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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

B Check if applicable
- [x] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Terminated
- [ ] Amended return
- [ ] Application pending

C Name of organization
Elmhurst Memorial Healthcare Group

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
155 E Brush Hill Road

City or town, state or country, and ZIP + 4
Elmhurst, IL 60126

D Employer identification number
35-2339114

E Telephone number
(630) 833-8200

G Gross receipts $ 365,207,816

F Name and address of principal officer
James F Doyle
155 E Brush Hill Road
Elmhurst, IL 60126

H(a) Is this a group return for affiliates? [x] Yes [ ] No

H(b) Are all affiliates included? [x] Yes [ ] No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶ 5467

I Tax-exempt status [x] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ www emhc org

K Form of organization [x] Corporation [ ] Trust [ ] Association [ ] Other ▶ | **L** Year of formation | **M** State of legal domicile IL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
A comprehensive health system designed to enhance the health of the community

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	50
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	48
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	2,799
6	Total number of volunteers (estimate if necessary)	**6**	930
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,031,145
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	3,131,004	3,651,370
9	Program service revenue (Part VIII, line 2g)	337,555,071	358,197,371
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-184,178	245,391
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,455,147	2,811,280
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	351,957,044	364,905,412
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	10,000
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	152,797,446	166,930,965
16a	Professional fundraising fees (Part IX, column (A), line 11e)	270,496	267,000
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,117,146		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	170,455,684	209,033,515
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	323,523,626	376,241,480
19	Revenue less expenses Subtract line 18 from line 12	28,433,418	-11,336,068

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	483,290,769	639,902,427
21	Total liabilities (Part X, line 26)	151,076,030	151,130,188
22	Net assets or fund balances Subtract line 21 from line 20	332,214,739	488,772,239

Part II Signature Block

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

Sign Here

****** | 2012-05-14
Signature of officer | Date

James F Doyle Senior VP/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Zack Fortsch	Zack Fortsch		[ ]	

Firm's name ▶ McGladrey LLP | Firm's EIN ▶

Firm's address ▶ 1 S Wacker Drive Ste 800
Chicago, IL 60606 | Phone no ▶ (312) 634-3400

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Founded in 1926, Elmhurst Memorial Hospital (Hospital) today is Elmhurst Memorial Healthcare, a comprehensive health system with multiple locations and services designed to enhance the health of the communities and customers it serves The organization now includes a hospital that operates 330 beds and a staff of approximately 3,000 employees and approximately 600 physicians who are committed to excellence in medical and surgical care, behavioral health, cardiology, emergency care, gastroenterology, maternity, neurosurgery, oncology, orthopedics and pediatrics The physicians, employees, board members and volunteers of Elmhurst Memorial Healthcare comprise a community of caregivers committed to meeting the healthcare needs of communities primarily located in Western Cook and Eastern DuPage Counties

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 258,886,105 including grants of $) (Revenue $ 350,045,325)

Elmhurst Memorial Hospital (Hospital or EMH) is a not-for-profit healthcare organization that provides acute and nonacute inpatient and outpatient care to residents of Eastern DuPage and Western Cook Counties Founded in 1926, Elmhurst Memorial Hospital has expanded its services and has several conveniently located Care Centers to better serve its patients, their families and numerous communities In fiscal year 2011, Elmhurst Memorial treated more than 16,022 inpatients and totaled more than 400,704 outpatient visits There were more than 44,610 visits to the Emergency Department and more than 26,269 visits to two Immediate Centers 1,293 newborns were delivered in the Family Birthing Center The organization also provided more than $80 million in community benefits, which include a generous financial assistance policy that exceeds the standards recommended by the Illinois Hospital Association, charity care and more than 200 community education programs and events On 6/25/2011 Elmhurst Memorial Hospital moved to a fully integrated medical campus that will change the perception of what a hospital can be Located at the corner of York Street and Roosevelt Road in Elmhurst, the campus is situated on a highly accessible 50-acre site and includes an acute care hospital with all private rooms, outpatient services in the existing Elmhurst Memorial Center for Health and a variety of physician offices in new medical office buildings

4b (Code) (Expenses $ 0 including grants of $) (Revenue $ 0)

Elmhurst Memorial Hospital Foundation (Foundation) was established in 1980 as the official fundraising and gift receiving arm of Elmhurst Memorial Healthcare (EMHC) The Foundation encourages and receives contributions that are used to enhance the delivery of high quality, comprehensive healthcare services for those who live and work in the communities served by EMHC The Foundation accomplishes this through fundraising events, such as the annual Autumn Affair, and programs, such as The Grateful Patient program, which was established by the Foundation as a way for patients to show their thanks and appreciation for the care they received at EMHC by making a donation As a result of the Foundation's efforts to build private philanthropic support for the Hospital's New Main Campus project, through the launch of the Exceptional Past, Extraordinary Future Campaign for the New Elmhurst Memorial Hospital - the most ambitious fundraising initiative in the organization's history - the Hospital opened its new main campus on 6/25/2011

4c (Code) (Expenses $ 4,994,710 including grants of $) (Revenue $ 8,450,732)

Elmhurst Memorial Home Health (Home Health) provides a complete range of services, combining technical expertise and compassionate care for patients of all ages and medical needs It has made it a priority to provide patients with high quality, compassionate care - services that make a difference in the lives of patients Home Health is a state licensed, Medicare - certified agency that is accredited by The Joint Commission It is also a member of the Illinois Home Care Council Through the Hospice program, appropriate care and support allows patients to live the last phase of life fully, with dignity and freedom from pain or discomfort, in the presence of familiar persons and surroundings An interdisciplinary team approach is used to help terminally ill patients and their families face physical, emotional, psychological, social and spiritual aspects of their lives and the patient's death, together in an atmosphere of support and acceptance In fiscal year 2011, Home Health admitted 1,764 patients while Hospice admitted 318 patients and Home Medical Equipment had 1,224 rental admissions

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 263,880,815

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	168		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	2,799		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	50		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	48		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Does the organization have members or stockholders?	6		Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ IL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Kym Benson
155 E Brush Hill Road
Elmhurst, IL 60126
(630) 833-1400

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								6,807,294	0	1,470,433

