TREATMENT OF THE MEDICALLY SICK, INJURED OR AFFLICTED. BOTH PROVIDE QUALITY HEALTH SERVICES TO PEOPLE THROUGHOUT SOUTHERN ILLINOIS REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY.
SCHEDULE H, PART VI, LINE 7	STATE FILING OF COMMUNITY BENEFIT REPORT	IL

**SCHEDULE I
(Form 990)**

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

OMB No. 1545-0047
2013
**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service
Name of the organization

► Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

► Attach to Form 990.

Employer identification number

SOUTHERN ILLINOIS HOSPITAL SERVICES

37-0618939

Part I General Information on Grants and Assistance

- 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? Yes No
- 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.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC 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
(1) SHAWNEE HEALTH SERVICES 109 CALIFORNIA ST, PO BOX 577, CARTERSVILLE, IL 62918	37-0966854	501(C)(3)	499,050		N/A	N/A	GENERAL PROGRAM FUNDING
(2) THE H GROUP 902 WEST MAIN ST, WEST FRANKFORT, IL 62896	37-0916475	501(C)(3)	185,671		N/A	N/A	GENERAL PROGRAM FUNDING
(3) LAND OF LINCOLN LEGAL ASST FOUND 509 S UNIVERSITY AVE, 3RD FLOOR, CARBONDALE, IL 62901	37-0958448	501(C)(3)	60,000		N/A	N/A	GENERAL PROGRAM FUNDING
(4) JACKSON COUNTY AMBULANCE 520 NORTH UNIVERSITY AVE, CARBONDALE, IL 62901	37-6001092	JACKSON CO IL GOV	45,000		N/A	N/A	GENERAL PROGRAM FUNDING
(5) SOUTHERN ILLINOIS UNIVERSITY 1235 DOUGLAS DRIVE, CARBONDALE, IL 62901	37-6005961	STATE OF IL UNIV	27,125		N/A	N/A	GENERAL PROGRAM FUNDING
(6) COMMUNITY HEALTH & EMERG. SRV CAIRO PO BOX 3008, CARBONDALE, IL 62902	37-1100482	501(C)(3)	25,000		N/A	N/A	GENERAL PROGRAM FUNDING
(7) JACKSON CO HEALTH DEPT 415 HEALTH DEPT ROAD, MURPHYSBORO, IL 62956	37-6001092	501(C)(3)	18,512		N/A	N/A	GENERAL PROGRAM FUNDING
(8) CITY OF WEST FRANKFORT PO BOX 2122, WEST FRANKFORT, IL 62896	37-6000857	CITY OF IL GOVT	15,000		N/A	N/A	GENERAL PROGRAM FUNDING
(9) ILLINOIS POISON CENTER 222 S RIVERSIDE PLAZA, SUITE 1900, CHICAGO, IL 60606	37-2167008	501(C)(3)	7,077		N/A	N/A	GENERAL PROGRAM FUNDING
(10) REHAB INST OF CHICAGO 345 EAST SUPERIOR, CHICAGO, IL 60016	37-2256036	501(C)(3)	6,500		N/A	N/A	GENERAL PROGRAM FUNDING
(11) RIVER TO RIVER RUNNERS 402 CARDINAL DRIVE, MT VERNON, IL 62864	37-1253714	501(C)(3)	5,400		N/A	N/A	GENERAL PROGRAM FUNDING
(12) SIU FOUNDATION PO BOX 19666, SPRINGFIELD, IL 62794	37-6024575	501(C)(3)	5,250		N/A	N/A	GENERAL PROGRAM FUNDING

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 0

Cat. No. 50055P

Schedule I (Form 990) (2013)

Part IV**Supplemental Information** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Return Reference	Identifier	Explanation
SCHEDULE I, PART I, LINE 2	PROCEDURES FOR MONITORING USE OF GRANT FUNDS	ALL GRANTS MADE ARE UNRESTRICTED AND CAN BE USED IN ANY WAY THE DONEE ORGANIZATION SEES FIT TO FURTHER ITS EXEMPT PURPOSE.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SOUTHERN ILLINOIS HOSPITAL SERVICES

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Open to Public Inspection

Employer identification number

37-0618939

Part I Questions Regarding Compensation

	Yes	No
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"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.	1b	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2	
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"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input checked="" type="checkbox"/> Compensation survey or study <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?	4a	✓
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	✓
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	✓
If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.		
Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a The organization?	5a	✓
b Any related organization?	5b	✓
If "Yes" to line 5a or 5b, describe in Part III.		
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a The organization?	6a	✓
b Any related organization?	6b	✓
If "Yes" to line 6a or 6b, describe in Part III.		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	✓
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.	8	✓
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

Part I 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				
1	REX BUDDÉ, PRESIDENT/CEO	(i) 504,541 (ii) 0 (iii) 0	57,065 0 0	489,527 0 0	214,366 0 0	27,064 0 0	1,292,563	444,862
2	BECKY ASHTON, FORMER VP	(i) 0 (ii) 0 (iii) 0	0 0 0	249,262 0 0	0 0 0	407 0 0	249,669	153,153
3	MIKE KASSER, VP/CFO/TREASURER	(i) 315,920 (ii) 0 (iii) 0	36,959 0 0	48,358 0 0	108,171 0 0	37,078 0 0	546,486	0
4	WILLIAM SHERWOOD, VP/GENERAL COUNSEL	(i) 252,360 (ii) 0 (iii) 0	30,445 0 0	178,638 0 0	131,974 0 0	41,411 0 0	634,828	130,554
5	JULIE FIRMAN, VP/CNO	(i) 197,144 (ii) 0 (iii) 0	23,654 0 0	109,851 0 0	76,580 0 0	19,285 0 0	426,514	66,088
6	PHILIP SCHAEFER, VP/AMB & PHYS SERVICES	(i) 291,294 (ii) 0 (iii) 0	35,176 0 0	160,241 0 0	117,691 0 0	47,117 0 0	651,519	114,919
7	PAM HENDERSON, VP/HR	(i) 206,688 (ii) 0 (iii) 0	24,716 0 0	111,056 0 0	78,474 0 0	8,099 0 0	429,033	63,068
8	DAVID HOLLAND, VP/INFO SYSTEMS	(i) 220,492 (ii) 0 (iii) 0	25,792 0 0	104,270 0 0	84,824 0 0	20,927 0 0	456,305	60,999
9	JOHN B MILLSTEAD, VP/ADMINISTRATOR	(i) 337,149 (ii) 0 (iii) 0	39,662 0 0	157,828 0 0	131,465 0 0	40,586 0 0	706,690	111,928
10	JAMES MILLER, MD, VP/CMO	(i) 310,100 (ii) 0 (iii) 0	36,640 0 0	126,859 0 0	27,700 0 0	39,055 0 0	540,354	81,451
11	WILLIAM THORNE, VP/COMMUNITY BENEFITS	(i) 173,271 (ii) 0 (iii) 0	21,170 0 0	110,447 0 0	63,444 0 0	39,104 0 0	407,436	53,575
12	TERRENCE FARRELL, VP/ADMINISTRATOR	(i) 278,806 (ii) 0 (iii) 0	32,893 0 0	42,588 0 0	97,838 0 0	26,181 0 0	478,306	0
13	JOHN BROTHERS, VP/ADMINISTRATOR	(i) 210,923 (ii) 0 (iii) 0	24,859 0 0	28,128 0 0	104,482 0 0	13,424 0 0	381,816	0
14	SHELLY PIERCE, VP/QUALITY	(i) 186,454 (ii) 0 (iii) 0	1,549 0 0	2,902 0 0	21,863 0 0	14,743 0 0	227,511	0
15	THOMAS HENTRICH, PHARMACIST	(i) 169,781 (ii) 0 (iii) 0	1,549 0 0	13,418 0 0	7,143 0 0	36,946 0 0	228,837	0
16	LEAH MACFARLANE, PHARMACIST	(i) 176,523 (ii) 0 (iii) 0	1,548 0 0	294 0 0	7,155 0 0	14,405 0 0	199,925	0

Schedule J (Form 990) 2013

Part II Officers, Directors, Trustees, Key Employees and Highest Compensated Employees (continued)

(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 in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
⁽¹⁷⁾ DANIEL SKILES, EXEC DIRECTOR PHO	(i)	179,760	1,549	6,763	32,539	230,010	0
	(ii)	0	0	0	0	0	0
⁽¹⁸⁾ CHARLES BROOKS, STAFF NURSE	(i)	173,056	1,548	7,098	23,178	212,910	0
	(ii)	0	0	0	0	0	0
⁽¹⁹⁾ REBECCA BRASEL, STAFF NURSE	(i)	172,653	1,549	7,247	36,486	224,911	0
	(ii)	0	0	0	0	0	0

Part III

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

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 4A	SEVERANCE OR CHANGE-OF- CONTROL PAYMENT	BECKY ASHTON, FORMER VP/ADMINISTRATOR RECEIVED SEVERANCE PAYMENTS OF \$14,760.
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	<p>THE ORGANIZATION MADE THE FOLLOWING SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENTS/CONTRIBUTIONS:</p> <p>REX BUDDE - \$444,862 PAYMENT, \$204,166 DEFERRED COMPENSATION BECKY ASHTON-\$153,153 PAYMENT, NO DEFERRED COMPENSATION PAM HENDERSON - \$63,068 PAYMENT, \$69,628 DEFERRED COMPENSATION DAVE HOLLAND - \$60,999 PAYMENT, \$76,182 DEFERRED COMPENSATION MIKE KASSER - NO PAYMENT, \$97,971 DEFERRED COMPENSATION JAMES MILLER - \$81,451 PAYMENT, \$17,500 DEFERRED COMPENSATION BART MILLSTEAD - \$111,928 PAYMENT, \$121,265 DEFERRED COMPENSATION PHIL SCHAEFER - \$114,919 PAYMENT; \$107,491 DEFERRED COMPENSATION BILL SHERWOOD - \$130,554 PAYMENT, \$121,774 DEFERRED COMPENSATION JULIE FIRMAN - \$66,088 PAYMENT, \$69,338 DEFERRED COMPENSATION WILLIAM THORNE - \$53,575 PAYMENT, \$55,843 DEFERRED COMPENSATION TERENCE FARRELL - NO PAYMENT, \$90,618 DEFERRED COMPENSATION SHELLY PIERCE - NO PAYMENT, \$14,560 DEFERRED COMPENSATION JOHN BROTHERS - NO PAYMENT, \$95,655 DEFERRED COMPENSATION</p>

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SOUTHERN ILLINOIS HOSPITAL SERVICES

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) Pooled financing	
							Yes	No	Yes	No	Yes	No
A	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FSD2	11/16/2011	52,750,000	DEEMED REISSUANCE OF 2008 VARIABLE RATE DEMAND REVENUE BONDS		✓		✓		✓
B	ILLINOIS FINANCE AUTHORITY	86-1091967	45200FS42	2/18/2010	68,985,878	DEEMED REISSUANCE OF 2005 BONDS		✓		✓		✓
C	ILLINOIS FINANCE AUTHORITY	86-1091967		10/27/2011	14,420,000	REFUNDING 1998 BOND ISSUE		✓		✓		✓
D												

Employer identification number
37-0618939

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

Open to Public Inspection

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1		1,515,000		0		6,365,000		
2		0		0		0		
3		52,750,000		68,985,878		14,420,000		
4		0		0		0		
5		0		0		0		
6		0		0		0		
7		0		0		282,518		
8		0		0		0		
9		0		0		0		
10		0		0		0		
11		52,750,000		68,985,878		14,137,482		
12		0		0		0		
13		2011		2010		2011		

- Were the bonds issued as part of a current refunding issue?
- Were the bonds issued as part of an advance refunding issue?
- Has the final allocation of proceeds been made?
- Does the organization maintain adequate books and records to support the final allocation of proceeds?

Part III Private Business Use

- Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?
- Are there any lease arrangements that may result in private business use of bond-financed property?

