



MERCY

MERCY HOSPITAL & MEDICAL CENTER
2525 SOUTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60616-2477
312.567.2000 phone

RECEIVED

AUG 29 2014

HEALTH FACILITIES &
SERVICES REVIEW BOARD

August 28, 2014

Michael Mills
Compliance Coordinator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

RE: Mercy Hospital & Medical Center – Permit # 08-043 Project Completion

Dear Mr. Mills:

The following is a certification of compliance with all terms of Permit # 08-043.

I, Thomas J. Dohm, attest and submit this report as confirmation that the project referred to as Permit # 08-043 has been brought to conclusion and all final costs have been realized.

Costs

The total project costs were \$29,281,021 which did exceed the Permit Alteration approved amount of \$25,790,700. All project costs were funded via a HUD loan and no funds were submitted, nor will be submitted for reimbursement under Titles XVIII and / or XIX. Please see our summary of project costs, detailed itemization of all project costs, and third party audit; these documents are enclosed for your review.

Square Footage

The total gross square footage was 28,984 square feet, which is less than the approved clinical gross square footage of 30,910/GSF noted in the August 15, 2008 Permit and less than 53,323GSF noted in the August 11, 2010 Permit Alteration.

Services

The project scope of work consisted of the construction of a hospital-wide sprinkler and fire alarm system, birthing center, cardiac care and HVAC mechanical project at 2525 S. Michigan Avenue, Chicago, Illinois.

Schedule

The project began June 7, 2011 and was substantially completed May 8, 2013.

Evidenced By:

Attachment A- Summary of Final Costs
Attachment B- Application and Certificate of Payment
Attachment C- Cost Certification Audit

Please contact my office at (312)567-5618, should you have any questions.

Sincerely,



Thomas J. Dohm, MBA, FACHE
Vice President of Support Services
Mercy Hospital and Medical Center
2525 S. Michigan Ave.
Chicago, IL 60616

State of: Illinois

SS:

County of: Cook

Before me, the undersigned notary public, this day, personally, appeared Thomas J. Dohm to me known, who being duly sworn according to law, deposes the following:

(Affiant's Statement)



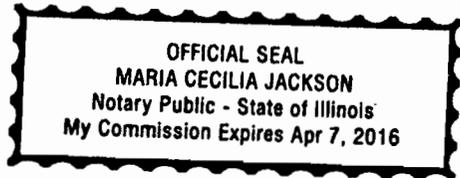
(Signature of Affiant)

Subscribed and sworn to before me this 28th day of August, 2014.



Notary Public

My Commission Expires: 4-7-16



Mercy Hospital & Medical Center
Illinois Health Facilities Planning Board Project #08-043
Project Costs
August 25, 2014

Description	Final Costs
Construction	22,512,148.00
Architect's Fee-Design	703,920.00
Architect's Fee-Supervisory	41,425.00
Mortgagors Fees	516,356.00
Interest	1,508,507.00
FHA Mortgage Insurance	673,684.00
FHA Examination Fee	195,672.00
FHA Inspection Fee	326,120.00
Financing Fee	774,464.00
Placement Fee	652,240.00
Title and Recording	150,000.00
Legal and Consultant Fees	1,196,485.00
Cost Certification Fee	30,000.00
Subtotal	29,281,021.00

ATTACHMENT A

APPLICATION AND CERTIFICATE FOR PAYMENT

TO (OWNER):
 Mercy Hospital and Medical Center
 2525 South Michigan Avenue
 Chicago, IL 60616

PROJECT: Summary
 Mercy Hospital and Medical Center
 2525 South Michigan Avenue
 Chicago, IL 60616

APPLICATION NO: 31 - FINAL
 PERIOD TO: 06/30/13
 INVOICE DATE: 3/10/2014

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR
FILE
 PROJECT NO: our project # 510016, 510034, 510035, 510036, 510039, 511015
 our invoice # Application #31 / Summary #25

FROM (CONTRACTOR):
 Berglund Construction Company
 111 East Wacker Drive, Suite 2450
 Chicago, IL 60601

ARCHITECT:
 VOA Associates, Inc.
 224 S. Michigan Ave.
 Chicago, IL 60604-2595

CONTRACT FOR: Construction Management

CONTRACT DATE:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for Payment, as shown below, in connection with the contract Continuation Sheet.

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Change orders approved	1,459,786.00	54,443.00
pervious months by Owner	\$ -	
TOTAL	\$ 1,535,757.00	\$ 54,443.00
Approved this Month		
Number	Date approved	
OCO #18	5/15/13	\$ 26,359.00
		\$ -
		\$ -
		\$ -
		\$ -
TOTALS	\$ 1,562,116.00	\$ 54,443.00
Net Changed by Change Orders	\$ 1,507,673.00	

1	ORIGINAL CONTRACT SUM	\$ 21,004,475.00
2	Net Change by Change Orders	\$ 1,507,673.00
3	Contract Sum to Date (line 1 +/- 2)	\$ 22,512,148.00
4	Total completed & Stored to Date (column K on G703)	\$ 22,512,148.00
5	RETAINAGE:	
5a	of completed work \$	-
5b	of Stored Material \$	-
	(Column F on G703)	
	Total Retainage (line 5a +5b or Total in Column N of G703)	\$ -
6	TOTAL EARNED LESS RETAINAGE (Line 4 less Line 5 total)	\$ 22,512,148.00
7	LESS PREVIOUS CERTIFICATES FOR Payment	\$ 22,202,566.29
8	CURRENT PAYMENT DUE	\$ 309,581.71
9	Balance to Finish, Plus Retainage (Line 3 less Line 6)	\$ -

The undersigned contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work which previous Certificated for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNTED CERTIFIED

(Attach explanation if amount certified differs from the amount applied for.)

ARCHITECT:

BY: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CONTRACTOR:

By: *[Signature]* Date: 2/28/14
 Kevin Geshwender, Executive Vice President / Chief Financial Officer

28-Feb-14

State of: Illinois

County of: Cook

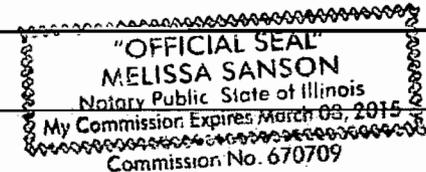
Subscribed and sworn to before me this 28th

day of

Feb-14

Notary Public: *[Signature]*

My Commission expires: 03/08/2015



ATTACHMENT B

FILE

APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 54014

To Owner: Mercy Hospital and Medical Center
2525 South Michigan Avenue

Project: 510034- Mercy Hospital Birthing Center

Application No.: 31

Distribution to:

<input type="checkbox"/>	Owner
<input type="checkbox"/>	Architect
<input type="checkbox"/>	Contractor
<input type="checkbox"/>	
<input type="checkbox"/>	

