

**Elmhurst Memorial
Healthcare and Subsidiaries**

Financial Report
June 30, 2010

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Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Trustees of
Elmhurst Memorial Healthcare
Elmhurst, Illinois

We have audited the accompanying consolidated balance sheet of Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") as of June 30, 2010, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of Elmhurst's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Elmhurst Memorial Healthcare and Subsidiaries for the year ended June 30, 2009 were audited by other auditors whose report, dated October 16, 2009, expressed an unqualified opinion on those statements.

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

In our opinion, the 2010 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Elmhurst Memorial Healthcare and Subsidiaries as of June 30, 2010, and the results of their operations and changes in net assets, and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Chicago, Illinois
September 22, 2010

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Balance Sheets
June 30, 2010 and 2009

	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 14,193,379	\$ 38,675,085
Short-term investments	1,108,683	1,119,675
Patient accounts receivable - less allowances for uncollectible accounts of \$7,794,000 in 2010 and \$7,791,000 in 2009	51,796,446	44,641,684
Inventories	5,279,893	4,582,394
Prepaid expenses, interest receivable, and other	11,599,004	16,789,063
Amounts due from third-party payors	840,000	640,000
Total current assets	84,817,405	106,447,901
Investments and Assets Limited as to Use:		
Internally designated for capital improvements	340,408,845	301,889,797
Externally designated investments under bond agreements	71,116,223	225,883,080
Other investments and assets limited as to use	4,237,239	4,731,552
Total investments and assets limited as to use	415,762,307	532,504,429
Land, Building, and Equipment - Net	487,966,183	314,220,108
Prepaid Pension, Deferred Financing Costs, and Other	12,218,977	8,872,189
	\$ 1,000,764,872	\$ 962,044,627
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 35,414,882	\$ 26,968,139
Accrued payroll and other	28,990,529	23,869,801
Amounts due to third-party payors	34,403,936	44,288,516
Current maturities of long-term debt	5,225,004	5,170,004
Total current liabilities	104,034,351	100,296,460
Long-Term Debt, Excluding Current Maturities	512,051,799	517,095,484
Other Liabilities	43,494,872	40,752,176
Accrued Pension	40,916,765	16,055,756
Total liabilities	700,497,787	674,199,876
Net Assets		
Unrestricted	293,650,297	285,658,501
Temporarily restricted	6,127,273	1,696,735
Permanently restricted	489,515	489,515
	300,267,085	287,844,751
	\$ 1,000,764,872	\$ 962,044,627

See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

**Consolidated Statements of Operations and Changes in Unrestricted Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009
Revenues:		
Net patient service revenue	\$ 349,185,107	\$ 345,238,794
Other revenue	18,123,193	16,478,376
	<u>367,308,300</u>	<u>361,717,170</u>
Expenses:		
Salaries and benefits	170,892,433	172,590,843
Supplies	55,534,768	56,056,776
Purchased services and other	89,926,337	84,556,510
Provision for bad debts	14,243,404	15,830,569
Depreciation	17,402,591	16,726,333
Medicaid tax	7,304,160	7,304,158
	<u>355,303,693</u>	<u>353,065,189</u>
Operating income	<u>12,004,607</u>	<u>8,651,981</u>
Nonoperating income (expense):		
Investment (loss) income	(2,834,768)	7,038,054
Unrealized gains (losses) on investments	36,597,287	(64,919,662)
Interest expense	(7,845,683)	(8,604,623)
Amortization of deferred financing costs	(133,927)	(236,794)
Loss on refunding or extinguishment of debt	-	(89,545)
Cash settlements on interest rate swaps	(352,802)	(610,287)
Unrealized loss on interest rate swaps	(467,429)	(14,256,229)
Change in unrealized loss on hedge fund investments	1,944,451	(8,320,828)
	<u>26,907,129</u>	<u>(89,999,914)</u>
Excess (deficiency) of revenue over expenses	<u>38,911,736</u>	<u>(81,347,933)</u>
Other changes in unrestricted net assets:		
Amortization of gain on discontinuation of hedge accounting	177,089	177,210
Pension and supplemental plan related changes, other than net periodic pension cost	(31,192,373)	(40,898,711)
Temporarily restricted contributions released for capital projects	95,344	461,798
	<u>(30,919,940)</u>	<u>(40,259,703)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 7,991,796</u>	<u>\$ (121,607,636)</u>

See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

**Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	\$ 38,911,736	\$ (81,347,933)
Amortization of gain on discontinuation of hedge accounting	177,089	177,210
Pension and supplemental plan related changes, other than net periodic pension cost	(31,192,373)	(40,898,711)
Temporarily restricted contributions released for capital projects	95,344	461,798
	<hr/>	<hr/>
Increase (decrease) in unrestricted net assets	7,991,796	(121,607,636)
Temporarily restricted net assets:		
Contributions for medical education programs, capital purchases, and other purposes	6,409,527	1,775,192
Transfers from permanently restricted net assets	-	90,746
Net assets released from restrictions and used for operations, capital purposes, and medical education programs	(1,978,989)	(1,964,175)
	<hr/>	<hr/>
Increase (decrease) in temporarily restricted net assets	4,430,538	(98,237)
Permanently restricted net assets:		
Transfers to temporarily restricted net assets	-	(90,746)
	<hr/>	<hr/>
Decrease in permanently restricted net assets	-	(90,746)
	<hr/>	<hr/>
Increase (decrease) in net assets	12,422,334	(121,796,619)
Net assets:		
Beginning of year	287,844,751	409,641,370
	<hr/>	<hr/>
End of year	\$ 300,267,085	\$ 287,844,751
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See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 12,422,334	\$ (121,796,619)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	17,402,591	16,726,333
Loss (gain) on disposal of assets	265,640	(220,744)
Amortization of deferred financing costs	133,927	236,794
Change in unrealized loss on investments	(38,541,738)	73,240,490
Unrealized loss on interest rate swaps	467,429	14,256,229
Restricted contributions	(95,610)	(371,053)
Change in patient accounts receivable:		
Net (increase) decrease in patient accounts receivable	(16,108,975)	21,921,371
Increase (decrease) in contractual allowances	9,909,575	(15,145,697)
Provision for bad debts	14,243,404	15,830,569
Write-offs of accounts receivable	(15,198,766)	(16,414,575)
Increase in prepaid pension, deferred financing costs, and other	(4,307,683)	17,715,303
Loss on refunding or extinguishment of debt	-	89,545
Net change in other assets and liabilities	39,948,495	38,912,488
Net cash provided by operating activities	20,540,623	44,980,434
Cash Flows from Investing Activities		
Acquisition of buildings and equipment	(195,424,106)	(142,125,395)
Proceeds from sale of buildings and equipment	-	4,550
Purchases of investments	(103,024,313)	(40,087,076)
Proceeds from sales and maturities of investments	258,319,165	173,329,552
Net cash used in investing activities	(40,129,254)	(8,878,369)
Cash Flows from Financing Activities		
Proceeds from restricted contributions - net of assets released from restrictions	95,610	371,053
Proceeds from remarketing of bonds	-	16,000,000
Repayment of long-term debt	(4,988,685)	(20,911,770)
Net cash used in financing activities	(4,893,075)	(4,540,717)
(Decrease) increase in cash and cash equivalents	(24,481,706)	31,561,348
Cash and cash equivalents:		
Beginning of year	38,675,085	7,113,737
End of year	\$ 14,193,379	\$ 38,675,085
Supplemental Disclosure of Cash Flow Information:		
Interest paid, net of amounts capitalized	\$ 4,317,457	\$ 8,650,248
Supplemental Disclosure of Noncash Investing and Financing Activity:		
Capital acquisitions funded through accounts payable	\$ 9,061,018	\$ 13,070,818

See Notes to Consolidated Financial Statements.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

Organization: Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") is an integrated delivery system that provides health care services to the residents of eastern Du Page and western Cook counties. Elmhurst provides a broad continuum of services and is committed to providing high-quality, comprehensive patient care that is designed to meet the total needs of the patient.

Elmhurst functions in a leadership role in improving the health of the community through an emphasis on health maintenance, education, and rehabilitation, as well as diagnosis and treatment.

Elmhurst is the sole corporate member of Elmhurst Memorial Hospital (the "Hospital") and is also the sole shareholder of Elmhurst Memorial Health Technologies, LLC (HTI). The Hospital is the sole corporate member of Elmhurst Memorial Home Health ("Home Health") and Elmhurst Memorial Hospital Foundation (the "Foundation").

Principles of consolidation: The consolidated financial statements include the accounts and transactions of Elmhurst, the Hospital, Home Health, HTI, and the Foundation. All significant intercompany accounts and transactions have been 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 at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ. 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, the accrual for professional liability, accrued pension cost and the valuation of alternative investments and derivative financial instruments. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

Cash equivalents: Elmhurst considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Throughout the year, Elmhurst may have amounts on deposit with financial institutions in excess of those insured by the Federal Deposit Insurance Corporation. Elmhurst has not experienced any losses in such accounts.

Patient accounts receivable, allowance for uncollectible accounts and amounts due from/to third party-payors: The collection of receivables from third-party payors and patients is the Hospital's primary source of cash for operations and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding. Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual allowances 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 estimated allowances for uncollectible accounts and charity. Management estimates the allowance for uncollectible accounts based on the aging of its accounts receivable and its historical collection experience for each payor type. Management estimates the allowance for charity based on the Hospital's charity care policy and historical charity care experience. Recoveries of receivables previously written off as uncollectible are recorded as a reduction of the provision for bad debts when received.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The past due status of receivables is determined on a case-by-case basis depending on the payor responsible. Interest is generally not charged on past due accounts.

Receivables or payables related to estimated settlements on various third-party payor contracts, primarily Medicare and Blue Cross, are reported as amounts due from or to third-party payors. Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect the Hospital's collection of accounts receivable, cash flows and results of operations.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market. Inventories consist mainly of supplies.