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	✓		✓		✓			
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?	✓		✓		✓			
c Are there any research agreements that may result in private business use of bond-financed property?	✓		✓		✓			
d 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?	✓		✓		✓			
4 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 %		0 %		0 %		%
5 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 %		0 %		0 %		%
6 Total of lines 4 and 5		0 %		0 %		0 %		%
7 Does the bond issue meet the private security or payment test?		✓		✓		✓		
8a 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?		✓		✓		✓		
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 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?	✓		✓		✓			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		✓		✓		✓		
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?	✓		✓		✓			
b Exception to rebate?								
c No rebate due?								
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?	✓			✓		✓		
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	✓			✓		✓		
b Name of provider	MORGAN STANLEY CAF							
c Term of hedge	27.3							
d Was the hedge superintegrated?		✓						
e Was the hedge terminated?		✓						

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

Return Reference	Identifier	Explanation
SCHEDULE K, PART I	EXPLANATION OF BOND ISSUE	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.

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2013

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 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.**
▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

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.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the 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.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
			(1)									
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total ▶						\$	0					

Part III Grants or Assistance Benefiting Interested Persons.

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

(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
(1) LIAM FARRELL	SON OF TERENCE FARRELL	\$6,712	GRANT	NURSING SCHOLARSHIP
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

Part IV**Business Transactions Involving Interested Persons** (continued)

(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) LIAM FARRELL	SON OF VP/ADMINISTRATOR TERENCE FARRELL	32,173	EMPLOYEE COMPENSATION		✓
(2) JILL KASSER	SPOUSE OF VP/CFO, MIKE KASSER	10,212	EMPLOYEE COMPENSATION		✓

Supplemental Information to Form 990 or 990-EZ

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

2013

Open to Public Inspection

Name of the Organization
SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer Identification Number
37-0618939

Return Reference	Identifier	Explanation
FORM 990, PART III, LINE 1	ORGANIZATION'S MISSION	<p>(CONTINUED FROM PART III)</p> <p>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.</p>
FORM 990, PART III, LINE 4A	HOSPITAL SERVICES	<p>(CONTINUED FROM PART III)</p> <p>THE FACILITIES THAT MAKE UP SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) INCLUDE:</p> <p>MEMORIAL HOSPITAL OF CARBONDALE: OPENED IN 1950, MEMORIAL HOSPITAL OF CARBONDALE, WITH 140 LICENSED BEDS, IS THE FLAGSHIP HOSPITAL FOR SIH AND A REGIONAL REFERRAL CENTER FOR THE 16 COUNTY SOUTHERN ILLINOIS REGION. PHYSICIANS IN NEARLY 40 DIFFERENT SPECIALTIES PRACTICE HERE, BRINGING EXPERTISE AND NEW PROCEDURES, BUT SUCCESSFULLY TAILORING THEM TO THE PARTICULAR NEEDS OF A RURAL SETTING. IT IS HOME TO THE FIRST OPEN HEART SURGERY PROGRAM IN THE IMMEDIATE SOUTHERN ILLINOIS AREA AND IS THE CORE HOSPITAL FOR SIH'S COMPREHENSIVE, REGIONAL HEART PROGRAM, PRAIRIE HEART INSTITUTE. THE REGION'S ONLY PRIMARY STROKE CENTER IS LOCATED WITHIN THIS HOSPITAL. THE HOSPITAL IS ALSO HOME TO A COMMISSION ON CANCER ACCREDITED COMPREHENSIVE 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.</p> <p>HERRIN HOSPITAL: OPENED IN 1913, HERRIN HOSPITAL WAS THE FIRST HOSPITAL OWNED AND OPERATED BY THE ORGANIZATION. HERRIN HOSPITAL CURRENTLY OPERATES 85 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. A RECENT RENOVATION UPGRADED PATIENT ACCOMMODATIONS TO INCLUDE PRIVATE ROOMS AND IMPROVED ACCESS TO OUTPATIENT SERVICES BY RELOCATING THOSE SERVICES TO THE MAIN FLOOR. THE AREA'S ONLY BARIATRIC SURGICAL PROGRAM FOR WEIGHT LOSS IS HOUSED AT THIS HOSPITAL AS WELL AS BEING THE REGION'S FIRST ACCREDITED CHEST PAIN CENTER.</p> <p>ST. JOSEPH MEMORIAL HOSPITAL: ST JOSEPH MEMORIAL HOSPITAL IS LOCATED IN MURPHYSBORO, ILLINOIS AND IS A FULL-SERVICE, CRITICAL ACCESS HOSPITAL WITH 25 LICENSED BEDS. ST. JOSEPH OPENED ON OCTOBER 1, 1960 AND WAS ACQUIRED BY SOUTHERN ILLINOIS HOSPITAL SERVICES ON JANUARY 5, 1995 FROM THE SISTERS OF THE ASC HEALTH SYSTEM. ST JOSEPH'S CATHOLIC IDENTITY HAS BEEN RETAINED BY SIHS SINCE THE PURCHASE AND THE STAFF TAKES PRIDE IN THE HOSPITAL'S SPIRITUAL ROOTS. ST. JOSEPH HAS EVOLVED OVER TIME TO BECOME A REGIONAL PROVIDER OF SPECIALIZED OUTPATIENT SERVICES. THESE SPECIALIZED SERVICES INCLUDE A SLEEP DISORDERS CENTER ACCREDITED BY THE AMERICAN ACADEMY OF SLEEP MEDICINE, THE AREA'S ONLY COORDINATED INFUSION THERAPY PROGRAM, A WOUND CARE CENTER WITH HYPERBARIC THERAPY, AND AN OUTPATIENT GERIATRIC COUNSELING PROGRAM.</p> <p>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.</p> <p>SERVICES PROVIDED: DURING THIS REPORTING PERIOD, OUR HOSPITALS RECORDED 62,788 ADULT AND CHILD PATIENT DAYS AND 3,096 NEWBORN PATIENT DAYS. OUTPATIENT REGISTRATIONS TOTALED 314,386 WITH 67,720 OF THESE REGISTRATIONS BEING EMERGENCY ROOM VISITS. APPROXIMATELY 60.17% OF THESE DAYS AND REGISTRATIONS PROVIDED CARE THAT WAS CLASSIFIED AS EITHER UNCOMPENSATED CHARITY CARE OR UNCOMPENSATED GOVERNMENT HEALTH CARE. AN ADDITIONAL 2.9% OF THE CARE PROVIDED IN THESE DAYS AND REGISTRATIONS WERE WRITTEN OFF AS BAD DEBT.</p> <p>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. SURGICAL SERVICES ARE OFFERED AT ALL</p>

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		<p>FACILITIES, WITH CARBONDALE MEMORIAL HOSPITAL PROVIDING OPEN-HEART AND CARDIAC SERVICES. ST. JOSEPH MEMORIAL HOSPITAL ALSO OPERATES SWING BEDS. ST. JOSEPH ALSO OFFERS UNIQUE OUTPATIENT SERVICES TO THE AREA. THE SLEEP DISORDERS CENTER OFFERS TWO LOCATIONS AND THE SENIOR RENEWAL PROGRAM OFFERS OUTPATIENT BEHAVIORAL HEALTH TREATMENT.</p> <p>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.</p> <p>SIHS PROVIDES MEDICAL EDUCATION THROUGH AN AFFILIATION WITH THE SOUTHERN ILLINOIS UNIVERSITY'S MEDICAL SCHOOL FAMILY PRACTICE RESIDENCY PROGRAM.</p>
FORM 990, PART III, LINE 4B	COMMUNITY BENEFITS	<p>(CONTINUED FROM PART III) THE COMMUNITY BENEFITS DEPARTMENT'S PRIMARY FUNCTIONS THAT ARE PERFORMED ON BEHALF OF SOUTHERN ILLINOIS HOSPITAL SERVICES (SIHS) INCLUDE:</p> <ul style="list-style-type: none"> - 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. <p>COMMUNITY BENEFITS SERVICES TARGET THE FOLLOWING COMMUNITIES AND POPULATIONS:</p> <ul style="list-style-type: none"> - UNINSURED, UNDERINSURED AND UNDER-SERVED; - POPULATIONS VULNERABLE DUE TO A RANGE OF SOCIO-ECONOMIC BARRIERS SUCH AS POVERTY, EDUCATION LEVELS, EMPLOYMENT STATUS, AND/OR RACIAL DISPARITIES IN HEALTH CARE; - POPULATIONS 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. <p>IN ORDER TO ACCOMPLISH THE ORGANIZATION'S MISSION, THE COMMUNITY BENEFITS DEPARTMENT OF SIHS IMPLEMENTS A NUMBER OF DIRECTED INITIATIVES.</p> <p>PROGRAMS DURING THE REPORTING YEAR INCLUDE:</p> <p>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.</p> <p>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.</p> <p>HEALTHY COMMUNITY COALITIONS -- 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 THREE SUCH COALITIONS, REPRESENTING FOUR COUNTIES – JACKSON, PERRY, FRANKLIN AND WILLIAMSON COUNTIES.</p> <p>EMERGENCY ORAL HEALTH CARE – COLLABORATION WITH LOCAL DENTAL PROVIDERS TO PROVIDE PREVENTIVE ORAL HEALTH CARE FOR MEDICAID PATIENTS; HOPEFULLY REPLACING EMERGENCY ROOM VISITS FOR TOOTH RELATED COMPLAINTS.</p> <p>MEDICAL LEGAL PARTNERSHIP SI -- AN INNOVATIVE PROGRAM THAT PROVIDES LEGAL ASSISTANCE TO LOW-INCOME AND UNDERINSURED ADULTS SEEKING MEDICAL CARE. THE ONGOING MEDICAL-LEGAL COLLABORATION BETWEEN LAND OF LINCOLN LEGAL SERVICES AND SIH IS ADDRESSING MANY OF THE SOCIAL ISSUES FACED BY PATIENTS CONTRIBUTING TO THEIR HEALTH CARE NEEDS. LEGAL ASSISTANCE IS PROVIDED IN THE AREAS OF PUBLIC BENEFITS, DISABILITY, FAMILY, HOUSING AND CONSUMER ISSUES.</p> <p>START! WALKING – SIH IS A REGIONAL SPONSOR OF THE AMERICAN HEART ASSOCIATION'S START! WALKING GUIDE TO LOCAL PATHS AND PARKS. CURRENTLY APPROXIMATELY 50 PATHS ARE DESIGNATED AS START! WALKING PATHS.</p> <p>WE CHOOSE HEALTH SOUTHERNMOST ILLINOIS – A MULTI-YEAR INITIATIVE TO ENCOURAGE</p>