Chicago, IL 60616

Period To: 2/28/2014

From Contractor: Berglund Construction
8410 S South Chicago Avenue
Chicago, IL 60617

Via Architect: VOA Associates, Inc.
224 S. Michigan Ave.
Chicago IL 60604-2595

Project Nos:

Contract For:

Contract Date:

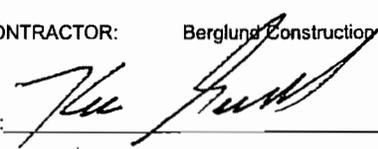
CONTRACTOR'S APPLICATION FOR PAYMENT

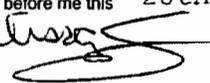
Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

1. Original Contract Sum	\$4,609,339.00
2. Net Change By Change Order	\$938,635.00
3. Contract Sum To Date	\$5,547,974.00
4. Total Completed and Stored To Date	\$5,547,974.00
5. Retainage:	
a. 0.00% of Completed Work	\$0.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$0.00
6. Total Earned Less Retainage	\$5,547,974.00
7. Less Previous Certificates For Payments	\$5,492,383.64
8. Current Payment Due	\$55,590.36
9. Balance To Finish, Plus Retainage	\$0.00

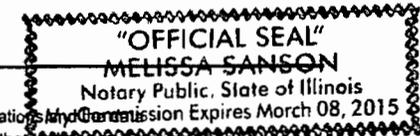
The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Berglund Construction

By:  Date: 02/28/2014

State of Illinois
Subscribed and sworn to before me this 28th
Notary Public: 
My Commission expires: 03/08/2015

County of: Cook
day of February 2014



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and information comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$55,590.36

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$959,984.00	\$21,349.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$959,984.00	\$21,349.00
Net Changes By Change Order	\$938,635.00	

CONTINUATION SHEET

Application and Certification for Payment, containing

Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 31

Application Date : 02/28/14

To: 02/28/14

Architect's Project No.:

Invoice # : 54014

Contract : 510034- Mercy Hospital Birthing Center

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	H % (G / C)	I Balance To Finish (C-G)	J Retainage
			From Previous Application (D+E)	This Period In Place					
01000	General Conditions (BCC)	75,522.00	75,522.00	0.00	0.00	75,522.00	100.00%	0.00	0.00
01001	General Requirements / Site Supervision (BCC)	462,898.33	462,734.33	164.00	0.00	462,898.33	100.00%	0.00	0.00
01002	General Trades Sub (Oakley)	350,695.00	350,695.00	0.00	0.00	350,695.00	100.00%	0.00	0.00
02010	Selective Demolition (Hyde Park)	189,000.00	189,000.00	0.00	0.00	189,000.00	100.00%	0.00	0.00
02011	Remove and Salvage (BCC)	9,653.05	9,653.05	0.00	0.00	9,653.05	100.00%	0.00	0.00
05500	Steel (Commercial Stainless Services)	5,175.00	5,175.00	0.00	0.00	5,175.00	100.00%	0.00	0.00
06100	Millwork, Doors, Div.10, & Headwalls (Jade)	624,367.00	624,367.00	0.00	0.00	624,367.00	100.00%	0.00	0.00
07810	Spray Fireproofing	3,150.00	3,150.00	0.00	0.00	3,150.00	100.00%	0.00	0.00
08800	Glazing (Glass Designers)	39,882.00	39,882.00	0.00	0.00	39,882.00	100.00%	0.00	0.00
09260	Drywall/ACT/Plaster/Blocking (Morfin)	342,232.00	342,232.00	0.00	0.00	342,232.00	100.00%	0.00	0.00
09300	Tile (Lowery)	37,898.00	37,898.00	0.00	0.00	37,898.00	100.00%	0.00	0.00
09650	Resilient Flooring (PCI Flortech)	185,438.00	185,438.00	0.00	0.00	185,438.00	100.00%	0.00	0.00
09900	Painting / Wallcovering (Continental)	164,869.00	164,869.00	0.00	0.00	164,869.00	100.00%	0.00	0.00
11001	Install owner equipment (BCC)	2,886.43	2,886.43	0.00	0.00	2,886.43	100.00%	0.00	0.00
12000	Pneumatic Tube	9,350.00	9,350.00	0.00	0.00	9,350.00	100.00%	0.00	0.00
15001	Misc MEPFP Relocation Subcontracts	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
15002	Other Misc Subcontracts	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
15300	Fire Protection (US Fire Protection)	49,507.00	49,507.00	0.00	0.00	49,507.00	100.00%	0.00	0.00
15400	Plumbing (Brandenburger)	334,789.00	334,789.00	0.00	0.00	334,789.00	100.00%	0.00	0.00
15500	HVAC (RAM Mechanical)	873,592.00	873,592.00	0.00	0.00	873,592.00	100.00%	0.00	0.00
16000	Electrical (Rex)	1,345,859.00	1,345,859.00	0.00	0.00	1,345,859.00	100.00%	0.00	0.00
90002	Pre-Con Fee & Mgmt Staff (BCC)	40,212.00	40,212.00	0.00	0.00	40,212.00	100.00%	0.00	0.00
99000	Construction Fee & Mgmt Staff (BCC)	400,999.19	400,999.19	0.00	0.00	400,999.19	100.00%	0.00	0.00
5500-99-93	Structural Steel from PCO #93 (BCC)	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
Grand Totals		5,547,974.00	5,547,810.00	164.00	0.00	5,547,974.00	100.00%	0.00	0.00

APPLICATION AND CERTIFICATE FOR PAYMENT

FILE

Invoice #: 54015

To Owner: Mercy Hospital and Medical Center
2525 South Michigan Avenue

Chicago, IL 60616

Project: 510035- Mercy Hospital Cardiac Care Unit (CCU)

Application No.: 31

Distribution to:

<input type="checkbox"/>	Owner
<input type="checkbox"/>	Architect
<input type="checkbox"/>	Contractor
<input type="checkbox"/>	
<input type="checkbox"/>	

Period To: 2/28/2014

From Contractor: Berglund Construction
8410 S South Chicago Avenue
Chicago, IL 60617

Via Architect: VOA Associates, Inc.
224 S. Michigan Ave.
Chicago IL 60604-2595

Project Nos:

Contract For:

Contract Date:

CONTRACTOR'S APPLICATION FOR PAYMENT

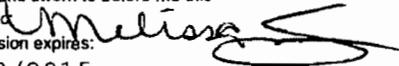
Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

1. Original Contract Sum	\$3,733,980.00
2. Net Change By Change Order	\$421,046.00
3. Contract Sum To Date	\$4,155,026.00
4. Total Completed and Stored To Date	\$4,155,026.00
5. Retainage:	
a. 0.00% of Completed Work	\$0.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$0.00
6. Total Earned Less Retainage	\$4,155,026.00
7. Less Previous Certificates For Payments	\$4,113,092.79
8. Current Payment Due	\$41,933.21
9. Balance To Finish, Plus Retainage	\$0.00

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Berglund Construction

By:  Date: 02/28/14

State of: Illinois
Subscribed and sworn to before me this 28th
Notary Public 
My Commission expires: 03/08/2015

County of: Cook
day of February 2014



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$41,933.21

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$490,865.00	\$69,819.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$490,865.00	\$69,819.00
Net Changes By Change Order	\$421,046.00	

CONTINUATION SHEET

Application and Certification for Payment, containing Contractor's signed certification is attached.