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 117

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Cyberknife Center Of Chicago LLC PO Box 600 Newport Beach, CA 92658	Medical Treatments	4,989,600
Jamerson & Bauwens 3055 MacArthur Blvd Northbrook, IL 60062	Electrical Contractors	2,701,289
Elmhurst Emergency Medical Svc 155 E Brush Hill Road Elmhurst, IL 60126	Screenings & Physicians' services	2,318,626
Elmcare 155 E Brush Hill Road Elmhurst, IL 60126	EPO Capitation payments & physician cred	2,036,809
Dearborn Advisors LLC 105 S York Elmhurst, IL 60126	IT Services & Consulting	1,617,034

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 70

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c	240,290				
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e	35,029				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	3,376,051				
	g Noncash contributions included in lines 1a-1f $	38,000				
	h **Total.** Add lines 1a-1f . . . . . ▶		3,651,370			
Program Service Revenue		Business Code				
	2a Patient Services	621610	343,357,763	342,896,916	460,847	
	b Medicare/Medicaid	900099	8,677,882	8,677,882		
	c Behavioral Health Prog	900099	2,112,104	2,112,104		
	d Income from K-1s	621400	1,820,554	1,820,554		
	e Laboratory Services	541380	1,436,892		1,436,892	
	f All other program service revenue		792,176	792,176		
	g **Total.** Add lines 2a–2f . . . . . ▶		358,197,371			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		228,064			228,064
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	408,644				
	b Less rental expenses					
	c Rental income or (loss)	408,644				
	d Net rental income or (loss) . . . . . ▶		408,644			408,644
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		101,846			
	b Less cost or other basis and sales expenses		84,519			
	c Gain or (loss)		17,327			
	d Net gain or (loss) . . . . . ▶		17,327			17,327
Other Revenue	8a Gross income from fundraising events (not including $ 240,290 of contributions reported on line 1c) See Part IV, line 18 . . . a		290,690			
	b Less direct expenses . . . b		217,885			
	c Net income or (loss) from fundraising events . . ▶		72,805			72,805
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a Cafeteria and Diet	561499	1,303,179	1,169,773	133,406	
	b Miscellaneous Income	900099	1,026,652	1,026,652		
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		2,329,831			
	12 **Total revenue.** See Instructions . . . ▶		364,905,412	358,496,057	2,031,145	726,840

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2	Grants and other assistance to individuals in the U S See Part IV, line 22	10,000	10,000		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	5,421,358		5,421,358	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	128,767,755	84,458,915	44,308,840	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,435,523	4,822,806	2,612,717	
9	Other employee benefits	15,562,748	9,891,324	5,671,424	
10	Payroll taxes	9,743,581	6,142,114	3,601,467	
a	Fees for services (non-employees) Management	33,765		33,765	
b	Legal	193,372	125,972	67,400	
c	Accounting	184,852		184,852	
d	Lobbying				
e	Professional fundraising services *See Part IV, line 17*	267,000			267,000
f	Investment management fees				
g	Other	25,596,358	21,563,082	4,002,625	30,651
12	Advertising and promotion	3,460,198	25,226	3,218,377	216,595
13	Office expenses	4,866,958	3,164,765	1,671,499	30,694
14	Information technology	3,229,099	2,057,891	1,171,208	
15	Royalties				
16	Occupancy	9,202,337	8,002,709	1,176,205	23,423
17	Travel	310,260	233,457	68,485	8,318
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	6,949	4,344	325	2,280
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	33,273,871	21,720,059	11,553,812	
23	Insurance	2,306,957	2,306,957		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical supplies & drug	51,620,409	51,620,387	22	
b	Charity Care	33,946,124	33,946,124		
c	Bad debt	23,234,345		23,234,345	
d	Equip rental & maint	9,163,652	5,976,386	3,187,266	
e	Miscellaneous expenses	7,499,918	7,438,097	57,527	4,294
f	All other expenses	904,091	370,200		533,891
25	**Total functional expenses.** Add lines 1 through 24f	376,241,480	263,880,815	111,243,519	1,117,146
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		2,212,685	1	4,132,813
	2	Savings and temporary cash investments		1,108,683	2	1,111,519
	3	Pledges and grants receivable, net		4,197,715	3	3,657,414
	4	Accounts receivable, net		47,785,785	4	53,604,015
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		5,008,577	8	7,518,757
	9	Prepaid expenses and deferred charges		7,095,356	9	8,084,928
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 830,324,081			
	b	Less accumulated depreciation	10b 292,955,982	402,535,297	10c	537,368,099
	11	Investments—publicly traded securities		7,037,559	11	5,659,341
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		6,309,112	15	18,765,541
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		483,290,769	16	639,902,427
Liabilities	17	Accounts payable and accrued expenses		110,107,215	17	135,619,198
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		40,968,815	25	15,510,990
	26	**Total liabilities.** Add lines 17 through 25		151,076,030	26	151,130,188
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		325,597,951	27	483,463,425
	28	Temporarily restricted net assets		6,127,273	28	4,819,299
	29	Permanently restricted net assets		489,515	29	489,515
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		332,214,739	33	488,772,239
	34	Total liabilities and net assets/fund balances		483,290,769	34	639,902,427

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	364,905,412
2	Total expenses (must equal Part IX, column (A), line 25)	2	376,241,480
3	Revenue less expenses Subtract line 2 from line 1	3	-11,336,068
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	332,214,739
5	Other changes in net assets or fund balances (explain in Schedule O)	5	167,893,568
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	488,772,239

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

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

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

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

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

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support
Total									

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
16	Public support percentage from 2009 Schedule A, Part III, line 15	**16**	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Elmhurst Memorial Healthcare Group	35-2339114

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		28,256
j	Total lines 1c through 1i			28,256
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Other Lobbying Activities	Part II-B, Line 1i	American Hospital Association and Illinois Hospital Association (IHA) Membership dues, of which a percentage of the IHA dues are allocable to lobbying activities

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III **Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	582,437	489,516	580,261		
b Contributions			100		
c Investment earnings or losses	79,028	97,621	-39,802		
d Grants or scholarships	10,000	4,700	51,043		
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	651,465	582,437	489,516		