Investments and assets limited as to use: Investments in equity securities, mutual funds, and debt securities are measured at fair value in the consolidated financial statements, based on prices available in active markets for identical instruments. Elmhurst has designated its investments as trading securities. Accordingly, investment gains and losses (including interest, dividends, and realized and unrealized gains and losses) are included in excess (deficiency) of revenue over expenses unless the income or loss is restricted by donor or law (see Note 5). The fair value of investments in hedge funds and equity securities held in commingled funds are valued based on the net asset value provided by the respective fund manager or general partners, where the fair value of the underlying securities, which may or may not be traded in an active market, is the most significant input to the resulting net asset value. Elmhurst is a passive participant in these funds and manages its holdings in these funds similar to its holdings in other financial instruments. Investments in real estate are measured at fair value based on current appraisal value. Unrealized gains and losses on hedge funds are included in excess of revenue over expenses (see Note 5). Investment returns on permanently restricted assets are allocated to purposes specified by the donor, either as temporarily restricted or unrestricted.

Assets limited as to use consist of investments set aside by the Board of Trustees for future capital acquisitions and improvements, medical education, and other health care programs over which the Board retains control and may, at its discretion, subsequently use for other purposes. Additionally, assets limited as to use include investments held by trustees under bond agreements.

Fair value of financial instruments: Financial instruments consist primarily of cash and cash equivalents, investments, derivatives, patient accounts receivable, amounts due to/from third-party payors, accounts payable, and long-term debt. Except for derivatives and long-term debt, the fair value of these instruments approximated their financial statement carrying amount at June 30, 2010 and 2009, because of their short-term maturity. See Note 6 for additional fair value disclosures.

Joint ventures: Elmhurst Memorial Hospital has a joint venture arrangement with Elmhurst Outpatient Surgery Center, LLC which includes a 55.6% percent interest in the entity. This investment, which totaled \$3,089,106 and \$2,561,345 as of June 30, 2010 and 2009, respectively, is accounted for on the equity basis and is included in other assets in the accompanying consolidated balance sheets.

Elmhurst Memorial Healthcare has a joint venture arrangement with Cyberknife Center of Chicago, LLC, which includes a 20.0% percent interest in the entity. This investment, which totaled \$239,102 and \$200,000 as of June 30, 2010 and 2009, respectively, is accounted for on the equity basis and is included in other assets in the accompanying consolidated balance sheets.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Land, buildings, and equipment: Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Depreciation for land, buildings, and equipment is provided over the estimated useful lives of each class of depreciable assets using the straight-line method. Land improvements are depreciated over 25.5 to 40.5 years, buildings over 20.5 to 40.5 years, and equipment over 3.5 to 20.5 years. Interest expense incurred during the development and construction of properties, net of interest income earned on unspent bond proceeds, is capitalized as part of the property cost and is depreciated over the useful life of the property. Net interest expense of \$7,602,526 and \$(647,344) was capitalized for the years ended June 30, 2010 and 2009, respectively.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are included in the income or loss from operations unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred financing costs and intangible assets: Expenses incurred in connection with the issuance of long-term debt are deferred and amortized over the term of the related financing using a method which approximates the effective-yield method. Intangible assets are principally amortized over a period of 15 years using the straight-line method.

Derivative instruments and hedging activities: Derivative instruments are recorded at fair value, which considers, among other factors, nonperformance risk. Gains and losses on nonhedging or the ineffective portion of hedging derivative instruments are recorded as components of nonoperating income and gains and losses on the effective portion of hedging instruments are recorded as components of Other Changes in Unrestricted Net Assets within the Consolidated Statements of Operations and Changes in Unrestricted Net Assets (see Note 8). When a hedge is dedesignated but the hedged transactions are still probable to occur, gains and losses on the hedging instrument arising subsequent to the date of dedesignation are recorded as components of nonoperating income, and gains or losses previously recorded as components of Other Changes in Unrestricted Net Assets are amortized to nonoperating income when the hedged transactions affect income.

Accrued professional liability: The provision for accrued professional liability includes estimates of the ultimate costs of claims incurred but not reported and is actuarially determined.

Net assets: Elmhurst may classify its net assets into three categories, which are unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are reflective of revenues and expenses associated with the principal operating activities of Elmhurst and are not subject to donor-imposed stipulations.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of Elmhurst and/or the passage of time. Assets released from restrictions that are used for the purchase of fixed assets or capital purposes are reported in the Consolidated Statements of Operations and Changes in Net Assets as additions to unrestricted net assets. Assets released from restrictions that are used for operating purposes are reported in the Consolidated Statements of Operations and Changes in Net Assets as Other Revenue. Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by Elmhurst.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets as net assets released from restrictions.

Fair value measurements: Elmhurst adopted the provisions of the FASB further guidance on fair value measurements effective July 1, 2008. The guidance defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. Elmhurst adopted this guidance related to nonfinancial assets and nonfinancial liabilities effective July 1, 2009. The adoption of this guidance did not have a material impact on the consolidated financial position or results of operations of Elmhurst.

Net patient service revenue: Elmhurst has agreements with third-party payors that provide for payments to Elmhurst 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 retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administering agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. See Note 2 for additional information.

Uncompensated care and community service: Elmhurst provides care to all patients regardless of their ability to pay. Uncompensated care and community service provided by Elmhurst are excluded from net patient service revenue. See Note 4 for additional information.

Excess (deficiency) of revenue over expenses: The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include excess (deficiency) of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenue over expenses, include the effective portion of interest rate swaps, pension and supplemental plan related changes other than net periodic pension cost and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

Operating income: The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include operating income. Changes in unrestricted net assets, which are excluded from operating income, include unrestricted contributions, interest and financing costs, and other income which management views as outside of normal operating activity.

Income taxes: Elmhurst Memorial Healthcare, Elmhurst Memorial Hospital, Elmhurst Memorial Home Health and Elmhurst Memorial Hospital Foundation have received determination letters from the Internal Revenue Service stating that they are exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided for in the accompanying consolidated financial statements.

HTI, a wholly owned subsidiary of Elmhurst, is a for-profit limited liability corporation.

For the year ended June 30, 2010, HTI had net operating losses of \$10,506 for financial statement purposes that were offset by previous years' net operating losses (NOL). In accordance with Internal Revenue Service regulations, an NOL may be carried forward 20 years to offset taxable income that exists in those years. At June 30, 2010, approximately \$4,657,441 of NOL was available to be carried forward.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

As a result of the NOL, HTI has no tax expense or tax liability for the year ended June 30, 2010. The deferred tax asset related to the NOL is offset by a valuation allowance, as realization of the tax benefits of the NOL carryforward is not assured.

Elmhurst adopted the FASB-issued guidance for accounting for uncertainty in income taxes on July 1, 2008. Elmhurst Memorial Healthcare and Elmhurst Memorial Healthcare Group each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these 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 ultimately be sustained. Examples of tax positions common to health systems include such matters as the following: the tax exempt status of each entity, the continued tax exempt status of bonds issued by the obligated group, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income (UBIT). UBIT is reported on Form 990T, as appropriate. 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 that 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 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 to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Upon the adoption of the FASB-issued guidance at July 1, 2008 and as of June 30, 2010 and 2009, there were no unrecognized tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by Elmhurst Memorial Healthcare and its subsidiaries are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by Elmhurst Memorial Healthcare and its subsidiaries are no longer subject to examination for the tax years 2005 and prior. Forms 990 and 990T filed by Elmhurst Memorial Healthcare and Elmhurst Memorial Healthcare Group were recently subjected to IRS examination for the year ended June 30, 2009, resulting in no significant adjustments.

Recent Accounting Pronouncement: In September 2009, the FASB issued Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820)- Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which, among other things, provides new guidance on valuing and classifying these investments within the fair value hierarchy. As a practical expedient, Elmhurst may now measure these investments on the basis of the net asset value per share of the investment (or its equivalent) if it is calculated in a manner consistent within the fair value measurement standards of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The adoption of this guidance effective December 31, 2009, did not have a material impact on Elmhurst’s consolidated financial statements. As a result of the adoption of this guidance, Elmhurst reclassified certain investments previously disclosed as Level 3 assets to Level 2. See Note 6 for additional information.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Pending Pronouncements: The FASB has issued ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements*, to provide more and improved disclosures about fair value measurements. This ASU affects all entities that are required to make disclosures about recurring and nonrecurring fair value measurements under FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. The ASU requires the following new disclosures:

- Transfers in and out of Levels 1 and 2: A reporting entity must disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers.
- Activity in Level 3 fair value measurements: In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (*i.e.*, on a gross basis rather than as one net number).

The ASU also clarifies two existing disclosures as follows:

- Level of disaggregation: The disclosures about fair value measurements should be provided for each *class* of assets and liabilities. A *class* is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities.
- Disclosures about inputs and valuation techniques: An entity is required to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Also, those disclosures are required for fair value measurements that fall in either Level 2 or Level 3.

The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. In the period of and periods after initial adoption, comparative disclosures are required only for periods ending after initial adoption. The adoption of ASU 2010-06 will have no impact of Elmhurst's consolidated financial position, results of operations, or cash flows. Elmhurst is assessing the impact of the implementation of ASU 2010-06 on the disclosures in its consolidated financial statements.

The FASB has issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions (Topic 958)*. ASU 2010-07 establishes principles and requirements for accounting for mergers and acquisitions by not-for-profits, provides guidance on determining whether a business combination is a merger or an acquisition, describes the carryover method for accounting for a merger, describes the acquisition method of accounting for an acquisition, including how to determine which of the combining entities is the acquirer, and describes required financial statement disclosures. ASU 2010-07 is effective for mergers occurring after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. Elmhurst does not expect the adoption of this pronouncement to have a significant impact on its consolidated financial statements.