In tabulations below, amounts are stated to the nearest dollar.

Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 31

Application Date : 02/28/14

To: 02/28/14

Architect's Project No.:

Invoice # : 54015

Contract : 510035- Mercy Hospital Cardiac Care Unit (CCU)

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	% (G / C)	H Balance To Finish (C-G)	I Retainage
			From Previous Application (D+E)	This Period In Place					
01000	General Conditions (BCC)	68,641.00	68,641.00	0.00	0.00	68,641.00	100.00%	0.00	0.00
01001	General Requirements / Site Supervision (BCC)	395,487.77	395,200.00	287.77	0.00	395,487.77	100.00%	0.00	0.00
01002	General Trades Sub (Oakley)	168,208.23	168,208.23	0.00	0.00	168,208.23	100.00%	0.00	0.00
02010	Selective Demo Sub (Hyde Park)	137,000.00	137,000.00	0.00	0.00	137,000.00	100.00%	0.00	0.00
02011	Remove and Salvage (BCC)	2,145.00	2,145.00	0.00	0.00	2,145.00	100.00%	0.00	0.00
02012	Cut & Patch for MEPFP (with General trades)	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
05500	Steel (Commercial Stainless Services)	2,294.00	2,294.00	0.00	0.00	2,294.00	100.00%	0.00	0.00
06100	Millwork, Doors, Div. 10, & Headwalls (Jade)	526,984.00	526,984.00	0.00	0.00	526,984.00	100.00%	0.00	0.00
06420	Nurse Server Millwork (Cain)	13,737.00	13,737.00	0.00	0.00	13,737.00	100.00%	0.00	0.00
08101	DoorFiled Inspection & Labeling (Intertek)	2,900.00	2,900.00	0.00	0.00	2,900.00	100.00%	0.00	0.00
08800	Glazing (Glass Designers)	28,620.00	28,620.00	0.00	0.00	28,620.00	100.00%	0.00	0.00
09260	Drywall/ACT/Blocking/Plaster sub (Morfin)	229,398.00	229,398.00	0.00	0.00	229,398.00	100.00%	0.00	0.00
09300	Tile (Lowery)	46,967.00	46,967.00	0.00	0.00	46,967.00	100.00%	0.00	0.00
09650	Resilient Floor (PCI Flortech)	127,613.00	127,613.00	0.00	0.00	127,613.00	100.00%	0.00	0.00
09900	Painting & Wallcoverings (Continental)	87,069.00	87,069.00	0.00	0.00	87,069.00	100.00%	0.00	0.00
11001	Install owner equipment (BCC)	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
15001	Misc MEPFP Relocations subcontracts	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
15002	Other Misc Subcontracts	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
15300	Fire Protection (US Fire)	55,775.00	55,775.00	0.00	0.00	55,775.00	100.00%	0.00	0.00
15400	Plumbing (Brandenburger)	363,735.00	363,735.00	0.00	0.00	363,735.00	100.00%	0.00	0.00
15500	HVAC (RAM Mechanical)	724,051.00	724,051.00	0.00	0.00	724,051.00	100.00%	0.00	0.00
16000	Electrical (Rex)	844,512.00	844,512.00	0.00	0.00	844,512.00	100.00%	0.00	0.00
90002	Pre-con Fee & Mgmt Staff (BCC)	39,560.00	39,560.00	0.00	0.00	39,560.00	100.00%	0.00	0.00
99000	Construction Fee & Mgmt Staff (BCC)	305,329.00	305,329.00	0.00	0.00	305,329.00	100.00%	0.00	0.00
99999	Daltile/Lowery/Berglund Tile Credit	-15,000.00	-15,000.00	0.00	0.00	-15,000.00	100.00%	0.00	0.00
Grand Totals		4,155,026.00	4,154,738.23	287.77	0.00	4,155,026.00	100.00%	0.00	0.00

APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 54016

FILE

To Owner: Mercy Hospital and Medical Center
2525 South Michigan Avenue

Chicago, IL 60616

Project: 510036- Mercy DB Fire Sprinkler Fire Alarm Project

Application No.: 31

Distribution to:

Owner

Architect

Contractor

Period To: 2/28/2014

From Contractor: Berglund Construction
8410 S South Chicago Avenue
Chicago, IL 60617

Via Architect:

Project Nos:

Contract For:

Contract Date:

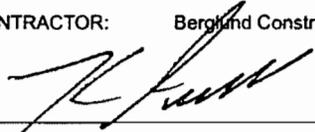
CONTRACTOR'S APPLICATION FOR PAYMENT

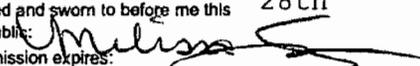
Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

1. Original Contract Sum	\$11,270,372.00
2. Net Change By Change Order	\$40,872.00
3. Contract Sum To Date	\$11,311,244.00
4. Total Completed and Stored To Date	\$11,311,244.00
5. Retainage:	
a. 0.00% of Completed Work	\$0.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$0.00
6. Total Earned Less Retainage	\$11,311,244.00
7. Less Previous Certificates For Payments	\$11,103,106.83
8. Current Payment Due	\$208,137.17
9. Balance To Finish, Plus Retainage	\$0.00

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Berglund Construction

By:  Date: 02/28/2014

State of: Illinois
Subscribed and sworn to before me this 28th
Notary Public: 
My Commission expires: 03/08/2015

County of: Cook
day of February 2014

"OFFICIAL SEAL"
MELISSA SANSON
Notary Public, State of Illinois
My Commission Expires March 9th 2015
Commission No. 670/09

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$208,137.17

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$199,706.00	\$158,834.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$199,706.00	\$158,834.00
Net Changes By Change Order	\$40,872.00	

CONTINUATION SHEET

Application and Certification for Payment, containing Contractor's signed certification is attached.
 In tabulations below, amounts are stated to the nearest dollar.
 Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 31
 Application Date : 02/28/14
 To: 02/28/14
 Architect's Project No.:

Invoice # : 54016 Contract : 510036- Mercy DB Fire Sprinkler Fire Alarm Project

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		E This Period In Place	F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	H % (G / C)	I Balance To Finish (C-G)	J Retainage
			From Previous Application (D+E)							
01000	General Conditions (BCC)	153,140.00	153,140.00		0.00	0.00	153,140.00	100.00%	0.00	0.00
01001	General Requirements / Site Supervision (BCC)	585,984.00	585,328.00		656.00	0.00	585,984.00	100.00%	0.00	0.00
01002	General Trades Sub (Ornelas)	2,539,096.00	2,539,096.00		0.00	0.00	2,539,096.00	100.00%	0.00	0.00
01333	Scanning (with General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
02009	Cutting and Patching (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
02010	Select Demolition (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
04000	Masonry (Crouch-Seranko)	96,659.00	96,659.00		0.00	0.00	96,659.00	100.00%	0.00	0.00
07500	Roofing (Knickerbocker)	3,041.00	3,041.00		0.00	0.00	3,041.00	100.00%	0.00	0.00
07841	Firestopping (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
09260	Drywall (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
09280	Plaster (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
09500	ACT (With General Trades sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
09545	Specialty&Metal Clgs (With General Trades Sub)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
09900	Painting / Wallcovering (Continental)	81,638.00	81,638.00		0.00	0.00	81,638.00	100.00%	0.00	0.00
14200	Elevators (N/A)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
15001	MEFPF Relocations	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
15300	Fire Sprinkler (USA Fire Protection)	3,204,756.00	3,204,756.00		0.00	0.00	3,204,756.00	100.00%	0.00	0.00
15400	Plumbing (N/A)	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
15500	HVAC (RAM Mechanical)	143,289.00	143,289.00		0.00	0.00	143,289.00	100.00%	0.00	0.00
16000	Fire Alarm (Phillips Electric)	3,836,809.00	3,818,593.00		18,216.00	0.00	3,836,809.00	100.00%	0.00	0.00
90002	Pre-con Fee & Mgmt Staff (BCC)	39,560.00	39,560.00		0.00	0.00	39,560.00	100.00%	0.00	0.00
95000	Other Misc MEFPF Subcontracts	0.00	0.00		0.00	0.00	0.00	0.00%	0.00	0.00
99000	Construction Fee & Mgmt Staff (BCC)	627,272.00	627,272.00		0.00	0.00	627,272.00	100.00%	0.00	0.00
Grand Totals		11,311,244.00	11,292,372.00		18,872.00	0.00	11,311,244.00	100.00%	0.00	0.00

FILE

APPLICATION AND CERTIFICATE FOR PAYMENT

Invoice #: 54017

To Owner: Mercy Hospital and Medical Center
2525 South Michigan Avenue
Chicago, IL 60616

Project: 510039- Mercy Abatement Project

From Contractor: Berglund Construction
8410 S South Chicago Avenue
Chicago, IL 60617

Via Architect: VOA Associates, Inc.
224 S. Michigan Ave.
Chicago IL 60604-2595

Contract For:

Application No.: 31

Period To: 2/28/2014

Project Nos:

Contract Date:

Distribution to:

Owner

Architect

Contractor

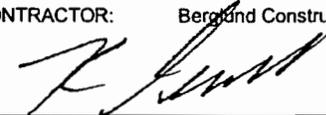
CONTRACTOR'S APPLICATION FOR PAYMENT

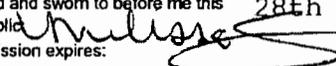
Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet is attached.

1. Original Contract Sum	\$206,206.00
2. Net Change By Change Order	\$161,563.00
3. Contract Sum To Date	\$367,769.00
4. Total Completed and Stored To Date	\$367,769.00
5. Retainage:	
a. 0.00% of Completed Work	\$0.00
b. 0.00% of Stored Material	\$0.00
Total Retainage	\$0.00
6. Total Earned Less Retainage	\$367,769.00
7. Less Previous Certificates For Payments	\$363,848.03
8. Current Payment Due	\$3,920.97
9. Balance To Finish, Plus Retainage	\$0.00

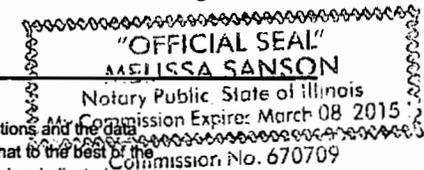
The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief, the work covered by this Application for Payment has been completed in accordance with the Contract Documents. That all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: Berglund Construction

By:  Date: 02/28/2014

State of: Illinois
Subscribed and sworn to before me this 28th
Notary Public 
My Commission expires: 03/08/2015

County of: Cook
day of February 2014



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information, and belief, the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED \$3,920.97

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:

By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment, and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CHANGE ORDER SUMMARY	Additions	Deductions
Total changes approved in previous months by Owner	\$171,563.00	\$10,000.00
Total Approved this Month	\$0.00	\$0.00
TOTALS	\$171,563.00	\$10,000.00
Net Changes By Change Order	\$161,563.00	

CONTINUATION SHEET

Application and Certification for Payment, containing Contractor's signed certification is attached.
 In tabulations below, amounts are stated to the nearest dollar.
 Use Column I on Contracts where variable retainage for line items may apply.

Application No. : 31
 Application Date : 02/28/14
 To: 02/28/14
 Architect's Project No.:

Invoice #: 54017 Contract : 510039- Mercy Abatement Project

A Item No.	B Description of Work	C Scheduled Value	D Work Completed		E This Period In Place	F Materials Presently Stored (Not in D or E)	G Total Completed and Stored To Date (D+E+F)	H % (G / C)	I Balance To Finish (C-G)	J Retainage
			D From Previous Application (D+E)	E This Period In Place						
01000	General Conditions (BCC)	244.24	0.00	244.24	0.00	244.24	100.00%	0.00	14.82	
01001	General Requirements/ Site Supervision (BCC)	40.76	40.76	0.00	0.00	40.76	100.00%	0.00	-14.82	
01170	Environmental Consultant (CCA)	59,875.00	59,875.00	0.00	0.00	59,875.00	100.00%	0.00	0.00	
02182	Abatement Contractor (Enviroplus)	299,417.00	299,417.00	0.00	0.00	299,417.00	100.00%	0.00	0.00	
95000	Other Misc Subcontracts	0.00	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	
99000	Fee & Mgmt Staff (BCC)	8,192.00	8,192.00	0.00	0.00	8,192.00	100.00%	0.00	0.00	
Grand Totals		367,769.00	367,524.76	244.24	0.00	367,769.00	100.00%	0.00	0.00	

December 26, 2013

To the Board of Directors
Mercy Hospital & Medical Center

We have audited the financial statements of Mercy Hospital and Medical Center (the Mortgagor), for the period ended June 30, 2013, and have issued our report thereon dated December 17, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Mortgagor are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the period ended June 30, 2013. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the accrued real estate taxes is based on recent tax bills. We evaluated the key factors and assumptions used to develop the accrued real estate tax estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of the basis of presentation in Note 2 to the financial statements This note describes the basis of presentation used for the financial statements which follows the accounting and reporting practices prescribed by HUD.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors charged with governance and, if appropriate, management, of Mercy Hospital and Medical Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "CohnReznick LLP".