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶ 0 %

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,451,314		4,451,314
b Buildings		587,949,575	152,194,439	435,755,136
c Leasehold improvements		3,155,968	827,656	2,328,312
d Equipment		220,900,393	136,527,102	84,373,291
e Other		13,866,831	3,406,785	10,460,046
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				537,368,099

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Net Pension Liability	15,422,911
Miscellaneous Liability	88,079
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	15,510,990

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Uncertain Tax Positions Under FIN 48	Part X	Elmhurst Memorial Healthcare Group files a Form 990 (Return of Organization Exempt from Income Tax) annually When the return is 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 Financial Accounting Standards Board (FASB)-issued guidance at July 1, 2008, and as of each subsequent fiscal year-end, there were no unrecognized tax benefits identified and recorded as a liability

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☑ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☑ Phone solicitations
- **d** ☑ In-person solicitations
- **e** ☑ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☑ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☑ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
IDC IDC Centre 2500 Paseo Verde Pkwy Henderson, NV 89074	Direct mail program for the capital campaign program		No	90,119	307,455	-217,336
Total . . . . . ▶				90,119	307,455	-217,336

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 Autumn Affair (event type)	(b) Event #2 Fall Benefit Dinner (event type)	(c) Other Events 1 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	227,860	177,400	125,720	530,980
	2 Less Charitable contributions	91,250	77,280	71,760	240,290
	3 Gross income (line 1 minus line 2)	136,610	100,120	53,960	290,690
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	11,994		418	12,412
	6 Rent/facility costs			38,552	38,552
	7 Food and beverages		45,210		45,210
	8 Entertainment	20,162	5,939	123	26,224
	9 Other direct expenses	80,756	11,427	3,304	95,487
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				217,885
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				72,805

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	**13a**	
b An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 600.000000000000 %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			6,821,675		6,821,675	1 930 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			25,131,527	7,039,402	18,092,125	5 130 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			31,953,202	7,039,402	24,913,800	7 060 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,197,200		1,197,200	0 340 %
f Health professions education (from Worksheet 5)			70,658		70,658	0 020 %
g Subsidized health services (from Worksheet 6)			83,840		83,840	0 020 %
h Research (from Worksheet 7)			42,396		42,396	0 010 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,128,864		1,128,864	0 320 %
j **Total** Other Benefits			2,522,958		2,522,958	0 710 %
k **Total.** Add lines 7d and 7j			34,476,160	7,039,402	27,436,758	7 770 %

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	5,668,259		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	91,902,832
6	Enter Medicare allowable costs of care relating to payments on line 5	6	125,578,192
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-33,675,360
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	1 Elmhurst Outpatient Surgery Center LLC	Outpatient surgical services	51 600 %	0 %	48 400 %
2	2 Cyberknife Center of Chicago LLC	Radiation treatment services for cancer patients	20 000 %	0 %	40 000 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Elmhurst Memorial Hospital 155 E Brush Hill Road Elmhurst, IL 60126	X	X					X		

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **17**

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7 The following cost method was used - Charity at cost A cost to charge methodology based upon the 2010 Medicare Cost Report was used to calculate costs Unreimbursed Medicaid Costs also were calculated by using a cost to charge methodology based on 2010 Medicare cost report data Column (f) percentages of total expense also were calculated based on 2010 Medicare Cost Report data

Identifier	ReturnReference	Explanation
		Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 23234345

Identifier	ReturnReference	Explanation
		Part II EMH addresses various community concerns as outlined in the IPLAN, including Diabetes, Infectious Diseases, Mental Health, Overweight and Obesity, Substance Abuse, High Blood Pressure, Cancer, Arthritis, Osteoporosis, Heart Disease, Stroke, Asthma and Access to Care EMH also addresses prevention and wellness education with Power of Prevention screenings program five times a year, offering a Lipid panel with glucose, blood pressure, and Vitamin D Elmhurst also offers a variety of health screenings to community residents free or at a reduced cost A complimentary Health Education Resource Service offers community residents access to health information via multi-media at two sites Services are accessible by phone and internet Free access to Internet health sites as well as assistance with internet searches is provided The centers are stocked with pamphlets, brochures, books, reference books, periodicals and health displays The Health Education Resource Center continues to partner with the American Cancer Society to offer free navigation services to cancer patients and their families A health educator meets with individuals by appointment to do one-on-one education and referral A free speaker's bureau program offers a speaker to community groups, churches, schools and service organizations EMH also offers an employee wellness education and prevention program EMH allocates staff time and talent to educate the communities it serves EMH participates on community boards and initiatives to improve community health Some of the community boards we get involved with are American Cancer SocietyAccess DuPageDistrict 205DuPage Community ClinicElmhurst LionsElmhurst KiwanisElmhurst Chamber of CommerceElmhurst District 205FORWARDHealthy LombardHenry Hyde Resource CenterLife Line ScreeningVilla Park KiwanisVilla Park Chamber of CommerceEMH participates in county or community health initiatives such as the FORWARD DuPage initiative (Fighting Obesity Reaching Healthy Weight Among Residents of DuPage) which is a multi agency initiative (DCHD, Access DuPage, YMCA, local school districts, government agencies, physician groups and healthcare organizations) to address obesity rates that have reached epidemic proportions Nearly 1 in 3 children are overweight and at risk of becoming obese At 34 9% Illinois ranks number 10 for overweight and obese residents Adult overweight and obesity is 56% Youth 2-18 is 34% EMH is participating in healthy assessments, and are promoting programs to the community that address overweight and obesity EMH provides grant support and partners with The Henry Hyde Resource Center in Addison to provide health information, programs and screenings to a Latino population several times each year Parents and children have been educated on car seat safety, bicycle safety, nutrition and fitness, and wellness and prevention information EMH also partners with Healthy Lombard to promote healthy nutrition and fitness in the community

Identifier	ReturnReference	Explanation
		Part III, Line 4 Management estimates the allowance for uncollectible accounts based on the aging of its accounts receivable and its historical collection experience for each payor type A cost to charge ratio method based upon the 2010 Medicare cost report was used to calculate the costs on line 2 and 6 of part III

Identifier	ReturnReference	Explanation
		Part III, Line 8 All of the shortfall reported on part III line 7 is a benefit to the communities EMH serves