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		<p>AND SUPPORT PLACE-BASED POLICIES, SYSTEMS AND ENVIRONMENTAL CHANGES AIMED AT IMPROVING AND SUSTAINING HEALTH. SIH IS ENGAGED WITH LOCAL HEALTH DEPARTMENTS AND COMMUNITY PARTNERS IN THE LOWER 16 COUNTIES IN ILLINOIS TO PROMOTE HEALTHY EATING AND ACTIVE LIVING IN SCHOOLS AND WORKSITES, REDUCE EXPOSURE TO SECONDHAND SMOKE IN MULTI-UNIT HOUSING COMPLEXES AND OUTDOOR PLACES, INCREASE ACCESS TO HEALTHIER FOODS AND PROMOTE BREASTFEEDING, IMPROVE OUR LOCAL BUILT ENVIRONMENT TO INCREASE OPPORTUNITIES FOR PHYSICAL ACTIVITY, AND TO IMPROVE THE SOCIAL AND EMOTIONAL HEALTH OF STUDENTS.</p>
FORM 990, PART III, LINE 4C	SCHOOL BASED HEALTH SERVICES	<p>(CONTINUED FROM PART III) THE FOLLOWING IS A SUMMARY OF THE PROGRAMS DURING THIS REPORTING YEAR:</p> <p>HEALTHY CHILDREN – READY TO LEARN – SIH AND AREA AGENCIES COLLABORATE IN AN INITIATIVE TO IMPLEMENT THE EIGHT COMPONENTS OF A COORDINATED SCHOOL HEALTH PROGRAM IN AREA SCHOOLS. THE COMPONENTS OF A COORDINATED SCHOOL HEALTH PROGRAM INCLUDE HEALTH INSTRUCTION, PHYSICAL EDUCATION, HEALTH SERVICES, NUTRITION SERVICES, DEVELOPMENT OF A HEALTHY SCHOOL ENVIRONMENT, HEALTH PROMOTION FOR STAFF, PSYCHOLOGICAL AND SOCIAL SERVICES, AND FAMILY/COMMUNITY INVOLVEMENT</p> <p>PARTNERS IN HEALTH -- THROUGH THE COORDINATED SCHOOL HEALTH PROGRAM, THE PARTNERS IN HEALTH TEAM WORKS WITH SCHOOL DISTRICTS TO ENSURE THAT THE LEARNING ENVIRONMENT IS STRUCTURALLY SAFE AS WELL AS FREE FROM FEAR. POLICIES, SCHOOL SAFETY PLANS AND LESSONS FOCUSING ON SOCIAL AND EMOTIONAL LEARNING CONTRIBUTE TO A SAFE SCHOOL ENVIRONMENT. COMPREHENSIVE, SKILL-BASED HEALTH EDUCATION, PHYSICAL EDUCATION IN SCHOOL THAT EMPHASIZES IMPROVED FITNESS, THE DEVELOPMENT OF A LIFELONG INTEREST IN HEALTH AND WELLNESS, AND DEVELOPING EXPANDED AND SUSTAINABLE HEALTH SERVICES IN SCHOOLS ARE FOCUS AREAS OF THIS PROGRAM.</p> <p>A COMMITMENT TO THE COMMUNITY IS ALSO SEEN THROUGH THE EXTENSIVE COLLABORATION OF AGENCIES INVOLVED IN THIS EFFORT. SIH PARTNERS WITH SEVERAL COUNTY HEALTH DEPARTMENTS TO ENSURE THAT THE SCHOOL DISTRICTS HAVE AMPLE RESOURCES AND ACHIEVE THE COMMON GOALS AND OBJECTIVES. THIS INITIATIVE INVOLVES EIGHT COLLABORATING PARTNERS, 70 SCHOOLS DISTRICTS, 25,000 STUDENTS, AND APPROXIMATELY 1100 FACULTY AND STAFF.</p> <p>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 PREK-8, 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.</p> <p>SIH AND PROGRAM PARTNERS ARE IMPLEMENTING COMPONENTS OF THE CATCH PROGRAM IN 70 ELEMENTARY SCHOOL DISTRICTS IN THE 16 COUNTIES IN THE SOUTHERN ILLINOIS REGION. THIS PROGRAM IMPACTS OVER 6,000 STUDENTS AND THEIR FAMILIES.</p>
FORM 990, PART VI, SEC A, LINE 1A	DELEGATE BROAD AUTHORITY TO A COMMITTEE	<p>GOVERNANCE COMMITTEE THE BOARD HAS A GOVERNANCE COMMITTEE CONSISTING OF 5 TRUSTEES. THE PURPOSE OF THE GOVERNANCE COMMITTEE IS TO ASSURE THE BOARD OF TRUSTEES THAT THE RESPECTIVE PROGRAMS ARE FUNCTIONAL TO FULFILL THE RESPONSIBILITIES OF THE BOARD OF TRUSTEES:</p> <ul style="list-style-type: none"> • DEVELOP AND MAINTAIN EFFECTIVE COMPENSATION AND BENEFIT POLICIES AND PRACTICES; REVIEW AND RECOMMEND IN ADVANCE ALL EXECUTIVE COMPENSATION ARRANGEMENTS; PROVIDE FOR THE EVALUATION OF THE PERFORMANCE OF THE CEO AND OTHER SYSTEM OFFICERS; REVIEW AND RECOMMEND ANNUAL PERFORMANCE OBJECTIVES FOR SYSTEM OFFICERS; PROVIDE FOR CONDUCT OF A PERIODIC SELF-EVALUATION OF THE BOARD OF TRUSTEES. • ASSURE THAT THE PROGRAMS WHICH ADDRESS NEW BOARD MEMBER ORIENTATION, CONTINUING EDUCATION, MENTORING, AND FACILITATE UNDERSTANDING OF CURRENT TRENDS IN HEALTHCARE AND MEDICAL TERMINOLOGY, ARE FUNCTIONAL. • IDENTIFY COMPETENT, HIGHLY QUALIFIED INDIVIDUALS TO SERVE AS MEMBERS OF THE BOARD OF TRUSTEES; RECOMMEND INDIVIDUALS TO SERVE IN LEADERSHIP POSITIONS ON THE BOARD; AND FACILITATE AND INTERVIEW POTENTIAL BOARD MEMBERS. • ACT FOR THE BOARD OF TRUSTEES IN ALL MATTERS AS SPECIFICALLY AUTHORIZED BY RESOLUTION OF THE BOARD OR WHEN THE BOARD OF TRUSTEES IS NOT IN SESSION.
FORM 990, PART VI, SEC A, LINE 6	CLASSES OF MEMBERS OR STOCKHOLDERS	<p>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.</p>
FORM 990, PART VI, SEC A, LINE 7A	MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	<p>THE ORGANIZATION'S SOLE MEMBER, SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, HAS THE EXCLUSIVE RIGHT TO ELECT TRUSTEES TO THE ORGANIZATION'S BOARD OF TRUSTEES.</p>
FORM 990, PART VI, SEC A, LINE	DECISIONS REQUIRING	<p>THE ORGANIZATION'S SOLE MEMBER, SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES (CORPORATE MEMBER), HAS RESERVED POWERS FOUND IN THE ORGANIZATIONS BYLAWS.</p>

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7B	APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>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.</p> <p>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"> 1. CAPITAL EXPENDITURES IN EXCESS OF \$500,000; 2. THE BUYING, SELLING, LEASING, MORTGAGING OR DISPOSING OF REAL PROPERTY BELONGING TO THE CORPORATION OR ANY OF ITS SUBSIDIARIES; 3. THE ESTABLISHMENT OR DISCONTINUANCE OF ANY MAJOR SERVICES; INCLUDING SERVICES REQUIRING CERTIFICATES OF NEED; 4. LONG-RANGE STRATEGIC PLANS; 5. MASTER FACILITIES AND SITE PLANS; 6. THE CREATION OR DISSOLUTION OF ANY CORPORATION, THE SOLE MEMBER OR MAJORITY STOCKHOLDER OF WHICH IS THE CORPORATION; 7. JOINT VENTURE OR AFFILIATION AGREEMENTS; 8. THE INCURRENCE OF INDEBTEDNESS IN EXCESS OF \$500,000; 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; 10. DELEGATION OF THE FUNCTIONS, POWERS, DUTIES AND RESPONSIBILITIES OF ANY OFFICER OF THE CORPORATION, AND; 11. ANY OTHER MATTER WHICH MAY BE SPECIFIED FROM TIME TO TIME BY THE CORPORATE MEMBER. <p>IN ADDITION, THE CORPORATE MEMBER RETAINS THE RIGHT TO APPROVE ALL CHANGES TO THE ORGANIZATION'S BYLAWS.</p>
FORM 990, PART VI, SEC B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	<p>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.</p>
FORM 990, PART VI, SEC B, LINE 12C	CONFLICT OF INTEREST POLICY	<p>ANNUALLY, THE GENERAL COUNSEL SENDS OUT A CONFLICT OF INTEREST QUESTIONNAIRE TO EACH TRUSTEE, DIRECTOR, OFFICER, MANAGER AND KEY EMPLOYEE TO COMPLETE AND RETURN. THE GENERAL COUNSEL THEN REVIEWS THESE QUESTIONNAIRES TO DETERMINE WHAT CONFLICTS, REAL OR PERCEIVED, EXIST.</p> <p>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.</p> <p>IF A TRUSTEE HAS A CONFLICT OF INTEREST, THE TRUSTEE OR THE GENERAL COUNSEL DISCLOSES THE CONFLICT. THE TRUSTEE WITH THE CONFLICT IS ALLOWED TO REMAIN IN THE MEETING TO ANSWER ANY QUESTION THE 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.</p> <p>INTERESTED PERSONS MAY ALSO BE ASKED, IN RARE SITUATIONS, TO RESIGN THEIR POSITION ON THE BOARD.</p>
FORM 990, PART VI, SEC B, LINE 15A	PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF THE PRESIDENT/CEO FOR THE FULL BOARD. ONLY THE FULL BOARD HAS THE AUTHORITY TO APPROVE THE COMPENSATION OF THE PRESIDENT/CEO. THE DECISIONS AND DELIBERATIONS ARE DOCUMENTED IN THE GOVERNANCE COMMITTEE MINUTES. THIS PROCESS WAS LAST UNDERTAKEN IN JUNE 2013.</p>

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FORM 990, PART VI, SEC B, LINE 15B	PROCESS TO ESTABLISH COMPENSATION OF OTHER EMPLOYEES	<p>THE BOARD OF TRUSTEES SETS THE EXECUTIVE COMPENSATION POLICY AND IS RESPONSIBLE FOR APPROVAL OF THE COMPENSATION. THE GOVERNANCE COMMITTEE IS DESIGNATED BY THE BOARD TO ACT AS THE COMPENSATION COMMITTEE FOR MATTERS CONCERNING EXECUTIVE COMPENSATION.</p> <p>EACH MEMBER OF THE COMMITTEE, WHILE CONSIDERING EXECUTIVE COMPENSATION ISSUES, MUST BE AN INDEPENDENT DIRECTOR, FREE FROM ANY CONFLICT OF INTEREST.</p> <p>THE COMMITTEE SEEKS OUT AND CONTRACTS THE SERVICES OF AN OUTSIDE, INDEPENDENT EXECUTIVE COMPENSATION CONSULTANT TO ADVISE THE COMMITTEE IN MATTERS OF MARKET VALUES OF COMPARABLE EXECUTIVE POSITIONS.</p> <p>THE COMMITTEE ANNUALLY REVIEWS ALL COMPARABILITY DATA AND PREPARES A RECOMMENDATION AS TO THE COMPENSATION PACKAGE OF ALL OFFICERS FOR THE FULL BOARD. ONLY THE COMMITTEE WILL HAVE THE AUTHORITY TO APPROVE THE COMPENSATION OF 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 2013.</p>																																																							
FORM 990, PART VI, SEC C, LINE 19	REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	THE ORGANIZATION MAKES ITS CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC ON ITS WEBSITE AND 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.																																																							
FORM 990, PART IX, LINE 11G	OTHER EXPENSES	<table border="1"> <thead> <tr> <th>(a) Description</th> <th>(b) Total Expenses</th> <th>(c) Program Service Expenses</th> <th>(d) Management and General Expenses</th> <th>(e) Fundraising Expenses</th> </tr> </thead> <tbody> <tr> <td>CONSULTING FEES</td> <td>2,524,886</td> <td>582,201</td> <td>1,942,685</td> <td>0</td> </tr> <tr> <td>CREDIT & COLLECTION FEES</td> <td>733,987</td> <td>31,242</td> <td>702,745</td> <td>0</td> </tr> <tr> <td>CLINICAL SERVICE FEES</td> <td>5,690,685</td> <td>5,690,685</td> <td>0</td> <td>0</td> </tr> <tr> <td>ENGINEERING FEES</td> <td>445,443</td> <td>421,856</td> <td>23,587</td> <td>0</td> </tr> <tr> <td>ARCHITECT FEES</td> <td>55,362</td> <td>41,124</td> <td>14,238</td> <td>0</td> </tr> <tr> <td>RECRUITMENT FEES</td> <td>557,186</td> <td>234,750</td> <td>322,436</td> <td>0</td> </tr> <tr> <td>OTHER PROFESSIONAL FEES</td> <td>3,418,319</td> <td>2,729,084</td> <td>689,235</td> <td>0</td> </tr> <tr> <td>AGENCY STAFFING</td> <td>3,777,827</td> <td>3,764,224</td> <td>13,603</td> <td>0</td> </tr> <tr> <td>PHYSICIAN SERVICES</td> <td>35,746,986</td> <td>35,605,723</td> <td>141,263</td> <td>0</td> </tr> <tr> <td>PURCHASED SERVICES</td> <td>8,095,999</td> <td>3,481,037</td> <td>4,614,962</td> <td>0</td> </tr> </tbody> </table>	(a) Description	(b) Total Expenses	(c) Program Service Expenses	(d) Management and General Expenses	(e) Fundraising Expenses	CONSULTING FEES	2,524,886	582,201	1,942,685	0	CREDIT & COLLECTION FEES	733,987	31,242	702,745	0	CLINICAL SERVICE FEES	5,690,685	5,690,685	0	0	ENGINEERING FEES	445,443	421,856	23,587	0	ARCHITECT FEES	55,362	41,124	14,238	0	RECRUITMENT FEES	557,186	234,750	322,436	0	OTHER PROFESSIONAL FEES	3,418,319	2,729,084	689,235	0	AGENCY STAFFING	3,777,827	3,764,224	13,603	0	PHYSICIAN SERVICES	35,746,986	35,605,723	141,263	0	PURCHASED SERVICES	8,095,999	3,481,037	4,614,962	0
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FORM 990, PART XII, LINE 3A	REQUIREMENTS UNDER SINGLE AUDIT ACT AND OMB CIRCULAR A-133	AS REQUIRED BY THE U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS, IN 2014 SOUTHERN ILLINOIS HEALTHCARE SERVICES AND AFFILIATES RECEIVED AN AUDIT FOR THE 2013 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH THE SINGLE AUDIT ACT.																																																							