CohnReznick LLP

**Mercy Hospital and Medical Center
HUD Project No.: 171-13010**

**Mortgagor's Certificate of Actual
Cost and Independent Auditor's Report**

June 30, 2013

**Mercy Hospital and Medical Center
HUD Project No.: 171-13010**

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Independent Auditor's Report

HUD PROJECT NO.: 071-13010
PROJECT NAME: Mercy Hospital and Medical Center
LOCATION: Chicago, Illinois

Board of Directors
Mercy Hospital and Medical Center

Report on the Financial Statements

We have audited the accompanying financial statements of Mercy Hospital and Medical Center (the Mortgagor), which comprise the Mortgagor's Certificate of Actual Cost-regulatory basis (Form HUD-92330), Schedule of Upset Price of Construction Cost-Plus Contract, and Schedule to Support Form HUD-92330 as of June 30, 2013 of the Mortgagor pertaining to certain improvements to the Mercy Hospital and Medical Center (the Project), the statement of assets, liabilities and mortgagor's equity - regulatory basis as of June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements, on a regulatory basis, in accordance with the accounting and reporting practices prescribed by the U.S. Department of Housing and Urban Development (HUD). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the actual costs of the Mortgagor as of June 30, 2013; its assets, liabilities and mortgagor's equity as of June 30, 2013, in accordance with accounting and reporting practices prescribed by HUD.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a regulatory basis, in accordance with the accounting practices prescribed by HUD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with HUD requirements. Our opinion is not modified with respect to this matter.

Other Matter

We have no financial interest in the Mortgagor other than in the practice of our profession.

Restriction of Use

Our reports are intended solely for the information and use of the Mortgagor and HUD and are not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the Mortgagor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mortgagor's internal control over financial reporting and compliance.

CohnReznick LLP

Chicago, Illinois
December 17, 2013

Taxpayer Identification Number:
22-1478099

Lead Auditor: Nelson Gomez, CPA

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Mortgagor's Certification

June 30, 2013

I hereby certify that the foregoing figures and statements contained herein submitted by me as agent for Mercy Hospital and Medical Center (the Mortgagor), for the purpose of obtaining mortgage insurance under the National Housing Act, are true and give a correct showing the Mortgagor's financial position as of June 30, 2013.



Signature of authorized agent

Carol Schneider
Printed name of authorized agent

December 17, 2013
Date

WARNING: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Mortgagor's Certificate of Actual Cost

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0112
(exp. 12/31/2014)

Public reporting burden for this collection of information is estimated to average 8 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The collection of this information is required by Section 227 of the National Housing Act (P.L. 479, 48 Stat., 1246, 12 USC 1701 et seq). Regulations stipulating these rules are Section 200.95 and 891.545. This form must be completed so that HUD can make an informed determination of mortgage insurance acceptability and to prevent windfall profits. The data collected is from the mortgagor relative to the actual cost of the project. The actual cost data is reviewed by HUD staff to determine that the mortgagor's original endorsement mortgage is supported by the applicable percentage of approved costs. Failure to receive and review the cost certification data could result in the Department's over-insurance of the mortgage in violation of the law. No questions of a sensitive nature are included on this form.

To: Federal Housing Commissioner

U.S. Department of Housing and Urban Development
Washington, DC Field Office, Region III
820 First Street NE
Suite 300
Washington, DC 20002-4205

Project Number	071-13010
Project Name	Mercy Hospital and Medical Center
Location	Chicago, Illinois

No mortgage shall be insured unless a Certificate of Actual Cost is executed upon completion of all physical improvements on the mortgaged property and prior to final endorsement (Section 227, P.L. 479, 49 Stat., 12 U.S.C.)

This Certificate is made pursuant to the provisions of that Agreement and Certification of

Mercy Hospital and Medical Center

(Mortgagor)

dated(mm/dd/yyyy) 06/07/2011 and in order to induce you to finally endorse the mortgage for insurance.

The actual cost to the owner of labor and materials and necessary services for construction of the physical improvements in connection with the subject project, after deduction of all kickbacks, rebates, adjustments, discounts, promotional or advertising recoupment made or to be made to the mortgagor, sponsor or any corporation, trust, partnership, joint venture or other legal entity in which they or any of them hold any interests set forth below, the cost of construction is (is not) supported by Form HUD-92330-A, Contractor Certificate of Actual Cost. (Form HUD-92330-A must be submitted when there is an identity of interest between mortgagor and general contractor and when a Cost Plus Contract is required in nonprofit projects.)

Note: This Certificate must be supported by a certification as to actual cost by an independent Certified Public Accountant or by an independent public accountant if required by HUD regulations or handbooks.

The undersigned hereby certifies that, except as noted below, there has not been and is not now any identity of interest between mortgagor and general contractor and/or any subcontractor, material supplier, or equipment lessor. It is further certified that, except as noted, there are not and have not been any such relationships between sponsor(s) of this project and general contractor and/or subcontractor, material supplier and equipment lessor.

All references to "Identity of Interest" herein made are made in the context of the definition printed below, which has been read by the undersigned.

Identity of Interest between the mortgagor and/or sponsor as parties of the first part and general contractors, subcontractors, material suppliers, or equipment lessors as parties of the second part will be construed as existing under any of the following conditions:

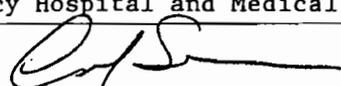
When there is any financial interest of the party of the first part in the party of the second part; when one or more officers, directors or stockholders of the party of the first part is also an officer, director, or stockholder of the party of the second part; when any officer, director, or stockholder of the party of the first part has any financial interest whatsoever in the party of the second part; when the party of the second part advances any funds to the party of the first part; when the party of the second part provides and pays on behalf of the party of the first part the cost of any architectural or engineering services other than those of a surveyor, general superintendent, or engineer employed by a general contractor in connection with his or its obligations under the construction contract; when the party of the second part takes stock or any interest in the party of the first part as part of the consideration to be paid them; when there exists or comes into being any side deals, agreements, contracts or undertaking entered into or contemplated, thereby altering, amending, or cancelling any of the required closing documents except as approved by the commissioner; when any relationship (e.g. family) existing which would give the mortgagor or general contractor control or influence over the price of the contract or the price paid to the subcontractor, material supplier or lessor of equipment.

The following identities of interest exist: If none, so state.