Identifier	ReturnReference	Explanation
		Part III, Line 9b If the patient has no insurance coverage, Elmhurst Memorial Hospital will provide financial counseling services to assist the patient or guarantor (parent or guardian responsible for payment of services) in applying for various programs that may help resolve the patient or guarantor's bill Financial counselors assist patients in applying for government-sponsored health insurance or other third-party insurance (such as adding baby to policy), establishing a payment arrangement, and applying for financial assistance Before receiving a bill, patients without insurance coverage will receive a letter informing them of our financial assistance program and the option of payment plans

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Goals for Hospital's community benefits plan are developed with consideration of the Illinois Department of Public Health's Illinois Project for Local Assessment of Needs (IPLAN) IPLAN is a process developed by the Illinois Department of Public Health (IDPH) that includes a series of planning activities conducted within the local health department jurisdictions The project involves a community needs assessment and the identification of priority health issues from the findings of the assessment EMH uses strategic issues as identified by the planning process in DuPage County, where the Hospital is located The methodology used for identifying strategic health issues involves a systematic review of assessment data and community input A steering committee considers the convergence of external opportunities and threats, system strengths and weaknesses, health status findings and community themes to identify issues Strategic issues are selected to represent the most compelling public health challenges the community will face over the next five years Strategic health issues selected by the DuPage County IPLAN Steering Committee are as follows - Diabetes- Infectious Diseases- Mental Health- Overweight and obesity- Substance Abuse- High Blood Pressure- Cancer- Coordination of education and communication to address health issues and promote wellness - Develop health services system to improve and maintain health and wellness, in light of changing demographics/growing vulnerable population- Evaluation of program outcomes to ensure effective and efficient interventions - Mobilization of partners and resources to address critical health issues

Identifier	ReturnReference	Explanation
		Part VI, Line 3 EMH recognizes its responsibility to the community by providing that no patient requiring necessary medical care will be refused due to a lack of financial means The organization offers a generous financial assistance policy that exceeds the standards recommended by the Illinois Hospital Association Each situation is reviewed independently and allowances are made for extenuating circumstances based on good faith efforts and circumstances Elmhurst Memorial Hospital Charitable Care Policy was adopted in March 1993 and most recently modified in March 2006 Highlights of the policy include the following - 100% discount is given on any type of self pay outstanding balance (100% or after insurance) for patients whose income levels fall at or below 200% of poverty guidelines (The Illinois Hospital Association recommends a 100% discount at 100% of poverty guidelines) - A discount is given to patients whose income levels fall above the 200% of poverty based on ability to pay (The Illinois Hospital Association encourages discounts at this level) Factors used to determine the discount include age, family size, household type, gross income and disposable income (taking into account other necessary expenses) - During fiscal year 2011 (July 2010 - June 2011), EMH provided $8,018,875 of care to individuals who qualified for financial assistance under the Charitable Care Policy This represents a "cost" measurement using the Hospital's Medicare cost to charge ratio The Hospital recognizes their responsibility to the community by providing that no patient requiring necessary health care will be refused such care solely due to a lack of financial means Each situation will be reviewed independently and allowances will be made for extenuating circumstances based on good faith efforts and circumstances The Hospital communicates the availability of its charity care policy through conspicuous signage in Hospital's Emergency Room, main lobby and registration area, as well as in the main registration area of the Elmhurst Memorial Center for Health, the Elmhurst Memorial Lombard Center for Health and the other "off campus" outpatient treatment and diagnostic areas Brochures describing the policy are available to patients and their families Additionally, the registration department, financial counselors and the patient business services employees are available to discuss the charity care program with patients and their families Every effort is made to determine eligibility for charitable care at or near the time of registration However, due to the nature of insurance coverage, the services we render, and the timing of the billing cycle, it is recognized that sometimes eligibility and final determination of the amount of charitable care will take place after services have been rendered Daily the hospital's financial counselors identify newly admitted patients with no insurance coverage These patients are contacted if medically appropriate and apprised of the Hospital's charity program Any patient wishing to apply for financial assistance will be provided the charity care application and the financial counselors will be available to assist in completing the application Prior to their first statement all uninsured patients other than cardiac rehab, elective cosmetic surgery and obstetrical package price patients, receive a letter advising them that we have no insurance information from them The Hospital also advises them that we have a financial assistance program and communicate how they can contact us regarding the financial assistance program or to provide insurance information All patients seeking financial assistance under the program must complete a charity care application including providing evidence of income, asset and debt levels with such documents as tax returns, W-2's, bank statements, check stubs, loan statements etc Charity discounts will be applied against patient bills for those who qualify under the policy The hospital will not pursue legal action for non-payment of bills against charity care patients who are eligible for partial discounts and who make good faith efforts to comply with their payment plan Once it is determined that a patient has the ability to pay a portion of the balance and subsequently that person fails to do so, the balance determined will become subject to the normal credit and collection policies, including placement with an agency for collection A Financial Review Committee will meet as needed to review the effectiveness and appropriateness of the Charitable Care policy, and to recommend changes as required