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

SOUTHERN ILLINOIS HOSPITAL SERVICES

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Employer identification number

37-0618939

Related Organizations and Unrelated Partnerships

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
- ▶ Attach to Form 990. ▶ See separate instructions.
- ▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/forms990.

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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 (45-4435852) 1239 E MAIN ST, CARBONDALE, IL 62901	ADMINISTRATIVE SERVICES	IL	0	6,305	SOUTHERN ILLINOIS HOSPITAL SERVICES
(2)					
(3)					
(4)					
(5)					
(6)					

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on 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. (37-1136788) PO BOX 3988, CARBONDALE, IL 62902	LEASING OF MEDICAL SPACE	IL	501(C)(3)	11 - TYPE II	N/A		✓
(2) SOUTHERN ILLINOIS MEDICAL SERVICES, NFP (20-5521741) 1239 EAST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	501(C)(3)	3	SOUTHERN ILLINOIS HOSPITAL SERVICES		✓
(3) SIH FOUNDATION, NFP (27-1933790) 1239 EAST MAIN STREET, CARBONDALE, IL 62901	FUNDRAISING	IL	501(C)(3)	11 - TYPE I	SOUTHERN ILLINOIS HOSPITAL SERVICES		✓
(4)							
(5)							
(6)							
(7)							

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

Cat. No. 50135Y

Schedule R (Form 990) 2013

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

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

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on 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
(1) SIH CAYMAN SPC GROUP, LTD. (98-0611605) PO BOX 1051, CAYMAN ISLANDS, KY1-1102, CJ	FINANCING	CJ	SIHS	C CORPORATION	6,591,587	30,364,054	100	✓	
(2) HEALTH SERVICES OF SOUTHERN ILLINOIS, INC. (37-1115061) PO BOX 3988, CARBONDALE, IL 62902	INACTIVE	IL	N/A	C CORPORATION	N/A	N/A	N/A	✓	
(3) HIDK PROPERTIES LAND TRUST (46-6693066) 1239 EAST MAIN STREET, CARBONDALE, IL 62901	RENTAL PROPERTIES	IL	SIHS	TRUST	0	0	100	✓	
(4)									
(5)									
(6)									
(7)									

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

		Yes	No
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 (iii) royalties or (iv) rent from a controlled entity	1a	✓
b	Gift, grant, or capital contribution to related organization(s)	1b	✓
c	Gift, grant, or capital contribution from related organization(s)	1c	✓
d	Loans or loan guarantees to or for related organization(s)	1d	✓
e	Loans or loan guarantees by related organization(s)	1e	✓
f	Dividends from related organization(s)	1f	✓
g	Sale of assets to related organization(s)	1g	✓
h	Purchase of assets from related organization(s)	1h	✓
i	Exchange of assets with related organization(s)	1i	✓
j	Lease of facilities, equipment, or other assets to related organization(s)	1j	✓
k	Lease of facilities, equipment, or other assets from related organization(s)	1k	✓
l	Performance of services or membership or fundraising solicitations for related organization(s)	1l	✓
m	Performance of services or membership or fundraising solicitations by related organization(s)	1m	✓
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	✓
o	Sharing of paid employees with related organization(s)	1o	✓
p	Reimbursement paid to related organization(s) for expenses	1p	✓
q	Reimbursement paid by related organization(s) for expenses	1q	✓
r	Other transfer of cash or property to related organization(s)	1r	✓
s	Other transfer of cash or property from related organization(s)	1s	✓
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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
	SOUTHERN ILLINOIS MEDICAL SERVICES			
(1)		J	678,336	FMV
(2)		R	1,655,918	FMV
(3)		A	208,011	FMV
(4)				
(5)				
(6)				

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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.

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

Part III Identification of Related Organizations Taxable as a Partnership (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax, under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) RIC AND SIHS REHABILITATION SERVICES, LLC (36-4566925) PO BOX 3988, CARBONDALE, IL 62902	MEDICAL SERVICES	IL	SIHS	RELATED	108,773	999		✓	0		✓	99.9
(2) PHYSICIANS' SURGERY CENTER LLC (26-0425547) 2601 WEST MAIN STREET, CARBONDALE, IL 62901	MEDICAL SERVICES	IL	SIHS	RELATED	479,416	1,465,700		✓	0		✓	55.0

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
March 31, 2014 and 2013

SOUTHERN ILLINOIS HOSPITAL SERVICES
Carbondale, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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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, 2014 and 2013, and the related consolidated statements of operations, consolidated 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 constituting 5% and 4% for the years ended March 31, 2014 and March 31, 2013 and total revenue constituting 1.6% and 0.6% for the years ended March 31, 2014 and March 31, 2013 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, 2014 and 2013, 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, based on our audits and the report of other auditors, 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 22, 2014

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED BALANCE SHEETS
March 31, 2014 and 2013
(\$ in thousands)

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,206	\$ 5,194
Assets whose use is limited by trust agreement	7	6
Accounts receivable		
Patients, net	95,660	95,807
Affiliates	8	330
Supplies	9,633	8,177
Prepaid expenses	6,066	6,223
Current portion of notes receivable	312	330
Other	<u>1,908</u>	<u>3,317</u>
Total current assets	124,800	119,384
Assets whose use is limited by:		
Board designation for capital improvements	323,935	310,957
Board designation for self-insurance	24,382	19,489
Trust agreement	<u>-</u>	<u>15</u>
	348,317	330,461
Property and equipment, net	200,392	185,224
Other assets:		
Unamortized bond costs, net of accumulated amortization of \$1,298 in 2014 and \$1,024 in 2013	3,919	4,187
Investments in joint ventures	1,889	1,907
Notes receivable, less current portion	620	933
Goodwill	14,279	10,292
Intangible assets	2,675	1,185
Other	<u>8,347</u>	<u>7,731</u>
	<u>31,729</u>	<u>26,235</u>
Total assets	<u>\$ 705,238</u>	<u>\$ 661,304</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED BALANCE SHEETS
March 31, 2014 and 2013
(\$ in thousands)

	<u>2014</u>	<u>2013</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	\$ 3,338	\$ 7,285
Current maturities of interest rate swap contracts	2,375	2,222
Accounts payable:		
Construction contracts	1,074	133
Trade	26,925	21,476
Affiliates	35	-
Estimated third-party payor settlements	11,264	9,112
Accrued liabilities:		
Payroll and related expenses	22,965	24,318
Other	<u>5,883</u>	<u>7,867</u>
Total current liabilities	<u>73,859</u>	<u>72,413</u>
 Long-term debt, less current maturities	 125,180	 128,517
 Interest rate swap contracts	 7,479	 12,785
Medical professional liabilities	35,668	30,507
Other	<u>553</u>	<u>712</u>
	<u>168,880</u>	<u>172,521</u>
 Total liabilities	 <u>242,739</u>	 <u>244,934</u>
 Net assets:		
SIHS controlling interest	459,589	414,536
Non-controlling interest	<u>895</u>	<u>748</u>
Total unrestricted	460,484	415,284
 Temporarily restricted	 <u>2,015</u>	 <u>1,086</u>
 Total net assets	 <u>462,499</u>	 <u>416,370</u>
 Total liabilities and net assets	 <u>\$ 705,238</u>	 <u>\$ 661,304</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended March 31, 2014 and 2013
(\$ in thousands)

	<u>2014</u>	<u>2013</u>
Patient service revenue	\$ 501,771	\$ 472,690
Provision for bad debts	<u>41,361</u>	<u>39,892</u>
Net patient service revenue, less provision for bad debts	460,410	432,798
Other operating revenue	10,763	6,333
Net assets released from restriction	<u>322</u>	<u>323</u>
Total revenue	471,495	439,454
 Expenses:		
Salaries	175,994	164,139
Employee benefits	52,799	47,647
Physicians' fees	20,370	18,767
Professional fees	31,592	30,461
Purchased services	15,748	11,795
Patient chargeable supplies	41,578	37,944
Patient nonchargeable supplies	16,000	14,166
Drugs and pharmaceuticals	19,490	16,006
Other supplies and expense	9,806	8,078
Rent expense	3,284	2,371
Repairs and maintenance	13,739	12,244
Insurance	9,496	9,603
Miscellaneous expense	15,472	14,718
Interest and amortization	7,380	7,290
Depreciation	28,424	26,523
Non-cash interest expense associated with interest rate swap contract	<u>(2,704)</u>	<u>425</u>
Total expense	<u>458,468</u>	<u>422,177</u>
 Income (loss) from operations	 13,027	 17,277
 Nonoperating gains (losses):		
Unrestricted gifts and interest income	2,358	1,487
Investment income and net realized gains from board designated funds	35,406	16,698
Change in net unrealized gains (losses) on investments	(9,309)	7,485
Equity in earnings of joint ventures	1,511	1,682
Other	<u>(535)</u>	<u>(275)</u>
	<u>29,431</u>	<u>27,077</u>
 Excess of revenues over expenses	 42,458	 44,354
 Contributions for equipment	 545	 2,479
Change in fair value of interest rate swap	2,450	(291)
Reclassification of administrative fees	<u>(400)</u>	<u>-</u>
 Increase in unrestricted net assets	 <u>\$ 45,053</u>	 <u>\$ 46,542</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, 2014 and 2013
(\$ 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	\$ 367,994	\$ 585	\$ 368,579	\$ 699	\$ 369,278
Changes in net assets:					
Distributions, net	-	-	-	(54)	(54)
Contributions for equipment	2,479	-	2,479	-	2,479
Contributions	-	824	824	40	864
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 nets assets	<u>46,542</u>	<u>501</u>	<u>47,043</u>	<u>49</u>	<u>47,092</u>
Balances, March 31, 2013	414,536	1,086	415,622	748	416,370
Changes in net assets:					
Distributions declared	-	-	-	(154)	(154)
Contributions for equipment	545	-	545	-	545
Contributions	-	1,252	1,252	-	1,252
Releases from restriction	-	(323)	(323)	-	(323)
Change in fair value of interest rate swap	2,450	-	2,450	-	2,450
Reclassification of administrative fees	(400)	-	(400)	-	(400)
Excess of revenue over expenses	<u>42,458</u>	<u>-</u>	<u>42,458</u>	<u>301</u>	<u>42,759</u>
Total change in net assets	<u>45,053</u>	<u>929</u>	<u>45,982</u>	<u>147</u>	<u>46,129</u>
Balances, March 31, 2014	<u>\$ 459,589</u>	<u>\$ 2,015</u>	<u>\$ 461,604</u>	<u>\$ 895</u>	<u>\$ 462,499</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended March 31, 2014 and 2013
(\$ in thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 46,129	\$ 47,092
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	28,424	26,523
Amortization of bond costs	268	264
Provision for bad debts	41,361	39,892
Loss on disposal of property and equipment	232	236
Amortization of intangible assets	428	263
(Gain) on sale of investments	(28,489)	(7,895)
Net unrealized (gains) losses on investments	9,309	(7,485)
Undistributed net earnings of joint ventures	(1,511)	(1,682)
(Gain) Loss on interest rate swap contracts	(2,450)	291
Changes in working capital components:		
(Increase) decrease in:		
Patient accounts receivable	(41,214)	(50,396)
Supplies, prepaids and other assets	(4,853)	(6,091)
Increase (decrease) in:		
Trade payables	5,484	3,424
Third-party reimbursement programs	2,152	(2,586)
Payroll and related expenses	(1,353)	4,729
Medical professional liabilities	5,161	3,887
Other liabilities	(3,905)	(1,191)
Net cash from operating activities	<u>55,173</u>	<u>49,275</u>
Cash flows from investing activities		
Purchase of (proceeds from) trading securities, net	6,202	(17,592)
Payments received on notes receivable, net of (advances)	313	206
Proceeds from sale of property and equipment	69	155
Acquisitions of businesses	(9,994)	(2,099)
Distributions from joint venture	1,529	1,881
Purchases and construction of property and equipment	(39,996)	(34,698)
Net cash used in investing activities	<u>(41,877)</u>	<u>(52,147)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(229)	(417)
Proceeds from long-term debt	-	423
Payments on line of credit	(7,181)	(5,104)
Proceeds from line of credit	3,181	9,104
Principal payments on bonds	(3,055)	(3,062)
Payment of bond costs	-	(5)
Net cash provided by (used in) financing activities	<u>(7,284)</u>	<u>939</u>
Increase (decrease) in cash and cash equivalents	6,012	(1,933)
Cash and cash equivalents at beginning of year	<u>5,194</u>	<u>7,127</u>
Cash and cash equivalents at end of year	<u>\$ 11,206</u>	<u>\$ 5,194</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 6,641</u>	<u>\$ 6,717</u>