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure*. ASU 2010-23 requires disclosure of charity care based on the health care provider's direct and indirect costs of providing charity care services, the method used to identify or estimate such costs, and funds received to offset or subsidize charity services provided. The disclosures required by ASU 2010-23 are effective for fiscal years beginning after December 15, 2010, and must be applied retrospectively. Elmhurst is assessing the impact of the implementation of ASU 2010-23 on the disclosures in its consolidated financial statements.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954) – Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, ASU 2010-24 provides that the amount of the claims liability should be determined without consideration of insurance recoveries. The provisions of ASU 2010-24 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Entities must apply the provisions of ASU 2010-24 by recording a cumulative-effect adjustment to opening unrestricted net assets as of the beginning of the period of adoption. Retrospective application of the provisions ASU 2010-24 is permitted. Elmhurst is assessing the impact of the implementation of ASU 2010-24 on its consolidated financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation, with no effect on excess (deficit) of revenue over expenses or net assets.

Note 2. Net Patient Service Revenue

Net patient service revenue in 2010 and 2009 was increased by the effect of favorable third-party payor settlements and related changes in estimates of approximately \$129,009 and \$371,589, respectively. A summary of the basis of reimbursement with major third-party payors follows:

Medicare: The Hospital is 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. The Hospital's classification of patients under Prospective Payment Systems and the appropriateness of the patient's admissions are subject to validation reviews. The Hospital is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports by the Hospital and audits by the Medicare fiscal intermediary.

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

Elmhurst has filed formal appeals relating to the settlement of certain prior-year Medicare cost reports. The outcome of such appeals cannot be determined at this time. Any resulting gains will be recognized in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets when realized.

Medicaid: The Hospital is reimbursed at prospectively determined rates for each Medicaid inpatient discharge. Outpatient services are reimbursed based on established fee screens. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The prospectively determined rates are not subject to retroactive adjustment. Medicaid reimbursement may be subject to periodic adjustment, as well as to changes in existing payment levels and rates, based on the amount of funding available to the Medicaid program.

Laws and regulations governing the Medicare and Medicaid programs are 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 Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue (Continued)

Medicaid Hospital Tax Assessment Program: The Hospital is part of the State of Illinois hospital tax assessment program which is administered by the Illinois Department of Public Aid. The laws and regulations authorizing this Program have been extended through June 30, 2013. There is no assurance of the continuation of this program after June 30, 2013. Under this program, the Hospital is to receive annually approximately \$8,678,000 from the State and pay annually a provider tax assessment approximating \$7,304,000. For the years ended June 30, 2010 and 2009, the Hospital has recorded \$8,677,882 in assessment revenue (included in net patient service revenue) and \$7,304,160 and \$7,304,158, respectively, in assessment expense (Medicaid tax). In the past, the State of Illinois has significantly delayed certain payments related to this program as well as collection of the related assessment tax. As of June 30, 2010, the State of Illinois has been current in payments and collections related to this program. Based on the timing of receipts and payments, a tax payable and an assessment receivable were not recorded as of June 30, 2010 and 2009.

Managed care organizations: The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis of payment under these agreements includes discounts from established charges, prospectively determined per diem and case rates, and cost based methodologies.

Note 3. Concentrations of Credit Risk

Elmhurst grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of net patient accounts receivable from patients and third-party payors as of June 30, 2010 and 2009, was as follows:

	2010	2009
Blue Cross	20 %	20 %
Medicare	6	10
Medicaid	27	28
Managed care (other than Blue Cross)	18	15
Self-pay	15	11
Other	14	16
	<u>100 %</u>	<u>100 %</u>

Note 4. Community Commitment and Charity Care

Community commitment represents Elmhurst's support of patients at reduced or no fee based upon community need, the inability of the individual to pay in accordance with Elmhurst's policies or the acceptance of payment from government payors at less than the cost of the services provided. The estimated amounts of the community commitment provided for the years ended June 30, 2010 and 2009, are as follows:

	2010	2009
Charity care (foregone charges)	\$ 29,889,167	\$ 24,371,388
Self-pay patient discount	3,821,015	3,645,735
Unreimbursed cost (cost less reimbursement)	51,771,937	48,777,746
	<u>\$ 85,482,119</u>	<u>\$ 76,794,869</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Community Commitment and Charity Care (Continued)

In addition, Elmhurst is involved in many community benefit activities. These activities are wide-ranging and include health education, health screenings, support groups, insurance information resources, seminars, and speakers. These activities are conducted free of charge or below the cost of providing them. The estimated cost of these activities was \$1,456,993 and \$1,431,787 in fiscal 2010 and 2009, respectively.

Note 5. Investments and Assets Limited as to Use

Investments and assets limited as to use as of June 30, 2010 and 2009, consisted of the following:

	2010	2009
Cash and cash equivalents	\$ 63,434,716	\$ 23,146,583
Certificates of deposit	-	700,809
Equity securities:		
U.S.	81,256,888	88,040,177
Non-U.S.	29,038,376	37,864,659
Global real estate	15,919,335	16,230,326
Fixed Income Securities:		
U.S. government obligations	90,200,201	196,136,195
Corporate bonds	15,220,412	11,224,193
Mutual funds and trusts invested in U.S. fixed-income securities	49,181,351	62,524,133
Trust invested in global fixed-income securities	20,575,216	35,747,257
Hedge funds	40,589,569	49,809,990
Mutual fund invested in TIPS and commodities	10,479,926	11,224,783
Real estate	975,000	975,000
	<u>\$ 416,870,990</u>	<u>\$ 533,624,104</u>

Assets limited as to use and short-term investments are classified at June 30, 2010 and 2009, as follows:

	2010	2009
Short-term investments	\$ 1,108,683	\$ 1,119,675
Investments and assets limited as to use	415,762,307	532,504,429
	<u>\$ 416,870,990</u>	<u>\$ 533,624,104</u>

Other investments and assets limited as to use as of June 30, 2010 and 2009, consisted of the following:

	2010	2009
Internally designated for medical education and other health care services	\$ 2,597,986	\$ 2,545,302
Temporarily restricted donor assets	1,149,738	1,696,735
Donor assets restricted into perpetuity	489,515	489,515
	<u>\$ 4,237,239</u>	<u>\$ 4,731,552</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Investments and Assets Limited as to Use (Continued)

Investment returns for the years ended June 30, 2010 and 2009, consisted of the following:

	2010	2009
Interest and dividend income	\$ 4,950,825	\$ 10,799,415
Realized losses - net	(7,785,593)	(3,761,361)
Investment (loss) income	<u>\$ (2,834,768)</u>	<u>\$ 7,038,054</u>

Investment returns on externally designated investments related to Elmhurst's debt were \$752,632 and \$773,457 for fiscal 2010 and 2009, respectively. These amounts are presented as other operating revenue in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets and all other investment returns are presented as nonoperating investment income (loss).

Note 6. Fair Value Disclosures

Fair value measurements: Effective July 1, 2008, Elmhurst adopted the provisions of the FASB guidance on fair value measurements for assets and liabilities measured and reported at fair value.

This guidance defined fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Elmhurst uses various methods including market, income and cost approaches. Based on these approaches, Elmhurst often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Elmhurst utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques Elmhurst is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1. Quoted prices for identical instruments in active markets.

Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

For the years ended June 30, 2010 and 2009, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Alternative Investments

The fair value of alternative investments (hedge funds) is \$40,589,569 and \$49,809,990 at June 30, 2010 and 2009, respectively. Of these amounts, \$20,511,050 was invested in a fund of hedge funds with quarterly liquidity requiring 95 days notice for redemption and \$20,078,519 was invested in a fund of hedge funds with quarterly liquidity requiring 60 days notice for redemption as of June 30, 2010. Alternative investments with no market activity are valued using the market values of the underlying investments held by the investment fund. Management's estimate of the fair value of hedge funds and equities held in commingled funds are based on information provided by the fund managers or general partners, which in turn is based on the most recent information available to the fund manager for the underlying investments.

In determining the appropriate levels, Elmhurst performs a detailed analysis of the assets and liabilities that are subject to the FASB issued guidance. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Interest Rate Swaps

Currently, Elmhurst uses interest rate swaps to manage interest rate risks. The valuation of these instruments is determined by utilizing widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity and uses observable market-based inputs, including LIBOR rate curves.

	Liability Derivatives			
	2010		2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments*				
Interest rate contracts	Other liabilities	<u>\$ 17,960,634</u>	Other liabilities	<u>\$ 17,670,418</u>
Total derivatives		<u>\$ 17,960,634</u>		<u>\$ 17,670,418</u>

* Note 8 provides additional information on Elmhurst's purpose for entering into derivatives

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	Location of Gain (Loss) Recognized in Excess (Deficiency) of Revenue Over Expenses	Amount of Gain (Loss) Recognized in Excess (Deficiency) of Revenue Over Expenses	
		2010	2009
Derivatives not designated as hedging instruments:			
Interest rate contracts	Nonoperating income (expense)	\$ (820,231)	\$ (14,866,516)

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis, as of June 30, 2010 and 2009.