Identifier	ReturnReference	Explanation
		Part VI, Line 4 The service area of EMH extends across the eastern portion of DuPage County and the western portion of Cook County Hospital's primary service area, defined as those zip codes contributing approximately 70% of Hospital's total inpatients, is comprised of the following communities Elmhurst Memorial Hospital - Primary Service Area60126 Elmhurst60148 Lombard60101 Addison60181 Villa Park60106 Bensenville60164 Northlake60131 Franklin Park60191 Wood Dale60163 Berkeley60139 Glendale Heights60162 Hillside60160 Melrose Park60104 Bellwood60108 BloomingdaleHospital's secondary service area is defined as those communities contributing an additional 10% of admissions Elmhurst Memorial Hospital - Secondary Service Area60103 Bartlett60188 Carol Stream60187 Wheaton60154 Westchester60153 Maywood60523 Oak Brook60165 Stone Park60137 Glen Ellyn60172 Roselle60143 Itasca60707 Elmwood ParkAge and gender break-outs for the Hospital service area are as follows Elmhurst Memorial Hospital Primary Service AreaPopulation by Age & Gender Projected Projected 2011 2016 Growth %Growth Age Groups Population Population 2011 - 2016 2011 - 2016Female 00-17 40,578 39,478 -1,100 -2 7% 18-44 61,380 58,617 -2,763 -4 5% 45-64 47,829 46,498 699 1 5% 65+ 26,728 29,594 2,866 10 7% Female Total 174,515 174,187 -328 -0 2%Male 00-17 42,038 40,869 -1,169 -2 8% 18-44 66,574 63,263 -3,311 -5 0% 45-64 45,052 46,410 1,358 3 0% 65+ 19,379 21,849 2,470 12 7%Male Total 173,043 172,391 -652 -0 4% Grand Total 00-17 82,616 80,347 -2,269 -2 7% 18-44 127,954 121,880 -6,074 -4 7% 45-64 90,881 92,908 2,027 2 2% 65+ 46,107 51,443 5,336 11 6% Grand Total 347,558 346,578 -980 -0 3%Though overall population growth within the EMH service area is slow, growth of the 45 to 65+ age groups is significant These groups have relatively high use rates for healthcare services, which will likely result in a steady demand for inpatient services and growing demand for outpatient services Ethnicity of the Service AreaThe following table outlines Hispanic population trends in the Hospital's primary service area communities Projected Change in Population Ethnicity - Primary Service AreaAge Groups Hispanic Non-Hispanic Projected Projected 2011 Growth 2011 Growth Population 2011 - 2016 Population 2011 - 20160-17 29,021 9 2% 53,595 -9 2%18-44 41,834 6 6% 86,120 -10 2%45-65 14,940 29 6% 75,941 -2 6%65+ 4,507 32 4% 41,600 9 3%Total 90,302 12 1% 257,256 -4 6%Clearly, the Hispanic population is expected to continue to grow in the communities served by Elmhurst Memorial Hospital The older age groups (45+) are the fastest growing group within the Hispanic community and are likely to require more health services Providers serving this demographic must be sensitive to cultural differences, especially language barriers Language ServicesThe communities served by EMH are seeing noteworthy increases in the numbers of Latino families moving into the area Total care for language assistant services was $86,456 for fiscal year 2011 and included costs of salaries and benefits for translation, translation services provided by telephone transmission services, translation of forms and notices, and brochures provided in languages other than English

Identifier	ReturnReference	Explanation
		Part VI, Line 7 Elmhurst Memorial Hospital is part of Elmhurst Memorial Healthcare, an intergrated health system that promotes health in the communities of western Cook County, IL and DuPage County, IL Other members of the health system include a home health care company and affiliated physician practices that work together to provide integrated care across the health care continuum

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	IL

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I General Information on Grants and Assistance

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

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

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

2 Enter total number of section 501(c)(3) and government organizations . . . ▶

3 Enter total number of other organizations . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Scholarships	2	10,000			

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

Identifier	Return Reference	Explanation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☑ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Denise Meyers until 63010	(i)	160,050	58,611	535,477	71,371	2,739	828,248	232,780
	(ii)	0	0	0	0	0	0	0
(2) James F Doyle	(i)	411,398	89,946	91,990	279,033	14,318	886,685	84,748
	(ii)	0	0	0	0	0	0	0
(3) Leo F Fronza	(i)	653,459	143,353	142,806	509,498	12,240	1,461,356	124,750
	(ii)	0	0	0	0	0	0	0
(4) Sandra Nelson	(i)	152,868	56,776	8,806	40,264	14,270	272,984	0
	(ii)	0	0	0	0	0	0	0
(5) W Peter Daniels	(i)	174,268	379,594	2,091	8,057	3,976	567,986	0
	(ii)	0	0	0	0	0	0	0
(6) Mary Stull	(i)	219,004	20,639	12,065	52,628	14,542	318,878	1,374
	(ii)	0	0	0	0	0	0	0
(7) Pamela Dunley	(i)	216,622	55,231	9,430	44,668	8,764	334,715	0
	(ii)	0	0	0	0	0	0	0
(8) Andrew S Blum MD	(i)	456,022	0	17,843	15,422	14,396	503,683	0
	(ii)	0	0	0	0	0	0	0
(9) Charles Colander	(i)	279,087	60,610	1,546	16,784	10,226	368,253	0
	(ii)	0	0	0	0	0	0	0
(10) Connie Nacopoulos MD	(i)	295,806	68,850	59,043	166,725	10,730	601,154	47,720
	(ii)	0	0	0	0	0	0	0
(11) Lois Grubb	(i)	252,338	55,062	4,042	38,575	10,550	360,567	0
	(ii)	0	0	0	0	0	0	0
(12) Suzann Benedetto	(i)	211,453	43,242	3,567	100,279	10,378	368,919	0
	(ii)	0	0	0	0	0	0	0
(13) Matt Lambert MD until 123109	(i)	39,902	46,577	1,317,820	0	0	1,404,299	482,323
	(ii)	0	0	0	0	0	0	0
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	EMHC provides reimbursement for federal and state individual income tax return preparation up to the approved amount in the Executive Compensation package as recommended by the Human Resources Committee of the Hospital Board and approved by the Hospital Board
	Part I, Lines 4a-b	EMHC offers a Supplemental Employee Retirement Plan to all employees who participate in the executive benefits program and whose compensation exceeds the IRS allowable limit for a qualified pension plan The amount accrued in 2010 was included in income on Schedule J for the following individuals Matt Lambert, MD - $482,323 Denise Meyers - $232,780 Connie Nacopoulos, MD - $47,720 Leo F Fronza - $124,750 James F Doyle - $84,748 Mary Stull - $1,374 Severance payments Matt Lambert, MD - $834,391 Denise Meyers - $300,583

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

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

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

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) OEC Business Interiors Inc	Sherrie Riha, EMHF Trustee, is an officer of OEC Business Interiors, Inc	1,084,183	Purchase of furniture/office equipment		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136029802

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▸Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▸ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1	Art—Works of art	X	1	25,000	Cost
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▸ (Auction Items)	X	144	0	Cost
26	Other ▸ (Laundry Chemicals)	X	1	5,000	Cost
27	Other ▸( )				
28	Other ▸ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29**