See accompanying notes to consolidated financial statements.

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

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, 2012	\$ 699
Excess of revenues over expenses (from continuing operations)	63
Distributions	(54)
Contributions	40
Change in net assets	49
Balance, March 31, 2013	748
Excess of revenues over expenses (from continuing operations)	301
Distributions declared	(154)
Contributions	-
Change in net assets	147
Balance, March 31, 2014	\$ 895

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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 Affiliates SIMS, SIH Foundation, and Quality Health Partners LLC, and its majority-owned Subsidiary (PSC). 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 consolidated 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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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, 2014 and 2013.

Investments in Joint Ventures: As of March 31, 2014 and 2013, 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 \$2,500 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 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 2014 and 2013. Other identifiable intangible assets are being amortized over their estimated useful lives of 5 years.

Business Combinations: On February 1, 2014, Southern Illinois Medical Services, NFP purchased substantially all of the assets of Primary Care Group (the "Practice") and PCG Building LLC, an Illinois limited liability company, 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):

Land	\$ 150
Building and land improvements	3,053
Furniture, fixtures, and equipment	511
Other assets	155
Goodwill	3,337
Other intangible assets	<u>1,367</u>
Total purchase allocation	<u>\$ 8,573</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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

(Continued)

In addition, there were certain other insignificant acquisitions in the current fiscal year with total consideration of \$1,421,000.

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.

Electronic Health Records Incentive: The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). These provisions were designed to increase the use of electronic health records ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payments program beginning in 2011 for eligible hospitals and providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology; but providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional incentive payments. Medicaid EHR incentive payments are fully funded by the federal government and administered by the states; however, the states are not required to offer EHR incentive payments to providers.

During 2014 and 2013, the Corporation has implemented the grant accounting method and recognized approximately \$7,018,000 and \$1,885,000, respectively, of revenue for HITECH incentives from Medicare and Medicaid related to certain physicians that have demonstrated meaningful use of certified EHR technology or have completed attestations to their adoption or implementation of certified EHR technology. The Corporation uses the grant accounting method to recognize such revenue. The Corporation has not recorded the portion of 2014 payments related to October 2013 through March 2014 as the Corporation does not yet have reasonable assurance of compliance as required under the grant accounting method. Such revenues are included in other operating revenue on the statement of operations and changes in net assets.

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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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

(Continued)

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, 2014 and 2013, 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. There were no uncertain tax benefits identified and recorded at March 31, 2014 and 2013. 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. There was no interest and/or penalties related to income tax matters identified and recorded at March 31, 2014 and 2013.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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

(Continued)

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, 2010 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.

Recent Accounting Pronouncement: In October 2012, the Financial Accounting Standards Board (FASB) issued ASU No. 2012-05, Statement of Cash Flows (Topic 230) Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows that addresses how cash receipts arising from the sale of certain donated financial assets, such as securities, should be classified in the statement of cash flows of not-for-profit entities. The objective of this update is for an NFP to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without the NFP imposing any limitations for sale and were converted nearly immediately into cash. The amendments in this ASU are effective for fiscal years and interim periods within those fiscal years beginning after June 15, 2013, with early adoption permitted. The Corporation has not implemented this ASU but does not expect the implementation would have a significant effect on the consolidated financial statements.

In April 2013, the FASB issued ASU No. 2013-06, Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate to address the diversity in practice about what guidance not-for-profit entities should apply for recognizing and measuring personnel services received from an affiliate, that is, a party that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the recipient not-for-profit entity. The amendments in this ASU are effective for fiscal years and interim periods within those fiscal years beginning after June 15, 2014, with early adoption permitted. The Corporation has not implemented this ASU but does not expect the implementation would have a significant effect on the consolidated financial statements.

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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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, 2014 and 2013, of their \$69,000,000 Revenue Bonds, Series 2005 with Wells Fargo Bank to a fixed rate of 3.374%. The Series 2005 bonds had an outstanding balance of \$69,000,000 as of March 31, 2014 and 2013. 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 2014 and 2013, respectively, the hedge resulted in additional interest expense of approximately \$1,238,000 and \$1,223,000. The Corporation expects additional interest expense of \$1,200,000 during the year ended March 31, 2015.

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 \$28,670,000 and \$28,955,000 as of March 31, 2014 and 2013, respectively. The Series 2008 bonds had an outstanding balance of \$51,235,000 and \$51,755,000 as of March 31, 2014 and 2013, respectively.

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 2014 and 2013, respectively, the hedge resulted in a reduction of interest expense of approximately \$1,090,000 and \$1,073,000.

The interest rate swap contracts had a combined fair value of \$(9,853,341) and \$(15,006,798) as of March 31, 2014 and 2013, respectively. The change in the fair value of these contracts resulted in a net gain of \$5,153,457 and loss of \$715,751 for the years ended March 31, 2014 and 2013, respectively. The change in the fair value of the ineffective hedge (RBC) was recognized as a credit to interest expense of \$2,703,839 and a debit to interest expense of \$425,492 in the consolidated statements of operations for the years ended March 31, 2014 and 2013, respectively. The change in the fair value of the Morgan Stanley contract was recorded as a \$2,449,618 increase and \$290,259 decrease of unrestricted net assets in the consolidated statement of changes in net assets during 2014 and 2013, 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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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, 2009.

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 2014 net patient service revenue decreased by approximately \$1,500,000 due to the addition of allowances deemed necessary as a result of Medicare cost report audits. The 2013 net patient service revenue increased by approximately \$225,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations.

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

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

The Federal Centers for Medicare and Medicaid Services (CMS) approved State of Illinois (State) legislation for a Medicaid Hospital Assessment Program (Program). Under the Program, the Corporation receives additional Medicaid reimbursement from the State and pays a related assessment. The laws and regulations authorizing this Program extend through June 30, 2014. The Corporation recorded a prepaid asset of \$1,464,000 and a liability of \$3,482,000 for the year ended March 31, 2013. There was no prepaid or liability recorded as of March 31, 2014. Total reimbursement revenue recognized by the Corporation related to this Program amounted to \$20,754,000 and \$14,404,000 during the Corporation's years ended March 31, 2014 and 2013, respectively, 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 \$11,951,000 and \$5,855,000 during the Corporation's years ended March 31, 2014 and 2013, respectively, and is included in miscellaneous expenses on the consolidated statements of operations.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 3 - NET PATIENT SERVICE REVENUE (Continued)

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, 2014 and 2013 was approximately \$14 million and \$12 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 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.

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, 2014 and 2013 (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Medicare	\$ 230,826	\$ 217,437
Medicaid	85,438	80,357
Other third-party payors	152,313	146,535
Self-pay	<u>33,194</u>	<u>28,361</u>
Total patient service revenue (net of contractual allowances and discounts)	<u>\$ 501,771</u>	<u>\$ 472,690</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

NOTE 4 - PATIENT RECEIVABLES

Patient receivables at March 31, 2014 and 2013 are as follows (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Patient receivables	\$ 268,504	\$ 305,194
Less allowance for doubtful accounts	(43,733)	(44,350)
Less unapplied third-party payments and allowances for estimated contractual adjustments	<u>(129,111)</u>	<u>(165,037)</u>
	<u>\$ 95,660</u>	<u>\$ 95,807</u>

NOTE 5 - NOTES RECEIVABLE

Notes receivable bearing interest at various rates at March 31, 2014 and 2013 are as follows (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Physician advances	\$ 895	\$ 1,079
Other miscellaneous receivables	<u>37</u>	<u>184</u>
	932	1,263
Less current portion	<u>(312)</u>	<u>(330)</u>
Long-term portion	<u>\$ 620</u>	<u>\$ 933</u>

NOTE 6 - INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

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

	<u>2014</u>	<u>2013</u>
Project fund - long term	\$ -	\$ 15
Principal and interest fund	<u>7</u>	<u>6</u>
	<u>\$ 7</u>	<u>\$ 21</u>

Board designated funds for expansion, replacement and major repairs of property and equipment at March 31, 2014 and 2013 are as follows (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Certificates of deposit, money market accounts, mutual funds, repurchase agreements, commercial paper and bonds and U.S. government obligations	<u>\$ 323,935</u>	<u>\$ 310,957</u>
	<u>\$ 323,935</u>	<u>\$ 310,957</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

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

Board designated funds for self-insurance consist of U.S. corporate bonds and notes, U.S. government and agency bonds and common stocks totaling \$24,382,000 and \$19,489,000 at March 31, 2014 and 2013, respectively.

The composition of investments and assets whose use is limited as of March 31, 2014 and 2013 are set forth in the following table (\$ in thousands). Investments are stated at fair value.