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Cash	\$ 63,434,716	\$ -	\$ -	\$ 63,434,716
Equity securities:				-
U.S.	3,261,191	77,995,697	-	81,256,888
Non-U.S.	422,773	28,615,603	-	29,038,376
Global real estate	15,919,335	-	-	15,919,335
Fixed income securities:				
U.S. government and government agency obligations	90,200,201	-	-	90,200,201
Corporate bonds	6,753,387	8,467,025	-	15,220,412
Mutual funds and trusts invested in U.S. fixed-income securities	16,800,511	32,380,840	-	49,181,351
Trust invested in global fixed- income securities	-	20,575,216	-	20,575,216
Hedge funds	-	40,589,569	-	40,589,569
Mutual fund invested in TIPS and commodities	10,479,926	-	-	10,479,926
Real estate	-	975,000	-	975,000
Total investments	\$ 207,272,040	\$ 209,598,950	\$ -	\$ 416,870,990
Interest rate swaps	\$ -	\$ (17,960,634)	\$ -	\$ (17,960,634)

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	June 30, 2009			
	Level 1	Level 2	Level 3	Total
Cash	\$ 23,146,583	\$ -	\$ -	\$ 23,146,583
Certificates of deposit	700,809	-	-	700,809
Equity securities:				
U.S.	4,832,561	61,924,602	21,283,013	88,040,176
Non-U.S.	237,536	26,499,136	11,127,987	37,864,659
Global real estate	16,230,326	-	-	16,230,326
Fixed income securities:				
U.S. government and government agency obligations	196,136,195	-	-	196,136,195
Corporate bonds	11,224,193	-	-	11,224,193
Mutual funds and trusts invested in U.S. fixed-income securities	28,140,250	34,383,883	-	62,524,133
Trust invested in global fixed-income securities	-	35,747,257	-	35,747,257
Hedge funds	-	-	49,809,990	49,809,990
Mutual fund invested in TIPS and commodities	11,224,783	-	-	11,224,783
Real estate	-	975,000	-	975,000
Total investments	<u>\$ 291,873,236</u>	<u>\$ 159,529,878</u>	<u>\$ 82,220,990</u>	<u>\$ 533,624,104</u>
Interest rate swaps	<u>\$ -</u>	<u>\$ (17,670,418)</u>	<u>\$ -</u>	<u>\$ (17,670,418)</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

The changes in investments included in Level 3 assets and liabilities measured at fair value on a recurring basis during the years ended June 30, 2010 and 2009 are summarized as follows:

	Hedge Funds	Equity Securities	Total
Balance, July 1, 2008	\$ 62,781,553	\$ 46,143,054	\$ 108,924,607
Realized gains	349,265	-	349,265
Change in unrealized gains and losses	(8,320,828)	(13,732,054)	(22,052,882)
Purchases and sales, net	(5,000,000)	-	(5,000,000)
Balance, June 30, 2009	\$ 49,809,990	\$ 32,411,000	\$ 82,220,990
Transfers out of Level 3	(49,809,990)	(32,411,000)	(82,220,990)
Balance, June 30, 2010	\$ -	\$ -	\$ -

Fair value of financial instruments: The following methods and assumptions were used by Elmhurst to estimate the fair value of other financial instruments not described above:

The carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable, accrued expenses and amounts due to or from third-party payors are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

The estimated fair value of long-term debt, based on quoted market prices for the same or similar issues, was approximately \$12,321,000 and \$33,091,000 less than its carrying value at June 30, 2010 and 2009, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less accumulated depreciation, at June 30, 2010 and 2009, as follows:

	2010	2009
Land and land improvements	\$ 24,214,552	\$ 24,195,030
Buildings	190,409,236	186,405,001
Equipment	160,370,210	150,893,586
Construction in progress	325,826,477	150,353,655
Land held for future use	51,199,618	50,604,060
	<u>752,020,093</u>	<u>562,451,332</u>
Less accumulated depreciation	(264,053,910)	(248,231,224)
	<u>\$ 487,966,183</u>	<u>\$ 314,220,108</u>

In July 2004, the Board of Trustees of Elmhurst announced its decision to initiate a planning process to develop a new, integrated health care campus on 32 acres of land acquired in southern Elmhurst. This new facility, now under construction, is adjacent to the Elmhurst Memorial Center for Health, a 15-acre ambulatory services campus that was completed in 1999. Elmhurst received Certificate of Need approval from the State of Illinois in February 2008. Construction began in the spring of 2008 and is expected to take 30 to 36 months to complete. The campus will include a replacement hospital and additional physician offices. The project is estimated to cost \$450,000,000. Financing for the new campus will include internally generated funds, debt, and a capital gift campaign. A plan is being developed to determine the reuse of the current hospital campus and facilities. It is expected that some level of health care services will continue to be provided there. The Hospital does not believe the current hospital campus is impaired, however, it has begun to reassess the depreciable lives associated with the buildings and equipment on the current hospital campus. The net book value of the fixed assets at the current hospital campus was \$9,449,549 as of June 30, 2010. Net interest costs capitalized during the years ended June 30, 2010 and 2009, were \$7,602,526 and \$(647,344), respectively. The accumulated capitalized interest costs as of June 30, 2010 and 2009, were \$8,203,465 and \$600,939, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt

Long-term debt at June 30, 2010 and 2009, consists of the following:

	2010	2009
5.00% to 6.25% secured revenue refunding bonds, dated December 15, 2002 (Series 2002D), due in varying annual principal installments through January 1, 2028	\$ 128,739,270	\$ 130,694,288
Variable rate direct note obligation Series 1985C and 1985D (0.25% and 0.35% at June 30, 2010 and 2009, respectively), maturing on December 15, 2012	11,733,302	14,933,307
Variable rate direct note obligation Series 2004A (0.55% and 3.50% at June 30, 2010 and 2009, respectively), maturing on January 1, 2024	6,482,000	6,482,000
Secured revenue bonds Series 2008A (4.5% to 5.625%), dated May 15, 2008, due in varying annual principal installments through January 1, 2037	120,178,531	120,012,193
Variable rate demand revenue bonds, Series 2008B (0.14% and 0.23% at June 30, 2010 and 2009, respectively), maturing on January 1, 2048	100,000,000	100,000,000
Variable rate demand revenue bonds, Series 2008C (0.39% and 0.75% at June 30, 2010 and 2009, respectively), maturing on January 1, 2048	75,000,000	75,000,000
Variable rate demand revenue bonds, Series 2008D (0.19% and 0.16% at June 30, 2010 and 2009, respectively), maturing on January 1, 2048	50,000,000	50,000,000
Variable rate demand revenue bonds, Series 2008E (0.39% and 2.32% at June 30, 2010 and 2009, respectively), maturing on January 1, 2048	25,000,000	25,000,000
Other long-term borrowings	143,700	143,700
	<u>517,276,803</u>	<u>522,265,488</u>
Less current maturities of long-term debt	<u>(5,225,004)</u>	<u>(5,170,004)</u>
Long-term debt less current maturities	<u>\$ 512,051,799</u>	<u>\$ 517,095,484</u>

In August 2006, Elmhurst entered into a \$12,000,000 loan through the Illinois Facilities Authority's Pooled Financing Program related to the Series 1985C and 1985D Project Loan Agreements. Proceeds from the loan were used to reimburse Elmhurst for routine capital expenditures with tax-exempt uses.

In December 2006, Elmhurst issued \$47,000,000 variable rate direct note obligation bonds, Series 2006E. The proceeds were used to establish a project fund to reimburse Elmhurst for routine capital purchases.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

In May 2008, Elmhurst issued \$124,820,000 fixed-rate revenue bonds (Series 2008A). The proceeds were used to establish a Project Fund (to reimburse Elmhurst for costs related to the construction of the new hospital campus), establish a Capitalized Interest Fund (to pay the interest costs during construction), and to establish a Debt Service Reserve Fund.

In May 2008, Elmhurst also issued \$250,000,000 variable rate revenue bonds (Series 2008B through E). A portion of the proceeds were used to redeem the Series 2006E Direct Note Bonds. The remainder of the proceeds were used to establish Project Funds (to reimburse Elmhurst for cost related to the construction of the new hospital campus) and Capitalized Interest Funds (to pay the interest costs during construction). The bonds are puttable on demand by the bondholders. Elmhurst uses a remarketing agent to resell any tendered bonds to new investors. Elmhurst has obtained an irrevocable letter of credit to secure repayment of the bond financing, and to provide short-term liquidity in the event bonds are put to Elmhurst and are not able to be immediately remarketed. If the letter of credit were to be drawn upon as a result of failed efforts to remarket any tendered bonds, amounts drawn would be repayable in quarterly installments over a 36-month period commencing 367 days after being drawn, or sooner if the bonds are subsequently remarketed to new investors. No bonds were put by bondholders and failed to be immediately remarketed to investors during the year ended June 30, 2008. During the year ended June 30, 2009, bonds in the amounts of \$16,000,000 failed to remarket immediately and, as a result, the letter of credit was drawn upon in the amount of \$16,000,000. The letter of credit balance was subsequently repaid in full once the bonds were successfully remarketed to a new investor. For accounting purposes, the failed remarketing constituted an extinguishment of debt resulting in the write-off of \$89,545 in unamortized deferred financial costs associated with the \$16,000,000 of bonds.

The maturities and annual sinking fund requirements for the fiscal years ending June 30, 2009 through 2015, on the outstanding long-term debt are as follows, assuming remarketing of variable rate unsecured demand revenue bonds: 2011 - \$5,225,004; 2012 - \$5,330,004; 2013 - \$7,578,294; 2014 - \$4,585,000; 2015 - \$4,875,000; and thereafter - \$496,115,700. As described above, if variable rate unsecured demand revenue bonds fail to remarket, Elmhurst would have to make accelerated debt repayments.

The revenue bonds are collateralized by substantially all assets of Elmhurst. The provisions of the indenture require the Obligated Group (comprised of Elmhurst Memorial Hospital, Elmhurst Memorial Healthcare, and Elmhurst Memorial Home Health) to maintain certain financial covenants, including a minimum annual debt service coverage level, and a minimum number of days cash on hand.

In 1998, Elmhurst established a program to actively manage its interest cost. The program seeks to achieve the lowest interest cost consistent with an acceptable level of risk given varying interest rate environments. Elmhurst has established a long-term targeted mix of 50% fixed and 50% variable interest rate exposure. Long-term tax-exempt and taxable financings form the base for the program. These financings are necessarily timed to coincide with the periodic acquisition of qualified assets. Based upon the interest rate environment at the time of such financings, fixed or variable rate modes of financing are utilized. Derivatives (interest rate swaps) are used to achieve the targeted mix when underlying financings do not. Market conditions often limit the ability of the program to fully achieve its goals and consequently swap terms (maturity, notional amounts, etc.) do not perfectly match the terms of the underlying debt.