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493136029802

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 4		The Elmhurst Memorial Hospital's Bylaws and the administrative policy regarding the reporting of compliance concerns were changed in 2011

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Elmhurst Memorial Healthcare is the sole corporate member of Elmhurst Memorial Hospital Elmhurst Memorial Hospital is the sole corporate member of Elmhurst Memorial Home Health and Elmhurst Memorial Hospital Foundation

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		The sole corporate member can appoint, remove and fill the vacancies of trustees and officers of Hospital, Home Health, and Foundation

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		The sole corporate member's approval is required for adopting, amending, repealing and/or restating the Articles of Incorporation and Bylaws, any plan of sale, transfer, merger, consolidation or dissolution of the corporation, appointment of independent auditors, borrowing of any sum exceeding $100,000 or which has a stated term of greater than one year, any guarantee of debt, long-term capital and operational budgets, and sale of the corporation's real estate or execution of any agreement or transaction of a material nature

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		A review of the 990 was conducted prior to being filed by Hospital's Finance Committee during their meeting held in March The review was led by the Finance Committee Chair and conducted by representatives of Hospital's tax consultants, as overseen by Hospital's financial management staff The final form 990 is provided to the board members before filing

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	EMHC regularly and consistently monitors it's conflict of interest policy by requiring prompt and full disclosure of existing or potential conflicts of interest and in addition, sends out an annual conflict of interest questionnaire to members of the Boards of Trustees of Elmhurst Memorial Healthcare and each affiliate, non-Trustee members of Board committees, members of the Pharmacy, Nutrition and Therapeutics Committee, Healthcare Management Council, Department Heads and those with purchasing authority in excess of $50,000 The annual questionnaires are reviewed by the Director, Risk Management/Corporate Compliance Officer and the appropriate Board or committee chairman In the event that a potential conflict arises, the results may be discussed with any and all individuals necessary to come to a final determination In the event that the conflict of interest may potentially impair that person's ability to fulfill their duty to EMHC or affiliate, that person will be given an opportunity to eliminate the conflict or to resign, as reasonably determined

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The executive compensation program has been designed, under the direction of the Human Resource Committee, to attract and retain a highly qualified executive team and directly link their pay to the attainment of both corporate and personal performance objectives The Committee is comprised of outside, independent individuals with relevant expertise in a range of fields The Committee reviews executive compensation annually with input from Towers Perrin, an independent expert consulting firm Included in this review are tests of the executive pay structure against a number of available comparator groups and data sources The process is designed to meet the requirements of the IRS' rebuttable presumption of reasonableness Base salaries for executives are established by the Committee to reflect each executive's scope of responsibility and individual performance The Committee uses a "scorecard" approach to evaluate performance which provides comprehensive performance measures and indicators and enable the Committee to evaluate performance and progress with respect to critical goals The Committee maintains minutes of its proceedings and deliberations, and makes recommendations to the Board of Trustees for their consideration and action

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	EMHC and its subsidiaries' audited financial statements are made available on the organization's website and by request Governing documents and conflict of interest policy are not available to the general public

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 752,593 Donated services and use of facilities 54,900 Pension & Supplemental Plan related Changes 26,851,456 Temporarily Restricted Assets Released from Restriction 2,000,000 Temporarily Restricted Contributions 2,712,305 Temporarily Restricted Contributions Released from Restriction -4,020,296 Transfers from Affiliates 142,139,957 Transfers to Affiliates -2,597,347 Total to Form 990, Part XI, Line 5 167,893,568

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Elmhurst Memorial Healthcare Group

Employer identification number
35-2339114

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Elmhurst Physician Practice Division 155 Brush Hill Road Elmhurst, IL 60126 26-3633852	Physician Division	IL	-7,348,626	6,666,674	Elmhurst Memorial Healthcare
(2) Elmhurst Memorial Professional Services LLC 155 Brush Hill Road Elmhurst, IL 60126 80-0152217	Physician Group-Radiology	IL			Elmhurst Memorial Hospital

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Elmhurst Memorial Healthcare 155 Brush Hill Road Elmhurst, IL 60126 36-4037473	Healthcare provider, administrative	IL	501(c)	Line 3	N/A		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Elmhurst Outpatient Surgery Center LLC 1200 S York Road Elmhurst, IL60126 36-4150045	Outpatient Surgery	IL	N/A	related	1,419,664	3,001,099		No			No	50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Elmhurst Memorial Health Technologies LLc 855 North Church Court Elmhurst, IL60126 36-3229839	Practice Management	IL	N/A	C			

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Elmhurst Clinic	A	116,389	Cash Transfers
(2) Elmhurst Outpatient Surgery Center LLC	K	151,310	Cash Transfers
(3) Elmhurst Memorial Health Technologies LLC	L	1,000,000	Cash Transfers
(4) Elmhurst Memorial Health Technologies LLC	O	1,000,000	Cash Transfers
(5) Cyberknife Center of Chicago LLC	L	1,237,655	Cash Transfers
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-2339114
Name: Elmhurst Memorial Healthcare Group