	<u>2014</u>	<u>2013</u>
Cash, certificates of deposit, money market funds	\$ 20,606	\$ 12,130
U.S. government securities	8,946	7,828
Exchange traded funds	-	1,653
Common stocks	42,426	26,483
Mutual funds	203,761	219,045
Corporate bonds	62,389	63,322
JPS credit opportunities fund	<u>10,189</u>	<u>-</u>
	<u>\$ 348,317</u>	<u>\$ 330,461</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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 6,916	\$ 8,803
Net realized gains (losses) on sale of investments	28,490	7,895
Change in net unrealized gains (losses) on investments	<u>(9,309)</u>	<u>7,485</u>
	<u>\$ 26,097</u>	<u>\$ 24,183</u>

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

	<u>2014</u>	<u>2013</u>
Nonoperating gains:		
Investment income and net realized gains from board designated funds	\$ 35,406	\$ 16,698
Change in net unrealized gains (losses) on investments	<u>(9,309)</u>	<u>7,485</u>
	<u>\$ 26,097</u>	<u>\$ 24,183</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2014 and 2013 are as follows (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Buildings	\$ 121,792	\$ 116,636
Departmental equipment	163,193	156,499
Building equipment	91,611	90,769
Land improvements and leasehold improvements	<u>13,586</u>	<u>13,180</u>
	390,182	377,084
Less accumulated depreciation	<u>(226,226)</u>	<u>(212,185)</u>
	163,956	164,899
Land	12,713	12,013
Construction-in-progress	<u>23,723</u>	<u>8,312</u>
	<u>\$ 200,392</u>	<u>\$ 185,224</u>

Construction-in-progress represents amounts expended for on-going projects throughout the system. Significant projects include The Energy Center, Surgery Expansion, and Cancer Center which are funded with bonds. The projects in progress at March 31, 2014 are expected to be completed over the next three fiscal years. The estimated total costs-to-complete construction projects in progress at March 31, 2014 are approximately \$87,430,000.

NOTE 8 - LONG-TERM DEBT

Long-term debt as of March 31, 2014 and 2013 is as follows (\$ in thousands):

	<u>2014</u>	<u>2013</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% at March 31, 2014 and 2013, respectively, with annual payments in 2011 through 2038	51,235	51,755
Series 2011, serial bonds, with interest at 1.86% at March 31, 2014 and 2013 with annual payments in 2012 through 2015	2,665	5,200
Series 2011, serial bonds, with interest at 2.51% at March 31, 2014 and 2013 with annual payments in 2016 through 2020	5,390	5,390

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT (Continued)

	<u>2014</u>	<u>2013</u>
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
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	13	38
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	118	169
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	<u>97</u>	<u>167</u>
	128,518	135,802
Less current portion	<u>(3,338)</u>	<u>(7,285)</u>
Long-term debt	<u>\$ 125,180</u>	<u>\$ 128,517</u>

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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT (Continued)

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.

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.

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, 2014, the aggregate annual maturities of long-term debt are as follows (\$ in thousands):

<u>Year ending March 31</u>	<u>Amount</u>
2015	\$ 3,338
2016	3,414
2017	3,489
2018	3,600
2019	3,730
Thereafter	<u>110,947</u>
	<u>\$ 128,518</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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT (Continued)

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, 2014, the Corporation was in compliance with these covenants.

The Corporation has a credit card account with a bank with a credit limit of \$7,000,000. As of March 31, 2014, approximately \$2,692,000 had been drawn on the credit card account.

The Corporation has a line of credit from a bank with a credit limit of \$4,000,000. The balance of the line of credit was \$0 and \$4,000,000 as of March 31, 2014 and 2013, respectively.

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, 2014.

NOTE 9 - GOODWILL AND INTANGIBLE ASSETS

Goodwill consists of the following at March 31, 2014 and 2013 (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Beginning balance	\$ 10,292	\$ 10,292
Acquisitions	<u>3,987</u>	<u>-</u>
End of year	<u>\$ 14,279</u>	<u>\$ 10,292</u>

Acquired Intangible Assets: The gross carrying amount of acquired intangible assets was \$3,367,000 and \$1,448,000 at March 31, 2014 and 2013 and accumulated amortization was \$691,000 and \$263,000 at March 31, 2014 and 2013. Aggregate amortization expense was \$428,000 and \$263,000 for the years ended March 31, 2014 and 2013. 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>
2015	\$ 673
2016	673
2017	673
2018	410
2019	245

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

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.

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 can be claimed from its reinsurers, as of March 31, 2014 and 2013. 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 estimated year-end liability. Accrued professional and general liability claim losses have been discounted at 1.0% for the years ended March 31, 2014 and 2013. The portion of the accrual for estimated professional and general liability claims expected to be paid within one year of the balance sheet dates is not readily determinable and, therefore, the entire accrual balance is classified as a noncurrent liability.

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

The Corporation accrues the expense of its share of malpractice claim costs for any unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate cost of any such incident. Such an estimate is based on the Corporation's own claims experience. The Corporation has recorded liabilities for Memorial, Herrin, and St. Joseph hospitals of \$4,604,000 and \$4,352,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 1, 2005 which were not reported as of March 31, 2014 and 2013, respectively. The Corporation has recorded liabilities for SIMS of approximately \$1,573,000 and \$1,474,000 for claims incurred but not reported (IBNR) related to claims occurring subsequent to January 15, 2007 which were not reported as of

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

March 31, 2014 and 2013, respectively. These liabilities are included in medical professional liabilities on the consolidated balance sheets as of March 31, 2014 and 2013. Self-insured professional and general liability expense of approximately \$6,069,000 in 2014 and \$5,438,531 in 2013 has been included within insurance expense in the accompanying consolidated statements of operations, but has been eliminated in the consolidated statements of operation.

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, 2014, 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, 2014, 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, 2015, with a limit of \$1,000,000 for each and every claim with a \$3 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, 2014 and 2013. 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, 2014 and 2013, was approximately \$30,336,000 and \$27,158,000, respectively.

At March 31, 2014 and March 31, 2013, 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>
2015	\$ 1,636
2016	1,344
2017	1,189
2018	945
2019	839
Thereafter	<u> -</u>
	<u>\$ 5,953</u>

Total rent and lease expense for the years ended March 31, 2014 and 2013 was approximately \$3,284,000 and \$2,371,000, respectively.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

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 \$5,179,000 and \$4,768,000, for the years ended March 31, 2014 and 2013, 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, 2013 and 2012, respectively, the Corporation contributed approximately \$734,000 and \$633,000 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 \$846,000 and \$815,000 for 2014 and 2013, 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 was 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 \$210,000 and \$187,000, for the years ended March 31, 2014 and 2013, respectively.

NOTE 12 - RELATED PARTY TRANSACTIONS

Southern Illinois Hospital Services is under the control of Southern Illinois Healthcare Enterprises, Inc. (SIHE). SIHE is a not-for-profit corporation established as a parent corporation. The Corporation is included in the consolidated financial statements of SIHE. The Corporation rents buildings from SIHE. Rent paid to SIHE totaled approximately \$825,000 and \$612,000 for the years ended March 31, 2014 and 2013, respectively.

Health Services of Southern Illinois, Inc. (HSSI), an Illinois for-profit corporation, which is currently dormant, was established to engage in other health related activities, and is also under common control of SIHE. Current year transactions include administrative activities.

(Continued)

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 825 requires disclosure of fair value information about financial instruments, whether or not recognized in the 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, 2014 and 2013 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, 2014 and 2013 was approximately \$133,748,000 and \$139,735,000.

NOTE 14 - FAIR VALUE MEASUREMENTS

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

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

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The fair values of U.S. Government securities and corporate debt obligations are determined by matrix pricing, which is a 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.

There were no transfers into or out of Level 1 or Level 2 that occurred between April 1, 2013 and March 1, 2014 or between April 1, 2012 and March 31, 2013.

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.

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)

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.

JPS credit opportunities fund: The Corporation's investment in the JPS credit opportunities fund is valued in accordance with the fund's valuation policy and processes. Management receives monthly Net Asset Value (NAV) statements from a third party administrator, Globe Opp. As of March 31, 2014, Globe Opp has determined that all assets in the Fund are Level 1 (16%) or Level 2 (84%) with 100% confirmation by GlobeOpp of pricing, transactions, positions, investor transactions, and fee calculations. The market for the liquidation of the Fund position is redemption by the Fund of the shares held, at NAV, on a calendar quarter basis.

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

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

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 14 - FAIR VALUE MEASUREMENTS (Continued)

Assets and Liabilities at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities (\$ in thousands) measured at fair value on a recurring basis as of March 31, 2014 and 2013, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

	March 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Investments:				
Cash and money market funds	\$ 20,606	\$ 20,606	\$ -	\$ -
US government securities	8,946	626	8,320	-
Exchange traded funds	-	-	-	-
Common stocks	42,426	42,426	-	-
Equity mutual fund	156,766	156,766	-	-
Debt mutual funds	46,995	46,995	-	-
JPS credit opportunities fund	10,189	-	10,189	-
Corporate bonds	<u>62,389</u>	<u>-</u>	<u>62,389</u>	<u>-</u>
	<u>\$ 348,317</u>	<u>\$ 267,419</u>	<u>\$ 80,898</u>	<u>\$ -</u>
Interest rate swap contracts	<u>\$ 9,854</u>	<u>\$ -</u>	<u>\$ 9,854</u>	<u>\$ -</u>
	March 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets				
Investments:				
Cash and 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	-	-
Equity mutual funds	154,030	154,030	-	-
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>\$ 260,883</u>	<u>\$ 69,578</u>	<u>\$ -</u>
Interest rate swap contracts	<u>\$ 15,007</u>	<u>\$ -</u>	<u>\$ 15,007</u>	<u>\$ -</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 March 31, 2014 and 2013

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, 2014 and 2013 was as follows:

	<u>Gross Patient Service Revenue</u>		<u>Patient Receivables</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Medicare	46 %	46 %	21 %	16 %
Medicaid	17	17	27	42
Other third-party payors	30	31	32	26
Patients	<u>7</u>	<u>6</u>	<u>20</u>	<u>16</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

At March 31, 2014 and 2013, 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.

NOTE 16 - LESSOR OPERATING LEASES

The Corporation has constructed professional office buildings and, as lessor, rents certain space to physicians. These lease agreements have original terms ranging from 1 to 10 years. Future minimum lease payments receivable under leasing arrangements as of March 31, 2014 are as follows (\$ in thousands):

<u>Year ending March 31</u>	<u>Amount</u>
2015	\$ 667
2016	560
2017	499
2018	92
2019	45
Thereafter	<u>-</u>
	<u>\$ 1,863</u>

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014 and 2013

NOTE 17 - 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, 2014 and 2013, these expenses are as follows (\$ in thousands):

	<u>2014</u>	<u>2013</u>
Health care services	\$ 390,866	\$ 356,548
General and administrative	67,329	65,395
Fundraising	<u>273</u>	<u>234</u>
	<u>\$ 458,468</u>	<u>\$ 422,177</u>

NOTE 18 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to March 31, 2014, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended March 31, 2014. Management has performed their analysis through July 22, 2014, the date the financial statements were issued.

On July 1, 2014, the System closed on the issuance of Series 2014 A, B Variable Rate Revenue Bonds. Total funds received from the Bond issue were \$127,215,000 with a term through 3/31/2044. A portion of the funds, \$51,235,000, was used to refund the Series 2008 Bonds. \$75,000,000 was designated as project funds. Specific projects to be paid from this project fund include the Memorial Hospital of Carbondale Surgery and Nursing Wing Addition, Memorial Hospital of Carbondale Energy Center, St. Joseph Memorial Hospital Outpatient Procedure Center Expansion, and SIH Cancer Center. The remaining funds were assigned to the costs of issuance and other fees.