None

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Mortgagor Name	Mercy Hospital and Medical Center	Title	President and CEO
Signature		Date (mm/dd/yyyy)	12/17/2013
	Carol Schneider		

Item	Column A	Column B	Column C
	Paid in Cash	To be paid in cash within 45 days after final endorsement	Total
* Attach itemized schedules and copies of bills and receipts where applicable			
* 1a. Amount due under terms of Lump-Sum Construction Contract (as defined)	\$ -	\$ -	\$ -
* 1b. Amount due under terms of Cost-Plus Construction Contract (as adjusted and exclusive of Builder's Profit)	20,177,292	1,593,731	21,771,023
1c. Allowable Builder's Profit (use only if item 1b is used)	-	741,125	741,125
2a. Architect's Fee - Design	703,920	-	703,920
2b. Architect's Fee - Supervision	41,425	-	41,425
* 2c. Architect's Fee - Additional Services	-	-	-
* 3. Interest During Construction	1,405,587	102,920	1,508,507
* 4. Taxes During Construction	-	-	-
* 5. Property Insurance	-	-	-
* 6. Mortgage Insurance Premium (MIP)	673,684	-	673,684
7. FHA Examination Fee	195,672	-	195,672
8. FHA Inspection Fee	326,120	-	326,120
* 9. Title and Recording Fees	150,000	-	150,000
* 10. Allowance to Make Project Operational (AMPO)	-	-	-
* 11a. Initial Financing Fee	774,464	-	774,464
* 11b. Permanent Placement Fee	652,240	-	652,240
* 11c. Discounts	-	-	-
* 11d. Other Approved Financing Expenses	-	-	-
* 12a. Legal	450,000	150,000	600,000
* 12b. Organization	-	-	-
* 12c. Mortgagor's Cost Certification Audit Fee	-	30,000	30,000
* 13a. Other (exclusive of items required by the Construction Contract)	508,356	10,000	518,356
Subtotal	26,056,760	2,627,776	28,684,536
14. Profit and Risk (if applicable)	-	-	-
15a. Consultant's Fee	596,485	-	596,485
* 15b. Major Moveable Equipment	-	-	-
* 15c. Offsite and Demolition	-	-	-
* 15d. Other	-	-	-
Subtotal	596,485	-	596,485
* 16a. Reduction (if any) resulting from Operating Statement Attached	-	-	-
* 16b. Reduction (if any) resulting from Grants/Loans	-	-	-
Total	\$ 26,653,245	\$ 2,627,776	\$ 29,281,021

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Schedule of Upset Price of Construction Cost-Plus Contract

Original cost-plus construction contract	\$ 21,004,475
HUD approved change orders	1,507,673
Builder's profit (See Form HUD-92330 Line 1e)	<u>(741,125)</u>
Upset price of construction cost-plus contract	<u>\$ 21,771,023</u>
Contractor's certificate of actual cost	<u>\$ 22,037,838</u>
Per mortgagor's certificate of actual cost (lesser of above)	<u>\$ 21,771,023</u>

See notes to financial statements

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Schedule to Support Form HUD-92330

Initial Endorsement Date: June 7, 2011
 Substantial Completion Date: May 8, 2013
 Cost Cut-off Date: June 30, 2013

	<u>Paid in cash</u>	<u>To be paid in cash</u>	<u>Total</u>
Line 2a - Architect's Fee - Design			
VOA Associates, Inc.	<u>\$ 703,920</u>	<u>\$ -</u>	<u>\$ 703,920</u>
Line 2b - Architect's Fee - Supervision			
VOA Associates, Inc.	<u>\$ 41,425</u>	<u>\$ -</u>	<u>\$ 41,425</u>
Line 3 - Interest During Construction (see Note 7)			
Prudential Huntoon Paige Associates, LTD	<u>\$ 1,405,587</u>	<u>\$ 102,920</u>	<u>\$ 1,508,507</u>
Line 6 - Mortgage Insurance Premium (see Note 8)			
U.S. Department of Housing and Urban Development	<u>\$ 673,684</u>	<u>\$ -</u>	<u>\$ 673,684</u>
Line 7 - FHA Examination Fee			
U.S. Department of Housing and Urban Development	<u>\$ 195,672</u>	<u>\$ -</u>	<u>\$ 195,672</u>

(continued)

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Schedule to Support Form HUD-92330 - Continued

Initial Endorsement Date: June 7, 2011
 Substantial Completion Date: May 8, 2013
 Cost Cut-off Date: June 30, 2013

	<u>Paid in cash</u>	<u>To be paid in cash</u>	<u>Total</u>
Line 8 - FHA Inspection Fee			
U.S. Department of Housing and Urban Development	\$ 326,120	\$ -	\$ 326,120
Line 9 - Title and Recording Fees			
Near North National Title, LLC	\$ 150,000	\$ -	\$ 150,000
Line 11a - Initial Financing Fee			
Daley & George Ltd.	\$ 99,877	\$ -	\$ 99,877
Vedder Price, P.C.	23,968	-	23,968
Kutak Rock LLP	11,439	-	11,439
Krooth & Altman LLP	150,000	-	150,000
JP Morgan Chase Bank, N.A.	489,180	-	489,180
	<u>\$ 774,464</u>	<u>\$ -</u>	<u>\$ 774,464</u>
Line 11b - Permanent Placement Fee			
JP Morgan Chase Bank, N.A.	\$ 489,180	\$ -	\$ 489,180
Bank of America, N.A.	163,060	-	163,060
	<u>\$ 652,240</u>	<u>\$ -</u>	<u>\$ 652,240</u>
Line 12a - Legal			
Ungaretti & Harris	\$ 450,000	\$ -	\$ 450,000
Krooth & Altman LLP	-	150,000	150,000
	<u>\$ 450,000</u>	<u>\$ 150,000</u>	<u>\$ 600,000</u>

(continued)

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Schedule to Support Form HUD-92330 - Continued

Initial Endorsement Date: June 7, 2011
Substantial Completion Date: May 8, 2013
Cost Cut-off Date: June 30, 2013

	<u>Paid in Cash</u>	<u>To be Paid in Cash</u>	<u>Total</u>
Line 12c - Mortgagor's Cost Certification Audit Fee			
CohnReznick LLP	\$ -	\$ 30,000	\$ 30,000
Line 13a - Other costs (exclusive of items required by by the construction contract)			
Architect			
VOA Associates, Inc.	\$ 48,436	\$ -	\$ 48,436
Consulting			
Cotter Consulting, Inc.	85,783	-	85,783
Irving Liberman	68,857	-	68,857
JL Burke	122,942	-	122,942
Rolf Jensen & Associates	4,273	-	4,273
Appraisal			
Real Estate Analysis Corp.	3,000	-	3,000
Survey			
Illinois Hospital Associates	12,502	-	12,502
Gremley & Biedermann	5,150	-	5,150
Permits			
Illinois Department of Public Health	48,295	-	48,295
Illinois Department of Revenue	24,000	-	24,000
Illinois Finance Authority	1,000	-	1,000
Illinois Health Facilities & Services Review Board	500	-	500
In-House Staffing/Labor			
Mercy Hospital and Medical Center	23,915	-	23,915
Environmental			
Biomedical Electronic	900	-	900
Gaia Tech, Inc.	22,450	-	22,450
Site Office			
VOA Associates, Inc.	19,243	-	19,243
McMaster-Carr Supply	1,610	-	1,610
Home Quality, Inc	13,500	-	13,500
Legal			
Krooth & Altman LLP	-	10,000	10,000
	<u>\$ 506,356</u>	<u>\$ 10,000</u>	<u>\$ 516,356</u>