During the years ended June 30, 2010 and 2009, Elmhurst had the following interest rate swap agreements in place:

Floating Interest Rate Agreement ("Basis Swap") – Elmhurst entered a Basis Swap in May 2002 to lower total interest cost by earning income from spreads between taxable and tax-exempt interest rates. Elmhurst pays the SIFMA floating rate index and receives 76.21% of one-month LIBOR on a \$50,000,000 notional amount, extending over a 20-year period. The Basis Swap does not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Note 8. Long-Term Debt (Continued)

Fixed Receiver Interest Rate Swap Agreement ("Fixed Receiver") – Elmhurst entered this swap in August 2003 to increase its exposure to floating interest rate debt after its 2002D fixed-rate refinancing resulted in a higher fixed interest rate exposure. Elmhurst pays the SIFMA floating rate index and receives a fixed rate of 4.64% on a notional amount of \$40,000,000. This agreement also includes a counterparty termination option effective August 2011 and anytime thereafter. The swap extends over a 27-year period from its August 2003 execution date. The long-term Fixed Receiver does not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

2008 Fixed Payer Interest Rate Swap Agreement ("2008 Fixed Payer") – Elmhurst entered this swap strategy with three separate counterparties in July 2005 to hedge its fixed interest rate exposure for the planned 2008 bond issue related to the new facility. While terms with the three counterparties differ slightly, the following express the aggregate terms of the entire strategy. The exchange of payments was not effective until January 2008 to coincide with the planned bond issue. Elmhurst pays a fixed rate of 4.135% in exchange for the SIFMA floating rate index on a notional amount of \$120,000,000 for 30 years. The term of the swap is matched to the expected life and amortization on 50% of the 2008 bonds. The 2008 Fixed Payer Swap was designated for hedge accounting through June 30, 2008. Gains and losses through June 30, 2008, were recorded as Changes in Unrestricted Net Assets in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets. On July 1, 2008, Elmhurst dedesignated the hedge. Gains and losses on the hedging instrument arising subsequent to the date of dedesignation are recorded as components of Nonoperating Income, and gains or losses previously recorded as components of Other Changes in Unrestricted Net Assets are amortized to Nonoperating Income when the previously hedged interest expense is recognized.

Fixed Spread Floating Interest Rate Agreements ("Fixed Spread Basis Swaps") – Elmhurst entered this swap strategy with three separate counterparties in July 2005 with the objective of reducing total interest cost by earning income from spreads between taxable and tax-exempt interest rates. Effective January 2008, Elmhurst began paying the SIFMA floating rate index and receive 67% of one-month LIBOR, plus 0.76% on a \$120,000,000 notional amount, extending over a 30-year period. In April 2008, Elmhurst entered into another Fixed Spread Basis Swap with two counterparties. Elmhurst pays the SIFMA floating rate index and receives 61.3% of one-month LIBOR, plus a fixed spread of 0.73% on a \$140,000,000 notional amount over a 30-year period. The Fixed Spread Basis Swaps do not qualify for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expense) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Constant Maturity Swaps – Elmhurst entered this swap strategy with two counterparties in June 2006 with the objective of reducing total interest cost by earning income from spreads between one-month and five-year interest rates. Under the agreements with both counterparties, payments began in January 2007. Elmhurst pays 67% of one-month LIBOR in exchange for 61.3% of five-year LIBOR on \$60,000,000 or 50% of the LIBOR exposure of the Fixed Spread Basis Swap until 2032. Elmhurst also pays 76.21% of one-month LIBOR in exchange for 76.21% of five-year LIBOR - 0.35% on \$25,000,000 or 50% its LIBOR exposure on the basis swap. The Constant Maturity Swaps are not designated for hedge accounting. Gains and losses are recorded as Nonoperating Income (Expenses) in the Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Elmhurst has provisions in its swap agreements that require the posting of collateral when the counterparty mark-to-market valuation results in a liability greater than \$5,000,000. At June 30, 2010 and 2009, Elmhurst has posted \$3,784,789 and \$10,458,856, respectively, of collateral, in the form of cash and investments, with the counterparties. Amounts posted as collateral are reported on the Consolidated Balance Sheets under Prepaid expenses, interest receivable, and other.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

The following tables provide details on the swap agreements and reconciliation to the financial statements:

Derivative Contract Terms	Basis Swap	Fixed Receiver	Fixed Payer	Fixed Spread Basis Swaps	Constant Maturity Swaps	Fixed Spread Basis Swaps
Execution date	May 2002	August 2003	July 2005	July 2005	June 2006	April 2008
Notional amount	\$ 50,000,000	\$ 40,000,000	\$ 120,000,000	\$ 120,000,000	\$ 85,000,000	\$140,000,000
Elmhurst pays the counterparty	SIFMA	SIFMA	4.135%	SIFMA	5-yr LIBOR	SIFMA
Counterparty pays Elmhurst	76.2% 1-mo. LIBOR	3.08%	SIFMA	67% LIBOR + 0.76%	1-mo. LIBOR	61.3% LIBOR + 0.73%
Termination date	May 2022	August 2030	January 2038	January 2038	January 2027	June 2038
Qualifies for hedge accounting	no	no	no	no	no	no
Market Value Asset (Liability) of Derivative Contracts (1)						
Balance, June 30, 2008	\$ (132,994)	\$ 773,803	\$ (5,316,307)	\$ 3,704,351	\$ 628,053	\$ (3,248,304)
Changes in value	(1,409,229)	(194,841)	(3,264,374)	(5,315,798)	1,645,528	(5,540,306)
Balance, June 30, 2009	(1,542,223)	578,962	(8,580,681)	(1,611,447)	2,273,581	(8,788,610)
Changes in value	200,865	376,703	(6,254,347)	1,380,095	1,658,843	2,347,625
Balance, June 30, 2010	\$ (1,341,358)	\$ 955,665	\$ (14,835,028)	\$ (231,352)	\$ 3,932,424	\$ (6,440,985)

(1) Amounts are presented within prepaid pension, deferred financing costs, and other assets and other liabilities within the balance sheets.

Net Cash Flow Received (Paid) by Elmhurst Under Derivative Contracts	Basis Swap	Fixed Receiver	Fixed Payer	Fixed Spread Basis Swaps	Constant Maturity Swaps	Fixed Spread Basis Swaps	Total Swap Cash Flow
Year Ended June 30, 2009							
Cash from contractual payments	\$ (155,890)	\$ 1,212,040	\$ (3,164,049)	\$ 445,199	\$ 687,882	\$ 364,531	\$ (610,287)
Year Ended June 30, 2010							
Cash from contractual payments	\$ (45,068)	\$ 1,737,720	\$ (5,024,432)	\$ 801,113	\$ 1,305,669	\$ 872,196	\$ (352,802)

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Operating Leases

The Hospital has operating leases for specific property, plant, and equipment.

Rent paid and recorded under operating leases was \$3,497,062 and \$3,247,660 for the years ended June 30, 2010 and 2009, respectively.

The future minimum lease commitments under these operating leases as of June 30, 2010, are as follows:

2011	\$ 2,731,508
2012	1,580,276
2013	1,031,442
2014	744,326
	<u>\$ 6,087,552</u>

Note 10. Employee Retirement Plans

Elmhurst has a noncontributory retirement plan which qualifies as a pension plan under ASC Topic 715, Compensation – Retirement Benefits. The plan covers substantially all full-time employees. It is Elmhurst's policy to make contributions in amounts calculated by the actuarial consultant to adequately fund benefit programs and meet ERISA requirements. In addition, Elmhurst also maintains an unfunded noncontributory, supplemental defined benefit retirement plan (SERP) for certain executive employees.

Information regarding the benefit obligations and assets of the pension plan and SERP as of and for the years ended June 30, 2010 and 2009, is as follows:

	2010		2009	
	Pension	SERP	Pension	SERP
Accumulated benefit obligation	<u>\$ 154,245,330</u>	<u>\$ 5,794,141</u>	<u>\$ 118,082,566</u>	<u>\$ 4,648,299</u>
Projected benefit obligation:				
Projected benefit obligation,				
beginning of year	\$ 136,791,763	\$ 5,575,832	\$ 122,739,546	\$ 4,489,312
Service cost	4,849,007	144,338	4,449,106	179,056
Interest cost	9,078,712	365,905	8,440,531	314,252
Plan changes	-	-	-	444,463
Actuarial losses	33,541,427	132,186	5,501,062	148,749
Benefits paid	(4,627,972)	(402,786)	(4,338,482)	-
Projected benefit obligation,				
end of year	<u>179,632,937</u>	<u>5,815,475</u>	<u>136,791,763</u>	<u>5,575,832</u>
Change in plan assets:				
Fair value of plan assets,				
beginning of year	120,736,007	-	140,469,348	-
Actual return (loss) on plan				
assets	15,888,137	-	(22,274,859)	-
Contributions	6,720,000	402,786	6,880,000	-
Benefits paid	(4,627,972)	(402,786)	(4,338,482)	-
Fair value of plan assets,				
end of year	<u>138,716,172</u>	<u>-</u>	<u>120,736,007</u>	<u>-</u>
Funded status, end of year	<u>\$ 40,916,765</u>	<u>\$ 5,815,475</u>	<u>\$ 16,055,756</u>	<u>\$ 5,575,832</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

The unfunded pension liability is reported as Accrued Pension on the accompanying Consolidated Balance Sheets. At June 30, 2010 and 2009, \$5,582,696 and \$5,265,832, respectively, of the unfunded SERP liability is included in Other Liabilities and \$232,780 and \$310,000, respectively, is included in Accrued Payroll and Other Liabilities on the accompanying Consolidated Balance Sheets.