SUPPLEMENTARY INFORMATION

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2014
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners, LLC	Elimination	Total
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 4,726	\$ 1,608	\$ 1,621	\$ 72	\$ 8,027	\$ 637	\$ 460	\$ 173	\$ 1,903	\$ 6	\$ -	\$ 11,206
Assets whose use is limited by trust agreement	2	4	1	-	7	-	-	-	-	-	-	7
Accounts receivable	47,389	23,308	11,523	-	82,220	12,573	-	867	-	-	-	95,660
Affiliates	-	-	-	28,985	28,985	2	-	-	-	-	-	8
Supplies	4,966	2,085	884	1,398	9,333	32	-	268	-	-	(28,979)	9,633
Prepaid expenses	862	293	100	3,590	4,845	1,157	12	52	-	-	-	6,066
Current portion of notes receivable	-	292	-	20	312	-	-	-	-	-	-	312
Other	354	107	90	1,173	1,724	184	-	-	-	-	-	1,908
Total current assets	58,299	27,697	14,219	35,238	135,453	14,585	472	1,360	1,903	6	(28,979)	124,800
Assets whose use is limited by:												
Board designation for capital improvements	213,749	84,271	19,436	6,479	323,935	-	-	-	-	-	-	323,935
Board designation for self-insurance	213,749	84,271	19,436	6,479	323,935	-	24,382	-	-	-	-	24,382
												348,317
Property and equipment, net	85,002	52,266	16,528	27,264	181,060	18,993	-	339	-	-	-	200,392
Other assets:												
Unamortized bond costs, net	2,328	1,298	293	-	3,919	-	-	-	-	-	-	3,919
Investments in joint ventures	1,888	1	-	916	2,805	-	-	-	-	-	(916)	1,889
Notes receivable, less current portion	16	461	-	-	477	143	-	-	-	-	-	620
Goodwill	-	529	-	-	529	12,872	-	878	-	-	-	14,279
Intangible assets	-	45	-	-	45	2,630	-	-	-	-	-	2,675
Other	146	165	109	2,048	2,468	692	5,187	-	-	-	-	8,347
	4,378	2,499	402	2,964	10,243	16,337	5,187	878	-	-	(916)	31,729
Total assets	\$ 361,428	\$ 166,733	\$ 50,585	\$ 71,945	\$ 650,691	\$ 49,915	\$ 30,041	\$ 2,577	\$ 1,903	\$ 6	\$ (29,895)	\$ 705,238

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
March 31, 2014
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	Corporate	SHS Subtotal	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
LIABILITIES AND NET ASSETS												
Current liabilities:												
Current maturities of long-term debt	\$ 2,196	\$ 792	\$ 212	\$ -	\$ 3,200	\$ -	\$ -	\$ 138	\$ -	\$ -	\$ -	\$ 3,338
Current maturities of interest rate swap contracts	1,354	822	199	-	2,375	-	-	-	-	-	-	2,375
Accounts payable:												
Construction contracts	845	109	120	-	1,074	-	-	-	-	-	-	1,074
Trade	8,350	3,660	1,940	10,762	24,712	1,970	130	131	-	-	(18)	26,925
Affiliates	-	-	-	34	34	27,809	287	17	7	842	(28,961)	35
Estimated third-party payor settlements	6,965	2,865	1,253	-	11,083	-	-	181	-	-	-	11,264
Accrued liabilities:												
Payroll and related expenses	7,488	4,598	1,748	4,376	18,210	4,693	-	62	-	-	-	22,965
Other	1,033	712	256	2,180	4,181	1,304	-	2	-	396	-	5,863
Total current liabilities	28,231	13,558	5,728	17,352	64,869	35,776	417	531	7	1,238	(28,979)	73,859
Long-term debt, less current maturities	72,664	42,362	10,065	-	125,091	-	-	89	-	-	-	125,180
Interest rate swap contracts	4,389	2,529	561	-	7,479	-	-	-	-	-	-	7,479
Medical professional liabilities	2,624	1,404	575	-	4,603	1,573	29,492	-	-	-	-	35,668
Other	-	65	33	339	437	116	-	-	-	-	-	553
Total liabilities	79,677	46,360	11,234	339	137,610	1,689	29,492	89	-	-	-	168,830
Total liabilities	107,908	59,918	16,962	17,691	202,479	37,465	29,909	620	7	1,238	(28,979)	242,739
Net assets:												
Common stock	-	-	-	-	-	-	120	1,100	-	-	(1,220)	-
SIHS controlling interest	253,500	106,815	33,615	54,130	448,060	12,450	12	(38)	33	(1,232)	304	459,589
Non-controlling interest	-	-	-	-	-	-	-	895	-	-	-	895
Total unrestricted	253,500	106,815	33,615	54,130	448,060	12,450	132	1,957	33	(1,232)	(916)	460,484
Temporarily restricted	20	-	8	124	152	-	-	-	1,863	-	-	2,015
Total net assets	253,520	106,815	33,623	54,254	448,212	12,450	132	1,957	1,896	(1,232)	(916)	462,499
Total liabilities and net assets	\$ 361,428	\$ 166,733	\$ 50,585	\$ 71,945	\$ 650,691	\$ 49,915	\$ 30,041	\$ 2,577	\$ 1,903	\$ 6	\$ (29,895)	\$ 705,238

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
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
ASSETS												
Current assets:												
Cash and cash equivalents	\$ 2,176	\$ 617	\$ 749	\$ 58	\$ 3,600	\$ 160	\$ 352	\$ 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:												
Board designation for capital improvements	15	-	-	-	15	-	19,489	-	-	-	-	19,489
Board designation for self-insurance	205,199	80,897	18,657	6,219	310,972	-	19,489	-	-	-	-	330,461
Trust agreement	73,849	52,682	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	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 343,772	\$ 160,826	\$ 48,968	\$ 53,059	\$ 606,625	\$ 38,828	\$ 25,040	\$ 2,749	\$ 805	\$ 6	\$ (12,749)	\$ 661,304

(Continued)

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING BALANCE SHEET
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
LIABILITIES AND NET ASSETS												
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	-	2,222	-	-	-	-	-	-	2,222
Accounts payable:												
Construction contracts	129	4	-	-	133	-	-	-	-	-	-	133
Trade	7,191	2,860	1,376	8,594	20,021	1,130	75	210	-	43	(3)	21,476
Affiliates	-	-	-	-	-	11,172	153	15	28	271	(11,639)	-
Estimated third-party payor settlements	5,360	1,899	1,473	-	8,732	-	-	380	-	-	-	9,112
Accrued liabilities:												
Payroll and related expenses	8,197	5,028	1,896	4,550	19,671	4,594	-	53	-	-	-	24,318
Other	3,549	1,237	318	1,735	6,839	1,026	-	2	-	-	-	7,867
Total current liabilities	27,802	12,547	5,445	18,879	64,673	17,922	228	890	28	314	(11,642)	72,413
Long-term debt, less current maturities	74,859	43,154	10,277	-	128,290	-	-	227	-	-	-	128,517
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
	84,838	48,972	11,893	308	146,011	1,603	24,680	227	-	-	-	172,521
Total liabilities	112,640	61,519	17,338	19,187	210,684	19,525	24,908	1,117	28	314	(11,642)	244,934
Net assets:												
Common stock	-	-	-	-	-	-	120	1,100	-	-	(1,220)	-
SIHS controlling interest	231,111	99,307	31,622	33,574	395,614	19,303	12	(216)	18	(308)	113	414,536
Non-controlling interest	-	-	-	-	-	-	-	748	-	-	-	748
Total unrestricted	231,111	99,307	31,622	33,574	395,614	19,303	132	1,632	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	\$ 606,625	\$ 38,828	\$ 25,040	\$ 2,749	\$ 805	\$ 6	\$ (12,749)	\$ 661,304

SOUTHERN ILLINOIS HOSPITAL SERVICES
CONSOLIDATING STATEMENT OF OPERATIONS
Year ended March 31, 2014
(\$ in thousands)

	Memorial Hospital of Carbondale	Herrin Hospital	St. Joseph Memorial Hospital	SIHS Subtotal Corporate	Southern Illinois Medical Services, NFP	SIH Cayman SPC Group, Ltd.	Physicians' Surgery Center, LLC	SIH Foundation	Quality Health Partners LLC	Elimination	Total
Patient service revenue	\$ 242,881	\$ 139,762	\$ 55,691	\$ 438,334	\$ 58,688	\$ -	\$ 4,749	\$ -	\$ -	\$ -	\$ 501,771
Provision for bad debts	16,538	14,631	5,035	(21)	4,868	-	310	-	-	-	41,361
Net patient service revenue, less provision for bad debts	226,343	125,131	50,656	402,151	53,820	-	4,439	-	-	-	460,410
Other operating revenue	6,539	3,671	675	1,127	3,641	1,890	-	(85)	-	(6,695)	10,763
Net assets released from restriction	-	420	8	229	-	-	-	85	-	-	322
Corporate allocation	785	-	172	(1,377)	-	1,890	-	-	-	(6,695)	-
Total revenue	233,667	129,222	51,511	414,400	57,461	1,890	4,439	-	-	(6,695)	471,495
Expenses:											
Salaries	56,938	35,462	12,737	26,176	43,829	-	845	-	-	7	175,994
Employee benefits	21,184	12,751	4,595	5,523	8,515	-	231	-	-	-	52,799
Physicians' fees	18,952	8,152	2,576	141	11,579	-	-	-	-	(21,105)	20,370
Professional fees	8,842	3,760	2,817	4,539	16,077	96	755	75	-	(5,461)	31,592
Purchased services	5,774	2,705	503	5,695	14,677	-	48	276	-	(48)	15,748
Patient chargeable supplies	30,555	9,724	1,086	41,365	213	-	-	-	-	-	41,578
Patient nonchargeable supplies	9,467	4,903	1,224	15,604	396	-	-	-	-	-	16,000
Drugs and pharmaceuticals	5,352	3,733	7,542	16,627	1,629	-	1,234	-	-	-	19,490
Other supplies and expense	3,955	2,797	474	1,639	8,865	-	63	-	-	-	9,806
Rent expense	980	421	325	848	1,827	-	208	8	-	(1,325)	3,284
Repairs and maintenance	3,444	1,330	552	8,112	13,438	-	43	-	-	-	13,739
Insurance	5,351	2,873	1,152	352	9,728	2,147	55	-	-	(6,069)	9,496
Miscellaneous (income) expense	6,479	2,073	595	4,272	(25,410)	66	89	2	-	27,306	15,472
Interest and amortization	4,214	2,265	456	9	423	-	13	-	-	-	7,380
Depreciation	9,388	5,961	2,219	9,170	1,471	-	215	-	-	-	28,424
Corporate allocation	37,897	20,278	8,311	(66,486)	-	-	-	-	-	-	-
Non-cash interest expense associated with interest rate swap contract	(1,744)	(841)	(119)	-	(2,704)	-	-	-	-	-	(2,704)
Total expense	227,028	118,347	47,045	392,420	66,107	2,309	3,799	-	528	(6,695)	458,468
Income (loss) from operations	6,639	10,875	4,466	21,980	(8,646)	(419)	640	-	(528)	-	13,027
Nonoperating gains (losses):											
Unrestricted gifts and interest income	1,395	396	327	11	183	-	31	15	-	-	2,358
Investment income and net realized gains from board designated funds	23,186	9,134	2,108	703	35,131	275	-	-	-	-	35,406
Change in net unrealized gains (losses) on investments	(6,239)	(2,458)	(567)	(189)	(9,453)	144	-	-	-	-	(9,309)
Equity in earnings of joint ventures	982	529	-	1,511	(41)	-	(302)	-	-	-	1,511
Other	(27)	(108)	(55)	(2)	(192)	-	-	-	-	-	(536)
Corporate allocation	236	160	65	(523)	-	-	-	-	-	-	-
Excess of revenues over expenses	19,595	7,853	1,878	29,126	142	419	(271)	15	-	-	29,431
Corporate allocation	26,234	18,528	6,344	51,106	(8,504)	-	369	15	(528)	-	42,458
Contributions for equipment	245	131	53	(429)	-	-	-	-	-	-	-
Contributions to affiliate	108	5	3	429	545	-	-	-	-	-	545
Change in fair value of interest rate swap	(5,372)	(12,105)	(3,078)	20,555	-	-	-	-	-	-	-
Reclassification of administrative fees	1,171	953	326	2,450	-	-	-	-	(400)	-	2,450
Income (decrease) in unrestricted net assets	22,386	7,512	3,648	20,555	(8,504)	-	369	15	(928)	-	45,053