(continued)

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Schedule to Support Form HUD-92330 - Continued

Initial Endorsement Date: June 7, 2011
Substantial Completion Date: May 8, 2013
Cost Cut-off Date: June 30, 2013

	<u>Paid in Cash</u>	<u>To be Paid in Cash</u>	<u>Total</u>
Line 15a - Consultant's Fee			
PriceWaterhouseCoopers LLP	<u>\$ 596,485</u>	<u>\$ -</u>	<u>\$ 596,485</u>

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Statement of Assets, Liabilities and Mortgagor's Equity

Assets

Prepaid expenses	\$ 304,676
Reserves and escrows	1,037,361
Development cost, per Form HUD-92330, Column C	29,281,021
Non-certifiable development costs	3,780,827
Land "as is" value	<u>32,810,000</u>
	<u>\$ 67,213,885</u>

Liabilities and Mortgagor's Equity

Accounts payable	
Development per Form HUD-92330, Column B	\$ 2,627,776
Non-certifiable development costs payable	130,718
Construction loan payable	26,642,315
Refinance loan payable	31,239,592
Mortgagor's equity	<u>6,573,484</u>
	<u>\$ 67,213,885</u>

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements

June 30, 2013

Note 1 - Organization

Mercy Hospital and Medical Center (the Mortgagor) was formed on June 21, 1852 under the original name of Mercy Hospital and the Mercy Orphan Asylum of Chicago and amended on December 23, 1976 to the name of Mercy Hospital and Medical Center. The Mortgagor owns a licensed general, community hospital which is regulated under Section 242 of the U.S. National Housing Act. The project consists of construction of a sprinkler and fire alarm, birthing center, cardiac care and S-2/S-27 mechanical project in Chicago, Illinois, and is currently operating under the name of Mercy Hospital and Medical Center (the Project). Effective April 1, 2012, the Mortgagor officially became part of Trinity Health (Trinity), a large Catholic health care system.

The Mortgagor shall have a perpetual existence as provided in the Articles of Incorporation.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Mortgagor's Certificate of Actual Cost (Form HUD-92330) and the accompanying financial statements have been prepared in conformity with the accounting and reporting practices prescribed by HUD in the HUD Handbook 4615.1, Section 242, "Mortgage Insurance for Hospitals", and in the "Consolidated Audit Guide for Audits of HUD Programs". These standards differ in some respects from accounting principles generally accepted in the United States of America and the financial statements reflect the following additional HUD accounting and reporting principles:

1. Costs are to be exclusive of kickbacks, rebates or trade discounts.
2. Financing charges are limited to the lesser of amounts actually paid, or amounts approved by HUD, on the Mortgagee's Certificate. For this project, the financing charges are the amounts actually paid.
3. All interest and mortgage insurance premium incurred during the period from June 7, 2011 (date of initial endorsement) through June 30, 2013 have been included in development costs.
4. The land is stated at the "as is" value assigned by HUD.

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements - Continued

June 30, 2013

5. Mortgagor's equity is presented on a regulatory basis and represents the funds received by the Mortgagor and certain adjustments necessary to present mortgagor's equity in conformity with the accounting and reporting practices prescribed by HUD.

Use of Estimates

The preparation of financial statements in conformity with HUD accounting and reporting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Mortgagor is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and only had minimal unrelated business income for the period ended June 30, 2013. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Note 3 - Construction Agreements

Construction Contract

The Mortgagor entered into a Cost-Plus Construction Contract (the Contract) with Berglund Construction Company (Berglund) to perform general contractor services pertaining to construction of the Project. The contract provides for an adjusted contract sum of \$22,512,148, including change orders of \$1,507,673, and profit of \$741,125. Certifiable construction costs including profit amounted to \$22,512,148. As of June 30, 2013, \$20,177,292 has been paid and \$2,334,856 remains payable.

Construction Manager Agreement

The Mortgagor entered into a Construction Manager Agreement with Berglund to serve as the Mortgagor's representative in the construction process. As of June 30, 2013, the Mortgagor incurred and paid \$10,000 to Berglund as a construction management fee. This fee is included in the certifiable construction costs.

Note 4 - Non Certifiable Development Costs

As of June 30, 2013, \$1,066,468 of non-certifiable development costs has been incurred and was paid by the Mortgagor. As of June 30, 2013, \$23,751 of non-

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements - Continued

June 30, 2013

certifiable development costs remains payable. These costs are included in the accompanying statements of assets, liabilities, and mortgagor's equity in non-certifiable development costs.

Note 5 - Reserves and Escrows

Insurance Escrow

In connection with the development of the Project, the Company funded a tax and insurance escrow deposited by Prudential Huntoon Paige Associates (the Mortgagee) into PNC Bank. As of June 30, 2013 the balance in the tax and insurance escrow was \$625,590.

Mortgage Reserve Fund

In connection with the development of the Project, the Company entered into a mortgage trust fund agreement with the Mortgagee to establish a mortgage reserve fund. As of June 30, 2013 the balance in the mortgage reserve fund was \$411,771.

Note 6 - Mortgages Payable

The Mortgagor entered into a mortgage note dated June 1, 2011, in the original amount of \$65,224,000, which is evidenced by two mortgage notes as described below.

Mortgage Note - Construction

The Mortgagor entered into a mortgage note dated June 1, 2011, in the original amount of \$32,414,000, insured by the Federal Housing Administration (FHA). The mortgage note bears interest at the rate of 4.70% per annum. Interest only is payable monthly through July 31, 2013. Principal and interest are payable by the Mortgagor in monthly installments of \$183,867, beginning August 1, 2013 through July 1, 2038.

As of June 30, 2013, the principal balance was \$26,642,315 and \$5,771,685 remained to be drawn. During the period ended June 30, 2013, interest incurred amounted to \$1,508,507, of which \$102,920 remained payable.

Under agreements with the mortgage lender and HUD, beginning June 1, 2012, the Company was required to make monthly escrow deposits for insurance as discussed in Note 5.

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements - Continued

June 30, 2013

The liability of the Mortgagor under the mortgage note is limited to the underlying value of the property plus other amounts deposited with the lender.