Plan items not yet recognized as a component of periodic pension expense, but included as a separate component of unrestricted net assets at June 30, 2010 and 2009, are as follows:

	2010		2009	
	Pension	SERP	Pension	SERP
Unrecognized prior service cost	\$ 491,581	\$ 483,529	\$ 660,003	\$ 647,155
Unrecognized net actuarial loss	81,202,473	500,649	49,889,785	368,463
	<u>\$ 81,694,054</u>	<u>\$ 984,178</u>	<u>\$ 50,549,788</u>	<u>\$ 1,015,618</u>

Pension related changes other than net periodic pension cost that have been included as a reduction of unrestricted net assets consist of:

	2010		2009	
	Pension	SERP	Pension	SERP
Net actuarial losses arising during the period	\$ 31,312,688	\$ 132,186	\$ 40,563,470	\$ 148,749
Prior service cost arising during the period	-	-	-	444,463
Prior service cost amortized during the period	(168,422)	(163,626)	(168,422)	(89,549)
	<u>\$ 31,144,266</u>	<u>\$ (31,440)</u>	<u>\$ 40,395,048</u>	<u>\$ 503,663</u>

	2010		2009	
	Pension	SERP	Pension	SERP
Assumptions:				
Discount rate used to determine benefit obligation	5.50 %	5.50 %	6.75 %	6.75 %
Discount rate used to determine net periodic benefit cost	6.75 %	6.75 %	7.00 %	7.00 %
Rate of increase in compensation levels	5.00 %	5.00 %	5.00 %	5.00 %
Expected long-term rate of return on assets	8.50 %	N/A	8.50 %	N/A

The estimated net actuarial loss and prior service cost that will be amortized as a component of net periodic benefit cost during fiscal 2011 are \$3,899,838 and \$168,422, respectively, for the pension plan. The estimated prior service cost that will be amortized as a component of net periodic benefit costs during fiscal 2011 is \$160,399 for the SERP.

Elmhurst expects to contribute \$5,500,000 to the Plan during fiscal 2011.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

The allocation of pension plan assets at June 30, 2010 and 2009, is as follows:

	Target	2010	2009
Equity securities	55 %	52 %	45 %
Fixed-income securities	25	32	34
Alternative investments	20	16	21
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The pension fund is managed in accordance with the policies established by the Investment Committee of the Board (the "Investment Committee"). The investment policy includes specific guidelines for quality, asset concentration, asset mix, asset allocations, and performance expectations. The pension fund investment allocations are periodically reviewed for compliance with the pension investment policy by the Investment Committee.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Plan's investment portfolio. Assumed projected rates of return for each asset category are selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio is developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from Plan assets.

Expected future benefit payments for the plan years ending December 31 are as follows:

	Pension	SERP
2011	\$ 5,651,000	\$ 4,390,000
2012	7,034,000	340,000
2013	7,778,000	-
2014	8,539,000	-
2015	9,303,000	2,020,000
2016-2020	58,681,000	390,000

Net periodic benefit cost for the years ended June 30, 2010 and 2009, includes the following components:

	2010		2009	
	Pension	SERP	Pension	SERP
Service cost - benefits earned during the year	\$ 4,849,007	\$ 144,338	\$ 4,449,106	\$ 179,056
Interest cost on projected benefit obligation	9,078,712	365,906	8,440,531	314,252
Expected return on plan assets	(13,659,398)	-	(12,787,549)	-
Amortization of prior service costs	168,422	163,626	168,422	89,549
	<u>\$ 436,743</u>	<u>\$ 673,870</u>	<u>\$ 270,510</u>	<u>\$ 582,857</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

Elmhurst also maintains contributory savings plans (the "Savings Plans") covering substantially all employees of Elmhurst. Participants may make voluntary contributions to the Savings Plans, which are partially matched by Elmhurst. For each dollar of participant contribution, Elmhurst matches 50% of the first 3% of pay and 25% of the second 3% of pay. Certain matching benefits were suspended in 2010. Additional contributions may be made by Elmhurst at its discretion. Costs of the Savings Plans charged to salaries and benefits totaled \$172,505 and \$1,813,955 for the years ended June 30, 2010 and 2009, respectively.

The table below presents the balances of pension assets measured at fair value on a recurring basis, as of June 30, 2010:

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Cash	\$ 5,666,761	\$ -	\$ -	\$ 5,666,761
Mutual funds invested in U.S. fixed-income securities	24,624,558	-	-	24,624,558
Trust invested in global fixed-income securities	-	14,679,854	-	14,679,854
Equity securities:				
U.S.	-	46,986,032	-	46,986,032
Non-U.S.	-	18,995,719	-	18,995,719
Global real estate	6,139,178	-	-	6,139,178
Hedge funds	-	21,624,070	-	21,624,070
Total investments	<u>\$ 36,430,497</u>	<u>\$ 102,285,675</u>	<u>\$ -</u>	<u>\$ 138,716,172</u>

The changes in investments included in Level 3 assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2010 are summarized as follows:

Balance, July 1, 2009	\$ 9,964,481
Transfers out of Level 3	(9,964,481)
Balance, June 30, 2010	<u>\$ -</u>

Note 11. Professional and General Liabilities Insurance

Elmhurst is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will be resolved without a material impact on the Hospital's financial position. Substantially, all claims made prior to July 1, 1979, are covered by commercial insurance. On July 1, 1979, the Hospital entered into a contractual agreement with the Chicago Hospital Risk Pooling Program (CHRPP) that, through its risk-sharing provisions, provided the Hospital with insurance coverage for professional and general liability claims. CHRPP is a multi-hospital trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. As a self-insurance administrator, CHRPP enables risk-sharing among Illinois hospitals. Beneficiary hospitals are obligated to make additional contributions, if necessary, to maintain the trust assets at a level adequate to support anticipated disbursements, as defined in the trust agreement. Substantially, all claims made between July 1, 1979 and December 1, 2005, are covered by CHRPP. For the period July 1, 1979 to December 31, 2002, CHRPP coverage was on the occurrence-basis. Effective January 1, 2003, CHRPP changed its coverage from occurrence-basis to claims-made.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Professional and General Liabilities Insurance (Continued)

In June of 2010, CHRPP notified its current and former members that they had resolved to discontinue the issuance of hospital professional and comprehensive general liability coverage and commence a voluntary "run-off" of its claim portfolio effective January 1, 2011. CHRPP anticipates presenting a "run-off" plan, that is responsive to the interests of their current and former members to the Illinois Director of Insurance (the "Director") in September of 2010 and then sharing details of the plan once accepted by the Director.

CHRPP engaged the services of an independent consultant for actuarial valuations of self-insured funding requirements and has designated attorneys to handle professional and general liability claims. The Hospital has established its risk management program and claims-handling procedures in accordance with guidelines issued by the United States Department of Health and Human Services. The self-insurance funding, which is expensed when amounts are funded into the self-insurance trust, was recommended and certified by an independent actuarial firm. As stated above, the Hospital's insurance premiums are subject to retrospective adjustments. Management does not believe any retrospective adjustments would be material.

Since 2005, the Hospital has a self-insured retention program in which the Hospital retains the risk for all claims with individual values under \$3,000,000. The Hospital has obtained insurance coverage on a claims-made basis for amounts exceeding \$3,000,000 up to \$33,000,000. The Hospital has engaged an independent actuary to determine the estimated cost of the retained risk and has recorded expense in accordance with the actuary's estimate. At June 30, 2010 and 2009, the Hospital recorded a liability, discounted at 4.75% of \$20,309,810 and \$17,500,000, respectively, for incurred but not reported claims arising under both its own self-insurance program and the CHRPP program. The effect of discounting the liability is approximately \$5,118,000 and \$4,701,000, respectively at June 30, 2010 and 2009. This liability consists of \$1,624,586 and \$1,015,911 reported in Accounts Payable at June 30, 2010 and 2009, respectively, and \$18,685,224 and \$16,484,089 reported in Other Liabilities at June 30, 2010 and 2009, respectively, on the Consolidated Balance Sheets. The Hospital has elected to not establish a corresponding self-insured trust asset to fund this liability as of June 30, 2010, because management believes that it has enough liquidity in its cash, short-term investments, and the capital reserve fund.

Note 12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009, respectively, are available for the following purposes:

	2010	2009
Pledges restricted to benefit future periods	\$ 5,665,477	\$ 1,373,870
Capital purchases	154,132	-
Medical education	63,000	90,100
Other health care programs	244,664	232,765
	<u>\$ 6,127,273</u>	<u>\$ 1,696,735</u>

Permanently restricted net assets of \$489,515 and \$489,515 at June 30, 2010 and 2009, respectively, are investments to be held in perpetuity, the income from which is expendable for medical education.

During 2010 and 2009, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes of medical education, and other health care programs amounting to \$1,883,645 and \$1,502,377, respectively, and were recorded as Other Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Temporarily and Permanently Restricted Net Assets (Continued)

The expected timing of pledge payments and value of pledges receivable recorded as of June 30, 2010 are as follows:

Years ending June 30:

2011	\$	826,968
2012		790,500
2013		669,400
2014		625,000
2015		508,000
Thereafter		2,000,000
		<u>5,419,868</u>
Less - present value discounts		(340,941)
Less - allowance for uncollectible pledges		(54,224)
Pledges receivable, net		<u>5,024,703</u>
Less current portion included in prepaid expense, interest receivable, and other		(826,968)
Noncurrent portion included in prepaid pension, deferred financing costs, and other		<u><u>\$ 4,197,735</u></u>

Note 13. Functional Expenses

Elmhurst provides comprehensive quality health care services to the residents of eastern Du Page and western Cook counties. Expenses related to these functions at June 30, 2010 and 2009, are as follows:

	2010	2009
Health care services	\$ 274,969,039	\$ 274,531,356
General and administrative	79,028,986	77,208,921
Fundraising	1,305,668	1,324,912
	<u>\$ 355,303,693</u>	<u>\$ 353,065,189</u>

Note 14. Commitments and Contingencies

Litigation: Elmhurst is a defendant in various lawsuits arising in the ordinary course of business. Although the outcome of the lawsuits cannot be determined with certainty, management believes the ultimate disposition of such matters will not have a material effect on Elmhurst's financial statements.

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

Construction in progress: Construction in progress at June 30, 2010, consists primarily of costs associated with the new, integrated healthcare campus. The new, integrated healthcare campus is expected to be completed in June 2011. At June 30, 2010, commitments totaling approximately \$362,147,144 had been entered into related to the aforementioned project for which \$294,717,468 had been paid. Construction of this project is being funded with bond proceeds designated for capital purposes and investments internally designated for capital improvements.