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Anne Oldenburg Asst Secretary - EMHF	1 00	X						0	0	0
Betsy Hanisch Vice Chairman - EMHF	1 00	X						0	0	0
Blanche Hill Trustee - EMHF	1 00	X						0	0	0
Brian Grant Trustee - EMHC	1 00	X						0	0	0
Charity S Ahlgrim Trustee - EMHF	1 00	X						0	0	0
Charles Giger MD Pres Medical Staff - EMHC	1 00	X						0	0	0
Danelle Achepohl Asst Treasurer - EMHF	1 00	X						0	0	0
Daniel Sullivan MD Vice President Med Staff - EMH	1 00	X						0	0	0
Darrell Whistler Trustee - EMHC/EMH	1 00	X						0	0	0
David Brueggen Asst Treasurer - EMHC	1 00	X						0	0	0
David L Atchison Vice Chairman - EMHC	1 00	X						0	0	0
Dean R Milos MD Asst Treasurer - EMH	1 00	X						0	0	0
Debra Catalano Trustee - EMHF	1 00	X						0	0	0
Don Hoffman MD Trustee - EMH	1 00	X						0	0	0
Donald Lurye MD Trustee - EMHC/EMHH	1 00	X						0	0	0
Edward J Momkus Secretary - EMHF	1 00	X						0	0	0
George Kouba Asst Secretary - EMH	1 00	X						0	0	0
Greg Young Trustee - EMHH	1 00	X						0	0	0
Honorable Lee Daniels Trustee - EMHC	1 00	X						0	0	0
J Thomas Brown MD Trustee - EMH	1 00	X						0	0	0
James J Migala MD Asst Secretary - EMHC	1 00	X						0	0	0
Joel G Herter Chairman - EMH	1 00	X						0	0	0
Joseph R Jeffery Trustee - EMHF	1 00	X						0	0	0
Judge William J Bauer Trustee - EMH	1 00	X						0	0	0
Kenneth E Wegner Chairman - EMHF	1 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Kristina Katzovitz MD Secretary/Treasurer - EMHH	1 00	X						0	0	0
Lou McKeever MD Trustee - EMHC	1 00	X						0	0	0
Marilyn Graber Trustee - EMHC	1 00	X						0	0	0
Mary Ann Malloy MD Trustee - EMHF	1 00	X						0	0	0
Michael Martirano MD Special Rep To Med Staff - EMH	1 00	X						0	0	0
Patricia Merwick MD Trustee - EMHC	1 00	X						0	0	0
Richard Bruce Trustee - EMHF	1 00	X						0	0	0
Richard Gillette Trustee - EMHF	1 00	X						0	0	0
Richard Inskeep Secretary - EMHC	1 00	X						0	0	0
Robert E Soukup Chairman - EMHC	1 00	X						0	0	0
Robert G Robertson Treasurer - EMHC/EMH	1 00	X						0	0	0
Robert Platt Trustee - EMHC	1 00	X						0	0	0
Ron Cheff MD Secretary - EMH	1 00	X						0	0	0
Sarah Diamond Trustee - EMHF	1 00	X						0	0	0
Sherrie Riha Trustee - EMHF	1 00	X						0	0	0
Susan Gehrke LoPiano Trustee - EMHF	1 00	X						0	0	0
Suzanne Durburg RN Trustee - EMH/EMHH	1 00	X						0	0	0
Thomas Kloet Trustee - EMHC	1 00	X						0	0	0
Thomas Kloet Vice Chairman - EMH	1 00	X						0	0	0
Timothy Bresnahan MD Trustee - EMHC	1 00	X						0	0	0
Valerie Cahill Trustee - EMH	1 00	X						0	0	0
Denise Meyers until 63010 VP Managed Care	40 00			X				754,138	0	74,110
James F Doyle Senior VP/CFO - EMHC	40 00			X				593,334	0	293,351
Leo F Fronza CEO - EMHC/EMH	40 00			X				939,618	0	521,738
Sandra Nelson President - EMHF	40 00			X				218,450	0	54,534

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
W Peter Daniels President - EMHC/EMH	40 00			X				555,953	0	12,033
Wayne A Aardsma President - EMHH	40 00			X				0	0	0
Mary Stull COO Elm Clinic Division	40 00				X			251,708	0	67,170
Pamela Dunley VP Patient Services	40 00				X			281,283	0	53,432
Andrew S Blum MD Radiologist	40 00					X		473,865	0	29,818
Charles Colander VP, Chief Info Officer	40 00					X		341,243	0	27,010
Connie Nacopoulos MD VP Medical Affairs	40 00					X		423,699	0	177,455
Lois Grubb VP Human Resources	40 00					X		311,442	0	49,125
Suzann Benedetto VP Patient Care Svcs	40 00					X		258,262	0	110,657
Matt Lambert MD until 123109 SR VP Clin Affairs & Net DV - EMHH	40 00						X	1,404,299	0	0

Additional Data

Software ID:
Software Version:
EIN: 35-2339114
Name: Elmhurst Memorial Healthcare Group

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **17** Name and address	Type of Facility (Describe)
Elmhurst Memorial Center for Health 1200 S York Road Elmhurst,IL 60126	OP Ambulatory Center
Elmhurst Memorial Behavioral Health Ser 183 N York Road Elmhurst,IL 60126	OP Behavioral Health Clinic (vacated 6/2011)
Elmhurst Memorial Life Plan Center 186 S West Avenue Elmhurst,IL 60126	OP Rehab Services (vacated 12/2011)
Lombard Health Center 130 S Main Street Lombard,IL 60148	OP Ambulatory Center
Elmhurst Memorial Hospital Infusion Cent 1N121 County Farm Road Suite 220 Winfield,IL 60190	OP Infusion Center (vacated 12/2010)
Elmhurst Memorial Sleep Center 701 S Main Street Lombard,IL 60148	Sleep Lab
Elmhurst Memorial Occupational Health Se 230 East Irving Park Road Wood Dale,IL 60191	Occupational Health Services
Addison Doctors Building 330 West Lake Street Addison,IL 60101	OP Ambulatory Center
Elmhurst Clinic LLC 172 E Schiller Street Elmhurst,IL 60126	OP Ambulatory Center
Elmhurst Memorial Hospital 200 Berteau Avenue Elmhurst,IL 60126	OP Ambulatory Center
Elmhurst Clinic LLC 1100 Lake Street Stes 220 230 Oak Park,IL 60301	OP Ambulatory Center
Elmhurst Clinic LLC 236 E Irving Road Wood Dale,IL 60191	OP Ambulatory Center
Elmhurst Primary Care Associates 305 N York Road Elmhurst,IL 60126	OP Ambulatory Center
Elmhurst Clinic LLC 1 S 450 Summit Avenue Ste 390 Oakbrook Terrace,IL 60181	OP Ambulatory Center (vacated 1/2012)
Elmhurst Primary Care Associates 3007 Wolf Road Westchester,IL 60154	OP Ambulatory Center
Elmhurst Clinic LLC 471 W Army Trail Road Bloomingdale,IL 60108	OP Ambulatory Center
Elmhurst Medical Associates 183 N Addison Rd Stes 220-240 260 Elmhurst,IL 60126	OP Ambulatory Center