Mortgage Note - Refinancing

The Mortgagor entered into a second mortgage note dated June 1, 2011, in the original amount of \$32,810,000, insured by the U.S. Department of Housing and Urban Development (HUD). The mortgage note bears interest at the rate of 4.10% per annum, over a term of 25 years. Interest only was payable monthly through July 31, 2011. Principal and interest are payable by the Mortgagor in monthly installments totaling \$175,000, beginning August 1, 2011 through July 1, 2036.

As of June 30, 2013, the principal balance was \$31,239,592. During the period ended June 30, 2013, interest and principal payments amounted to \$2,714,359 and \$1,570,408, respectively, of which \$106,967 remained payable. Interest payments on the second mortgage are included in the accompanying statement of assets, liabilities, and mortgagor's equity in non-certifiable costs.

The liability of the Mortgagor under the mortgage note is limited to the underlying value of the property plus other amounts deposited with the lender.

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements - Continued

June 30, 2013

Note 7 - Interest During Construction

Period	Vendor	Paid in cash	To be paid in cash	Total
06/07/11 - 06/30/11	Prudential Huntoon Paige Associates, LTD	\$ 16,632	\$ -	\$ 16,632
07/01/11 - 07/31/11	Prudential Huntoon Paige Associates, LTD	22,418	-	22,418
08/01/11 - 08/31/11	Prudential Huntoon Paige Associates, LTD	22,418	-	22,418
09/01/11 - 09/30/11	Prudential Huntoon Paige Associates, LTD	21,694	-	21,694
10/01/11 - 10/31/11	Prudential Huntoon Paige Associates, LTD	22,418	-	22,418
11/01/11 - 11/30/11	Prudential Huntoon Paige Associates, LTD	29,732	-	29,732
12/01/11 - 12/31/11	Prudential Huntoon Paige Associates, LTD	34,093	-	34,093
01/01/12 - 01/31/12	Prudential Huntoon Paige Associates, LTD	38,975	-	38,975
02/01/12 - 02/29/12	Prudential Huntoon Paige Associates, LTD	38,296	-	38,296
03/01/12 - 03/31/12	Prudential Huntoon Paige Associates, LTD	45,179	-	45,179
04/01/12 - 04/30/12	Prudential Huntoon Paige Associates, LTD	51,286	-	51,286
05/01/12 - 05/31/12	Prudential Huntoon Paige Associates, LTD	54,681	-	54,681
06/01/12 - 06/30/12	Prudential Huntoon Paige Associates, LTD	59,424	-	59,424
07/01/12 - 07/31/12	Prudential Huntoon Paige Associates, LTD	64,037	-	64,037
08/01/12 - 08/31/12	Prudential Huntoon Paige Associates, LTD	71,073	-	71,073
09/01/12 - 09/30/12	Prudential Huntoon Paige Associates, LTD	76,106	-	76,106
10/01/12 - 10/31/12	Prudential Huntoon Paige Associates, LTD	84,729	-	84,729
11/01/12 - 11/30/12	Prudential Huntoon Paige Associates, LTD	85,409	-	85,409
12/01/12 - 12/31/12	Prudential Huntoon Paige Associates, LTD	90,663	-	90,663
01/01/13 - 01/31/13	Prudential Huntoon Paige Associates, LTD	91,965	-	91,965
02/01/13 - 02/28/13	Prudential Huntoon Paige Associates, LTD	85,717	-	85,717
03/01/13 - 03/31/13	Prudential Huntoon Paige Associates, LTD	98,400	-	98,400
04/01/13 - 04/30/13	Prudential Huntoon Paige Associates, LTD	97,049	-	97,049
05/01/13 - 05/31/13	Prudential Huntoon Paige Associates, LTD	103,193	-	103,193
06/01/13 - 06/30/13	Prudential Huntoon Paige Associates, LTD	-	102,920	102,920
	Total	\$ 1,405,587	\$ 102,920	\$ 1,508,507

**Mercy Hospital and Medical Center
HUD Project No.: 071-13010**

Notes to Financial Statements - Continued

June 30, 2013

Note 8 - Mortgage Insurance Premium During Construction

Period	Vendor	Paid in cash	To be paid in cash	Total
06/07/11 - 06/06/12	U.S. Department of Housing and Urban Development	\$ 326,120	\$ -	\$ 326,120
06/07/12 - 06/06/13	U.S. Department of Housing and Urban Development	326,120	-	326,120
06/07/13 - 06/30/13	U.S. Department of Housing and Urban Development	21,444	-	21,444
	Total	<u>\$ 673,684</u>	<u>\$ -</u>	<u>\$ 673,684</u>

Note 9 - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Mortgagor through December 17, 2013 (the date the financial statements were available for issuance) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**Board of Directors
Mercy Hospital and Medical Center**

We have audited the financial statements of Mercy Hospital and Medical Center (the Mortgagor) as of June 30, 2013, and have issued our report thereon dated December 17, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Mortgagor is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Mortgagor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Mortgagor's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mortgagor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mortgagor's internal control over financial reporting and on compliance and other matters. Accordingly, this report is not suitable for any other purpose.



Chicago, Illinois
December 17, 2013

**Independent Auditor's Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major HUD-Assisted
Program and on Internal Control over Compliance in Accordance
with Consolidated Audit Guide for Audits of HUD Programs**

**Board of Directors
Mercy Hospital and Medical Center**

Compliance

We have audited Mercy Hospital and Medical Center's (the Mortgagor) compliance with the specific program requirements governing federal financial reports; mortgage status; distributions to owners; equity skimming; cash disbursements; management functions; and unauthorized change of ownership/acquisition of liabilities; unauthorized loans of project funds; and applicable to the Mortgagor's Section 242 program, which is a major U.S. Department of Housing and Urban Development (HUD)-assisted program as of June 30, 2013.

Management's Responsibility for Compliance

Compliance with the requirements referred to above is the responsibility of the Mortgagor's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the Mortgagor's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the "Consolidated Audit Guide for Audits of HUD Programs" (the Guide), issued by the HUD Office of the Inspector General. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the major HUD-assisted program identified above occurred.

An audit includes examining, on a test basis, evidence about the Mortgagor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Mortgagor's compliance with those requirements.

Opinion

In our opinion, the Mortgagor complied, in all material respects, with the compliance requirements referred to above that are applicable to its major HUD-assisted program identified above as of June 30, 2013.

Internal Control over Compliance

Management of the Mortgagor is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Mortgagor's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mortgagor's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report is solely to describe the scope of our testing of compliance with the specific program compliance requirements referred to above that are applicable to each of the Mortgagor's major HUD-assisted programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Mortgagor's compliance but not to provide an opinion on the effectiveness of the Mortgagor's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mortgagor's compliance with the specific program compliance

requirements applicable to its major HUD-assisted programs and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Chicago, Illinois
December 17, 2013