Note 14. Commitments and Contingencies (Continued)

Regulatory environment including fraud and abuse matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

CMS Recovery Audit Contractor Program: Congress passed the Medicare Modernization Act in 2003, which among other things established a three-year demonstration of the Medicare Recovery Audit Contractor (RAC) program. The RAC's identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states by 2010. CMS began rolling out this program nationally in early 2010 in Illinois. Management cannot reliably predict the impact of future RAC audits on Elmhurst's results of operations or cash flows.

Note 15. Subsequent Events

Subsequent events: Elmhurst has evaluated subsequent events for potential recognition and/or disclosure through September 22, 2010, the date the financial statements were issued.



Independent Auditor's Report on the Supplementary Information

To the Board of Trustees of
Elmhurst Memorial Healthcare
Elmhurst, Illinois

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of Elmhurst Memorial Healthcare and Subsidiaries for the year ended June 30, 2010, taken as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The supplementary consolidating information for the year ended June 30, 2010, has been subjected to the auditing procedures applied in the audit of the basic 2010 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2010 consolidated financial statements taken as a whole. The supplementary consolidating information for the year ended June 30, 2009, was audited by other auditors whose report, dated October 16, 2009, expressed an unqualified opinion on such information in relation to the basic 2009 consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Chicago, Illinois
September 22, 2010

Elmhurst Memorial Healthcare and Subsidiaries

**Supplementary Consolidating Balance Sheet Information
June 30, 2010**

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Assets									
Current Assets									
Cash and cash equivalents	\$ 14,193,379	\$ -	\$ 10,668,631	\$ 1,312,063	\$ 2,212,685	\$ -	\$ -	\$ -	\$ 2,212,685
Short-term investments	1,108,683	-	-	-	1,108,683	-	-	-	1,108,683
Patient accounts receivable - less allowances for uncollectible accounts	51,796,446	-	4,010,438	223	47,785,785	-	46,053,156	1,732,629	-
Inventories	5,279,893	-	271,316	-	5,008,577	-	4,937,186	71,391	-
Prepaid expenses, interest receivable, and other	11,599,004	(10,205)	4,440,917	72,936	7,095,356	-	6,212,782	33,234	849,340
Amounts due from third-party payors	840,000	-	-	-	840,000	-	840,000	-	-
Amounts due from affiliated organizations	-	(1,066,462)	-	-	1,066,462	-	1,072,364	(5,902)	-
Total current assets	84,817,405	(1,076,667)	19,391,302	1,385,222	65,117,548	-	59,115,488	1,831,352	4,170,708
Investments and Assets Limited as to Use:									
Internally designated for capital improvements	340,408,845	-	340,408,845	-	-	-	-	-	-
Externally designated investments under bond agreements	71,116,223	-	67,340,904	-	3,775,319	-	3,775,319	-	-
Other investments and assets limited as to use	4,237,239	-	-	-	4,237,239	-	-	-	4,237,239
Total investments and assets limited as to use	415,762,307	-	407,749,749	-	8,012,558	-	3,775,319	-	4,237,239
Land, Buildings, and Equipment - Net	487,966,183	-	85,430,861	25	402,535,297	-	402,062,402	472,895	-
Investment in Subsidiaries	-	(321,402)	321,402	-	-	(12,463,612)	12,463,612	-	-
Prepaid Pension, Deferred Financing Costs, and Other	12,218,977	-	4,593,611	-	7,625,366	-	3,427,651	-	4,197,715
	\$ 1,000,764,872	\$ (1,398,069)	\$ 517,486,925	\$ 1,385,247	\$ 483,290,769	\$ (12,463,612)	\$ 480,844,472	\$ 2,304,247	\$ 12,605,662

Elmhurst Memorial Healthcare and Subsidiaries

Supplementary Consolidating Balance Sheet Information (Continued)
June 30, 2010

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Liabilities and Net Assets/ Shareholder's Equity									
Current Liabilities									
Accounts payable	\$ 35,414,882	\$ (10,205)	\$ 1,228,784	\$ 8,651	\$ 34,187,652	\$ -	\$ 34,084,815	\$ 12,837	\$ 90,000
Accrued payroll and other	28,990,529	-	11,725,826	17,023	17,247,680	-	17,015,424	232,256	-
Amounts due to third-party payors	34,403,936	-	-	-	34,403,936	-	34,421,097	(17,161)	-
Current maturities of long-term debt	5,225,004	-	5,225,004	-	-	-	-	-	-
Due to affiliated organizations	-	(1,066,462)	28,291	1,038,171	-	-	-	-	-
Total current liabilities	104,034,351	(1,076,667)	18,207,905	1,063,845	85,839,268	-	85,521,336	227,932	90,000
Long-Term Debt, Excluding Current Maturities	512,051,799	-	512,051,799	-	-	-	-	-	-
Other Liabilities	43,494,872	-	19,174,875	-	24,319,997	-	24,267,947	-	52,050
Accrued Pension	40,916,765	-	-	-	40,916,765	-	40,916,765	-	-
Total liabilities	700,497,787	(1,076,667)	549,434,579	1,063,845	151,076,030	-	150,706,048	227,932	142,050
Net assets/shareholders' equity:									
Common stock - at par	-	(7,502,470)	-	7,502,470	-	-	-	-	-
Additional paid-in capital	-	(2,552,286)	-	2,552,286	-	-	-	-	-
Unrestricted net assets/retained earnings	293,650,297	9,733,354	(31,947,654)	(9,733,354)	325,597,951	(5,846,824)	323,521,636	2,076,315	5,846,824
Temporarily restricted net assets	6,127,273	-	-	-	6,127,273	(6,127,273)	6,127,273	-	6,127,273
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	300,267,085	(321,402)	(31,947,654)	321,402	332,214,739	(12,463,612)	330,138,424	2,076,315	12,463,612
	\$ 1,000,764,872	\$ (1,398,069)	\$ 517,486,925	\$ 1,385,247	\$ 483,290,769	\$ (12,463,612)	\$ 480,844,472	\$ 2,304,247	\$ 12,605,662

Elmhurst Memorial Healthcare and Subsidiaries

**Supplementary Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information
Year Ended June 30, 2010**

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Revenues:									
Net patient service revenue	\$ 349,185,107	\$ -	\$ 43,291,978	\$ -	\$ 305,893,129	\$ -	\$ 296,664,159	\$ 9,228,970	\$ -
Other revenue	18,123,193	(15,600,644)	1,989,087	16,328,855	15,405,895	-	13,419,696	(131,900)	2,118,099
	<u>367,308,300</u>	<u>(15,600,644)</u>	<u>45,281,065</u>	<u>16,328,855</u>	<u>321,299,024</u>	<u>-</u>	<u>310,083,855</u>	<u>9,097,070</u>	<u>2,118,099</u>
Expenses:									
Salaries and benefits	170,892,433	-	1,714,876	15,850,927	153,326,630	-	148,309,153	4,489,094	528,383
Supplies	55,534,768	-	3,398,709	92,553	52,043,506	-	51,444,190	502,677	96,639
Purchased services and other	89,926,337	(15,600,644)	50,430,877	387,483	54,708,621	1,183,169	51,656,558	1,233,248	635,646
Provision for bad debts	14,243,404	-	2,002,000	1,000	12,240,404	-	12,103,210	92,194	45,000
Depreciation	17,402,591	-	1,821,046	7,398	15,574,147	-	15,257,033	317,114	-
Medicaid tax	7,304,160	-	-	-	7,304,160	-	7,304,160	-	-
	<u>355,303,693</u>	<u>(15,600,644)</u>	<u>59,367,508</u>	<u>16,339,361</u>	<u>295,197,468</u>	<u>1,183,169</u>	<u>286,074,304</u>	<u>6,634,327</u>	<u>1,305,668</u>
Operating income (loss)	<u>12,004,607</u>	<u>-</u>	<u>(14,086,443)</u>	<u>(10,506)</u>	<u>26,101,556</u>	<u>(1,183,169)</u>	<u>24,009,551</u>	<u>2,462,743</u>	<u>812,431</u>
Nonoperating income (expense):									
Investment (loss) income	(2,834,768)	-	(3,379,710)	-	544,942	-	483,100	-	61,842
Unrealized gains on investments	36,597,287	-	36,009,895	-	587,392	-	295,015	-	292,377
Interest expense	(7,845,683)	-	(7,820,053)	-	(25,630)	-	(25,630)	-	-
Amortization of deferred financing costs	(133,927)	-	(133,927)	-	-	-	-	-	-
Cash settlements on interest rate swaps	(352,802)	-	(352,802)	-	-	-	-	-	-
Unrealized loss on interest rate swaps	(467,429)	-	(467,429)	-	-	-	-	-	-
Distribution of restricted revenue	-	95,610	-	-	(95,610)	1,183,169	-	-	(1,278,779)
Gain (loss) on investment in subsidiaries	-	10,772	(10,772)	-	-	16,519	(16,519)	-	-
Change in unrealized gain on hedge fund investments	1,944,451	-	1,944,451	-	-	-	-	-	-
	<u>26,907,129</u>	<u>106,382</u>	<u>25,789,653</u>	<u>-</u>	<u>1,011,094</u>	<u>1,199,688</u>	<u>735,966</u>	<u>-</u>	<u>(924,560)</u>

Elmhurst Memorial Healthcare and Subsidiaries

Supplementary Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)
 Year Ended June 30, 2010

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Excess (deficiency) of revenue over expenses	\$ 38,911,736	\$ 106,382	\$ 11,703,210	\$ (10,506)	\$ 27,112,650	\$ 16,519	\$ 24,745,517	\$ 2,462,743	\$ (112,129)
Other changes in unrestricted net assets:									
Amortization of gain on discontinuation of hedge accounting	177,089	-	177,089	-	-	-	-	-	-
Pension and supplemental plan related changes other than net periodic pension cost	(31,192,373)	-	-	-	(31,192,373)	-	(31,192,373)	-	-
Temporarily restricted contributions released for capital projects	95,344	(266)	-	-	95,610				95,610
	<u>(30,919,940)</u>	<u>(266)</u>	<u>177,089</u>	<u>-</u>	<u>(31,096,763)</u>	<u>-</u>	<u>(31,192,373)</u>	<u>-</u>	<u>95,610</u>
Increase (decrease) in unrestricted net assets	\$ 7,991,796	\$ 106,116	\$ 11,880,299	\$ (10,506)	\$ (3,984,113)	\$ 16,519	\$ (6,446,856)	\$ 2,462,743	\$ (16,519)