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
Patient service revenue	\$ 232,494	\$ 127,650	\$ 52,630	\$ -	\$ 412,774	\$ 55,964	\$ -	\$ 3,952	\$ -	\$ -	\$ -	\$ 472,690
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	379,128	49,876	-	3,794	-	-	-	432,798
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	303	311	-	-	-	12	-	-	323
Corporate allocation	750	401	164	(1,315)	384,377	54,661	2,372	3,794	-	191	(5,941)	439,454
Total revenue	220,054	115,744	48,579	-	384,377	54,661	2,372	3,794	-	191	(5,941)	439,454
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	(13,792)	18,767
Professional fees	7,676	3,549	2,520	4,847	18,592	14,666	162	929	-	529	(4,417)	30,461
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	5,809	-	13,393	1,459	-	1,154	-	-	-	16,006
Other supplies and expense	4,159	2,494	560	362	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	607	6,688	11,929	268	-	47	-	-	-	12,244
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	18,745	14,718
Interest and amortization	4,253	2,278	462	11	7,004	263	-	23	-	-	-	7,290
Depreciation	8,948	5,664	2,187	8,175	24,974	1,288	-	261	-	-	-	26,523
Corporate allocation	34,323	19,366	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	-	362,195	58,638	2,683	3,689	-	913	(5,941)	422,177
Income (loss) from operations	10,722	6,039	5,421	-	22,182	(3,977)	(311)	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	4,286	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	(5)	-	(39)	-	-	-	1,682
Other	(95)	(99)	(36)	(1)	(231)	(5)	-	-	-	-	-	(275)
Corporate allocation	289	156	63	(506)	-	-	-	-	-	-	-	-
Total nonoperating gains (losses)	17,981	7,061	1,663	(506)	28,705	78	311	(27)	10	(722)	-	27,077
Excess of revenues over expenses	28,703	13,100	7,084	-	48,887	(3,899)	-	78	10	-	-	44,354
Corporate allocation	276	148	61	(485)	-	-	-	-	-	-	-	-
Contributions for equipment	1,085	540	369	-	2,479	-	-	-	-	-	-	2,479
Contributions to affiliate	1,297	(1,470)	(5,416)	5,589	-	-	-	-	-	-	-	-
Change in fair value of interest rate swap	(139)	(113)	(39)	-	(291)	-	-	-	-	-	-	(291)
Increase (decrease) in unrestricted net assets	31,222	12,205	2,059	5,589	51,075	(3,899)	-	78	10	(722)	-	46,542

Form **990-T**

**Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))**

OMB No. 1545-0687

For calendar year 2013 or other tax year beginning APRIL 01, 2013, and ending MARCH 31, 20 14

▶ See separate instructions.

2013

Department of the Treasury
Internal Revenue Service

▶ Information about Form 990-T and its instructions is available at www.irs.gov/form990t.
▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for
501(c)(3) Organizations Only

Check box if address changed

B Exempt under section

- 501(C)(3)
- 408(e) 220(e)
- 408A 530(a)
- 529(a)

Name of organization (Check box if name changed and see instructions.)
SOUTHERN ILLINOIS HOSPITAL SERVICES

Number, street, and room or suite no. If a P.O. box, see instructions.
P.O. BOX 3988

City or town, state or province, country, and ZIP or foreign postal code
CARBONDALE, IL 62902-3988

D Employer identification number
(Employees' trust, see instructions.)

37-0618939

E Unrelated business activity codes
(See instructions.)

561499

C Book value of all assets at end of year
650,327,766

F Group exemption number (See instructions.) ▶

G Check organization type ▶ 501(c) corporation 501(c) trust 401(a) trust Other trust

H Describe the organization's primary unrelated business activity. ▶ **PROCESS IMPROVEMENT WORKSHOPS**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶ **SEE SUPPLEMENTAL INFORMATION**

J The books are in care of ▶ **MIKE KASSER** Telephone number ▶ **(618)457-5200**

Part I Unrelated Trade or Business Income				(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales	26,184				
b	Less returns and allowances	0				
	c Balance ▶		1c	26,184		
2	Cost of goods sold (Schedule A, line 7)		2	0		
3	Gross profit. Subtract line 2 from line 1c		3	26,184		26,184
4a	Capital gain net income (attach Form 8949 and Schedule D)		4a	0		0
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b	0		0
c	Capital loss deduction for trusts		4c	0		0
5	Income (loss) from partnerships and S corporations (attach statement)		5	0		0
6	Rent income (Schedule C)		6	0	0	0
7	Unrelated debt-financed income (Schedule E)		7	0	0	0
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)		8	0	0	0
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9	0	0	0
10	Exploited exempt activity income (Schedule I)		10	0	0	0
11	Advertising income (Schedule J)		11	0	0	0
12	Other income (See instructions; attach schedule.)		12	0		0
13	Total. Combine lines 3 through 12		13	26,184	0	26,184

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)				
14	Compensation of officers, directors, and trustees (Schedule K)		14	0
15	Salaries and wages		15	11,152
16	Repairs and maintenance		16	0
17	Bad debts		17	0
18	Interest (attach schedule)		18	0
19	Taxes and licenses		19	0
20	Charitable contributions (See instructions for limitation rules.)		20	
21	Depreciation (attach Form 4562)		21	0
22	Less depreciation claimed on Schedule A and elsewhere on return		22a	0
23	Depletion		23	0
24	Contributions to deferred compensation plans		24	0
25	Employee benefit programs		25	3,345
26	Excess exempt expenses (Schedule I)		26	0
27	Excess readership costs (Schedule J)		27	0
28	Other deductions (attach schedule)		28	6,205
29	Total deductions. Add lines 14 through 28		29	20,702
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	5,482
31	Net operating loss deduction (limited to the amount on line 30)		31	5,482
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32	0
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)		33	1,000
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32		34	0

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input checked="" type="checkbox"/> See instructions and:		
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____		
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____		
c Income tax on the amount on line 34	35c	0
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	36	
37 Proxy tax. See instructions	37	
38 Alternative minimum tax	38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39	0

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a		
b Other credits (see instructions)	40b		
c General business credit. Attach Form 3800 (see instructions)	40c		
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d		
e Total credits. Add lines 40a through 40d	40e		0
41 Subtract line 40e from line 39	41		0
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42		0
43 Total tax. Add lines 41 and 42	43		0
44a Payments: A 2012 overpayment credited to 2013	44a	0	
b 2013 estimated tax payments	44b	0	
c Tax deposited with Form 8868	44c		
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d		
e Backup withholding (see instructions)	44e		
f Credit for small employer health insurance premiums (Attach Form 8941)	44f		
g Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other 0 Total	44g	0	
45 Total payments. Add lines 44a through 44g	45		0
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	46		
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47		0
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48		0
49 Enter the amount of line 48 you want: Credited to 2014 estimated tax 0 Refunded	49		0

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2013 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here <u>CJ</u>	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		✓
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$ 0		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation

1 Inventory at beginning of year	1	0	6 Inventory at end of year	6	0
2 Purchases	2	0	7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	0
3 Cost of labor	3	0	8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a Additional section 263A costs (attach schedule)	4a	0			✓
b Other costs (attach schedule)	4b	0			
5 Total. Add lines 1 through 4b	5	0			

Sign Here 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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title **CFO**

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

Paid Preparer Use Only	Print/Type preparer's name RACHEL SPURLOCK	Preparer's signature <i>Rachel Spurlock</i>	Date 11/10/2014	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name CROWE HORWATH LLP	Firm's EIN			
	Firm's address 9600 BROWNSBORO ROAD, SUITE 400, LOUISVILLE, KY 40241-1122	Phone no. (502)326-3996			

Application for Extension of Time To File an Exempt Organization Return

(Rev. January 2014)

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

► **File a separate application for each return.**
► **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

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

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

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

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

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

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

Type or print	Enter filer's identifying number, see instructions	
	Name of exempt organization or other filer, see instructions. SOUTHERN ILLINOIS HOSPITAL SERVICES	Employer identification number (EIN) or 37-0618939
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 3988	Social security number (SSN)
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CARBONDALE, IL 62902-3988	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ► MIKE KASSER

Telephone No. ► (618)457-5200 Fax No. ► _____

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

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

► tax year beginning April 01, 20 13, and ending March 31, 20 14.

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

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0

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

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property		2. Rent received or accrued	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)		
(1)			
(2)			
(3)			
(4)			
Total		Total	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶ 0	

Schedule E—Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property		
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)	
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 × column 6)	8. Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals ▶			Enter here and on page 1, Part I, line 7, column (A). 0	Enter here and on page 1, Part I, line 7, column (B). 0
Total dividends-received deductions included in column 8 ▶			0	0

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7. Taxable Income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals ▶			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A). 0	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). 0	

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	Enter here and on page 1, Part I, line 9, column (A). 0			Enter here and on page 1, Part I, line 9, column (B). 0

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals	Enter here and on page 1, Part I, line 10, col. (A). 0	Enter here and on page 1, Part I, line 10, col. (B). 0				Enter here and on page 1, Part II, line 26. 0

Schedule J—Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I						
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A). 0	Enter here and on page 1, Part I, line 11, col. (B). 0				Enter here and on page 1, Part II, line 27. 0

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0

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

2013

Open to Public Inspection for
501(c)(3) Organizations Only

Name of the Organization
SOUTHERN ILLINOIS HOSPITAL SERVICES

Employer Identification Number
37-0618939

Return Reference	Identifier	Explanation
FORM 990-T, ITEM I	NAME AND IDENTIFYING NUMBER OF PARENT CORPORATION	NAME: SOUTHERN ILLINOIS HEALTHCARE ENTERPRISES, INC. EIN: 37-1136788

Form 990-T Part II, Line 28, Other Deductions

Description	Amount
Process Improvement Workshops	
(1) Mileage	1,592
(2) Supplies	4,613
Total	6,205
Total for Part II, Line 28	6,205

Form 990-T Part II, Line 31, Net Operating Loss Deduction Carryforward Schedule

Year Generated	Amount Generated	Amount Used in Prior Years	Amount Used in Current Year	Amount Remaining	NOL Expires
2000	150,574	20,316	5,482	124,776	2020
2001	157,415	0	0	157,415	2021
2002	63,772	0	0	63,772	2022
2004	75,902	0	0	75,902	2024
2005	197,514	0	0	197,514	2025
2006	245,661	0	0	245,661	2026
2007	203,297	0	0	203,297	2027
2008	253,257	0	0	253,257	2028
2009	453,683	0	0	453,683	2029
2010	301,779	0	0	301,779	2030
2011	239,648	0	0	239,648	2031
2012	26,278	0	0	26,278	2032
Totals	2,368,780	20,316	5,482	2,342,982	

ELECTION TO FORGO THE TWO-YEAR NET OPERATING LOSS CARRYBACK PERIOD

The taxpayer incurred a net operating loss in the current tax year and is entitled to a two-year carryback of the loss under IRC Sec. 172(b)(1)(A)(i). Pursuant to IRC Sec. 172(b)(3), the taxpayer hereby elects to relinquish the entire carryback period with respect to any regular tax and AMT net operating losses.

Form 990-T Part III, Line 35, Tax Computation Worksheet for Members of a Controlled Group

1	Enter unrelated business taxable income (line 34, page 1, Form 990-T)	0
2	Enter line 1 or corporation's share of the \$50,000 taxable income bracket, whichever is less	0
3	Subtract line 2 from line 1	0
4	Enter line 3 or corporation's share of the \$25,000 taxable income bracket, whichever is less	0
5	Subtract line 4 from line 3	0
6	Enter line 5 or corporation's share of the \$9,925,000 taxable income bracket, whichever is less	0
7	Subtract line 6 from line 5	0
8	Enter 15% of line 2	0
9	Enter 25% of line 4	0
10	Enter 34% of line 6	0
11	Enter 35% of line 7	0
12	If the taxable income of the controlled group exceeds \$100,000, enter this member's share of the smaller of: (a) 5% of the excess over \$100,000, or (b) \$11,750 (see instructions for additional 5% and additional 3% tax)	0
13	If the taxable income of the controlled group exceeds \$15 million, enter this member's share of the smaller of: (a) 3% of the excess over \$15 million, or (b) \$100,000 (see instructions for additional 5% and additional 3% tax)	0
14	Add lines 8 through 13. Enter here and on line 35c, page 2, Form 990-T	0