Elmhurst Memorial Healthcare and Subsidiaries

**Supplementary Consolidating Balance Sheet Information
June 30, 2009**

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Assets									
Current Assets									
Cash and cash equivalents	\$ 38,675,085	\$ -	\$ 35,471,644	\$ 2,168,180	\$ 1,035,261	\$ -	\$ -	\$ -	\$ 1,035,261
Short-term investments	1,119,675	-	-	-	1,119,675	-	-	-	1,119,675
Patient accounts receivable - less allowances for uncollectible accounts	44,641,684	-	3,657,265	1,223	40,983,196	-	39,429,282	1,553,914	-
Inventories	4,582,394	-	250,573	12,918	4,318,903	-	4,243,983	74,920	-
Prepaid expenses, interest receivable, and other	16,789,063	(14,966)	11,204,877	90,496	5,508,656	-	5,449,054	38,362	21,240
Amounts due from third-party payors	640,000	-	-	-	640,000	-	640,000	-	-
Amounts due from affiliated organizations	-	(1,911,387)	-	-	1,911,387	-	1,915,172	(3,785)	-
Total current assets	106,447,901	(1,926,353)	50,584,359	2,272,817	55,517,078	-	51,677,491	1,663,411	2,176,176
Investments and Assets Limited as to Use:									
Internally designated for capital improvements	301,889,797	-	301,889,797	-	-	-	-	-	-
Externally designated investments under bond agreements	225,883,080	-	222,512,945	-	3,370,135	-	3,370,135	-	-
Other investments and assets limited as to use	4,731,552	-	-	-	4,731,552	-	-	-	4,731,552
Total investments and assets limited as to use	532,504,429	-	524,402,742	-	8,101,687	-	3,370,135	-	4,731,552
Land, Buildings, and Equipment - Net	314,220,108	-	85,431,235	7,425	228,781,448	-	227,927,159	854,289	-
Investment in Subsidiaries	-	(332,175)	332,175	-	-	(7,678,854)	7,678,854	-	-
Prepaid Pension, Deferred Financing Costs, and Other	8,872,189	-	5,047,923	-	3,824,266	-	2,911,090	-	913,176
	\$ 962,044,627	\$ (2,258,528)	\$ 665,798,434	\$ 2,280,242	\$ 296,224,479	\$ (7,678,854)	\$ 293,564,729	\$ 2,517,700	\$ 7,820,904

Elmhurst Memorial Healthcare and Subsidiaries

Supplementary Consolidating Balance Sheet Information (Continued)

June 30, 2009

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Liabilities and Net Assets/									
Shareholder's Equity									
Current Liabilities									
Accounts payable	\$ 26,968,139	\$ (15,380)	\$ 1,168,792	\$ 35,947	\$ 25,778,780	\$ -	\$ 25,673,933	\$ 14,847	\$ 90,000
Accrued payroll and other	23,869,801	-	7,505,112	47,504	16,317,185	-	15,895,523	421,662	-
Amounts due to third-party payors	44,288,516	-	-	-	44,288,516	-	44,255,095	33,421	-
Current maturities of long-term debt	5,170,004	-	5,170,004	-	-	-	-	-	-
Due to affiliated organizations	-	(1,911,240)	46,357	1,864,883	-	-	-	-	-
Total current liabilities	100,296,460	(1,926,620)	13,890,265	1,948,334	86,384,481	-	85,824,551	469,930	90,000
Long-Term Debt, Excluding Current Maturities	517,095,484	-	517,095,484	-	-	-	-	-	-
Other Liabilities	40,752,176	-	18,950,205	-	21,801,971	-	21,749,921	-	52,050
Accrued Pension	16,055,756	-	-	-	16,055,756	-	16,055,756	-	-
	674,199,876	(1,926,620)	549,935,954	1,948,334	124,242,208	-	123,630,228	469,930	142,050
Net assets/shareholders' equity:									
Common stock - at par	-	(7,502,470)	-	7,502,470	-	-	-	-	-
Additional paid-in capital	-	(2,552,286)	-	2,552,286	-	-	-	-	-
Unrestricted net assets/retained earnings	285,658,501	9,722,848	115,862,480	(9,722,848)	169,796,021	(5,492,604)	167,748,251	2,047,770	5,492,604
Temporarily restricted net assets	1,696,735	-	-	-	1,696,735	(1,696,735)	1,696,735	-	1,696,735
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	287,844,751	(331,908)	115,862,480	331,908	171,982,271	(7,678,854)	169,934,501	2,047,770	7,678,854
	\$ 962,044,627	\$ (2,258,528)	\$ 665,798,434	\$ 2,280,242	\$ 296,224,479	\$ (7,678,854)	\$ 293,564,729	\$ 2,517,700	\$ 7,820,904

Elmhurst Memorial Healthcare and Subsidiaries

**Supplementary Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information
Year Ended June 30, 2009**

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Revenues:									
Net patient service revenue	\$ 345,238,794	\$ -	\$ 39,761,295	\$ -	\$ 305,477,499	\$ -	\$ 295,313,123	\$ 10,164,376	\$ -
Other revenue	16,478,376	(14,064,578)	1,964,177	15,009,977	13,568,800	-	11,383,612	310,232	1,874,956
	<u>361,717,170</u>	<u>(14,064,578)</u>	<u>41,725,472</u>	<u>15,009,977</u>	<u>319,046,299</u>	<u>-</u>	<u>306,696,735</u>	<u>10,474,608</u>	<u>1,874,956</u>
Expenses:									
Salaries and benefits	172,590,843	-	888,042	14,310,539	157,392,262	-	151,842,447	5,031,088	518,727
Supplies	56,056,776	-	3,281,720	73,965	52,701,091	-	52,180,854	517,594	2,643
Purchased services and other	84,556,510	(14,064,578)	44,953,074	376,241	53,291,773	424,107	50,896,938	1,171,000	799,728
Provision for bad debts	15,830,569	-	1,729,385	1,000	14,100,184	-	13,984,414	111,956	3,814
Depreciation	16,726,333	-	1,765,537	8,748	14,952,048	-	14,685,393	266,655	-
Medicaid tax	7,304,158	-	-	-	7,304,158	-	7,304,158	-	-
	<u>353,065,189</u>	<u>(14,064,578)</u>	<u>52,617,758</u>	<u>14,770,493</u>	<u>299,741,516</u>	<u>424,107</u>	<u>290,894,204</u>	<u>7,098,293</u>	<u>1,324,912</u>
Operating income (loss)	<u>8,651,981</u>	<u>-</u>	<u>(10,892,286)</u>	<u>239,484</u>	<u>19,304,783</u>	<u>(424,107)</u>	<u>15,802,531</u>	<u>3,376,315</u>	<u>550,044</u>
Nonoperating income (expense):									
Investment income (loss)	7,038,054	-	4,888,960	-	2,149,094	-	2,315,821	-	(166,727)
Unrealized losses on investments	(64,919,662)	-	(64,083,365)	-	(836,297)	-	(681,414)	-	(154,883)
Interest expense	(8,604,623)	-	(8,573,867)	-	(30,756)	-	(30,756)	-	-
Amortization of deferred financing costs	(236,794)	-	(236,794)	-	-	-	-	-	-
Loss on refunding or extinguishment of debt	(89,545)	-	(89,545)	-	-	-	-	-	-
Cash settlements on interest rate swaps	(610,287)	-	(610,287)	-	-	-	-	-	-
Unrealized loss on interest rate swaps	(14,256,229)	-	(14,256,229)	-	-	-	-	-	-
Distribution of restricted revenue	-	461,797	-	-	(461,797)	424,108	-	-	(885,905)
Gain (loss) on investment in subsidiaries	-	(239,756)	239,756	-	-	657,471	(657,471)	-	-
Change in unrealized loss on hedge fund investments	(8,320,828)	-	(8,320,828)	-	-	-	-	-	-
	<u>(89,999,914)</u>	<u>222,041</u>	<u>(91,042,199)</u>	<u>-</u>	<u>820,244</u>	<u>1,081,579</u>	<u>946,180</u>	<u>-</u>	<u>(1,207,515)</u>

Elmhurst Memorial Healthcare and Subsidiaries

Supplementary Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)
Year Ended June 30, 2009

	Consolidated	Eliminations	Elmhurst Memorial Healthcare	Health Technologies LLC	Elmhurst Memorial Hospital Consolidated	Eliminations	Elmhurst Memorial Hospital	Elmhurst Memorial Home Health	Elmhurst Memorial Hospital Foundation
Excess (deficiency) of revenue over expenses	\$ (81,347,933)	\$ 222,041	\$ (101,934,485)	\$ 239,484	\$ 20,125,027	\$ 657,472	\$ 16,748,711	\$ 3,376,315	\$ (657,471)
Other changes in unrestricted net assets:									
Amortization of gain on discontinuation of hedge accounting	177,210	-	177,210	-	-	-	-	-	-
Pension and supplemental plan related changes other than net periodic pension cost	(40,898,711)	-	-	-	(40,898,711)	-	(40,898,711)	-	-
Temporarily restricted contributions released for capital projects	461,798	-	-	-	461,798	-	-	-	461,798
	(40,259,703)	-	177,210	-	(40,436,913)	-	(40,898,711)	-	461,798
Increase (decrease) in unrestricted net assets	\$ (121,607,636)	\$ 222,041	\$ (101,757,275)	\$ 239,484	\$ (20,311,886)	\$ 657,472	\$ (24,150,000)	\$ 3,376,315	\$ (195,673)