Elmhurst Memorial Healthcare and Subsidiaries

Financial Report
June 30, 2011

Contents

McGladrey

Independent Auditor's Report

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

We have audited the accompanying consolidated balance sheets of Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in unrestricted net assets, changes in net assets, and cash flows for the years 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 audits

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

In our opinion, the 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, 2011 and 2010, and the results of their operations and changes in net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

McGladrey & Pullen, LLP

Chicago, Illinois
September 23, 2011

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	**$ 23,339,411**	$ 14,193,379
Short-term investments	**1,111,519**	1,108,683
Patient accounts receivable - less allowances for uncollectible accounts of $11,261,778 in 2011 and $7,794,000 in 2010	**58,609,224**	51,796,446
Inventories	**7,518,757**	5,279,893
Prepaid expenses, interest receivable, and other	**12,026,879**	11,599,004
Amounts due from third-party payors	**12,362,561**	840,000
Total current assets	**114,968,351**	84,817,405
Investments and Assets Limited as to Use		
Internally designated for capital improvements	**254,728,404**	340,408,845
Externally designated investments under bond agreements	**31,772,065**	71,116,223
Other investments and assets limited as to use	**5,184,913**	4,237,239
Total investments and assets limited as to use	**291,685,382**	415,762,307
Land, Buildings, and Equipment - Net	**617,754,041**	487,966,183
Prepaid Pension, Deferred Financing Costs, and Other	**11,070,865**	12,218,977
	$ 1,035,478,639	$ 1,000,764,872
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	**$ 72,598,475**	$ 35,414,882
Accrued payroll and other	**23,278,212**	28,990,529
Amounts due to third-party payors	**28,351,919**	34,403,936
Current maturities of long-term debt	**5,330,004**	5,225,004
Total current liabilities	**129,558,610**	104,034,351
Long-Term Debt, Excluding Current Maturities	**506,862,261**	512,051,799
Other Liabilities	**33,804,815**	43,494,872
Accrued Pension	**15,422,911**	40,916,765
Total liabilities	**685,648,597**	700,497,787
Net Assets		
Unrestricted	**344,521,228**	293,650,297
Temporarily restricted	**4,819,299**	6,127,273
Permanently restricted	**489,515**	489,515
	349,830,042	300,267,085
	$ 1,035,478,639	$ 1,000,764,872

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, 2011 and 2010

	2011	2010
Revenues		
Net patient service revenue	**$ 360,897,381**	$ 349,185,107
Other revenue	**17,063,138**	18,123,193
	377,960,519	367,308,300
Expenses		
Salaries and benefits	**175,114,386**	170,892,433
Supplies	**57,063,638**	55,534,768
Purchased services and other	**98,047,782**	89,926,337
Provision for bad debts	**25,233,612**	14,243,404
Depreciation	**34,543,448**	17,402,591
Medicaid tax	**7,310,342**	7,304,160
One-time costs associated with new hospital	**4,628,954**	-
	401,942,162	355,303,693
Operating (loss) income	**(23,981,643)**	12,004,607
Nonoperating income (expense)		
Investment income (loss)	**13,252,244**	(2,834,768)
Unrealized gains on investments	**26,592,360**	36,597,287
Interest expense	**(7,662,371)**	(7,845,683)
Amortization of deferred financing costs	**(145,481)**	(133,927)
Cash settlements on interest rate swaps	**1,008,257**	(352,802)
Unrealized gain (loss) on interest rate swaps	**4,694,741**	(467,429)
Change in unrealized gain on hedge fund investments	**8,082,905**	1,944,451
	45,822,655	26,907,129
Excess of revenue over expenses	**21,841,012**	38,911,736
Other changes in unrestricted net assets		
Amortization of gain on discontinuation of hedge accounting	**178,463**	177,089
Pension and supplemental plan related changes, other than net periodic pension cost	**26,851,456**	(31,192,373)
Temporarily restricted contributions released for capital projects	**2,000,000**	95,344
	29,029,919	(30,919,940)
Increase in unrestricted net assets	**$ 50,870,931**	$ 7,991,796

See Notes to Consolidated Financial Statements

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets		
Excess of revenues over expenses	**$ 21,841,012**	$ 38,911,736
Amortization of gain on discontinuation of hedge accounting	**178,463**	177,089
Pension and supplemental plan related changes, other than net periodic pension cost	**26,851,456**	(31,192,373)
Temporarily restricted contributions released for capital projects	**2,000,000**	95,344
Increase in unrestricted net assets	**50,870,931**	7,991,796
Temporarily restricted net assets		
Contributions for medical education programs, capital purchases, and other purposes	**2,712,314**	6,409,527
Net assets released from restrictions and used for operations, capital purposes, and medical education programs	**(4,020,288)**	(1,978,989)
(Decrease) increase in temporarily restricted net assets	**(1,307,974)**	4,430,538
Increase in net assets	**49,562,957**	12,422,334
Net assets		
Beginning of year	**300,267,085**	287,844,751
End of year	**$ 349,830,042**	$ 300,267,085

See Notes to Consolidated Financial Statements

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Increase in net assets	**$ 49,562,957**	$ 12,422,334
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities		
Depreciation	**34,543,448**	17,402,591
Loss on disposal of assets	**27,939**	265,640
Amortization of deferred financing costs	**145,481**	133,927
Change in unrealized loss on investments	**(34,675,265)**	(38,541,738)
Unrealized (gain) loss on interest rate swaps	**(4,694,741)**	467,429
Restricted contributions	**(2,000,000)**	(95,610)
Change in patient accounts receivable		
Net increase in patient accounts receivable	**(46,542,020)**	(16,108,975)
Increase in contractual allowances	**36,810,486**	9,909,575
Provision for bad debts	**25,233,612**	14,243,404
Write-offs of accounts receivable	**(22,314,856)**	(15,198,766)
Increase (decrease) in prepaid pension, deferred financing costs, and other	**1,002,631**	(4,307,683)
Net change in other assets and liabilities	**(57,837,719)**	39,948,495
Net cash (used in) provided by operating activities	**(20,738,047)**	20,540,623
Cash Flows from Investing Activities		
Acquisition of buildings and equipment	**(125,812,087)**	(195,424,106)
Proceeds from sale of buildings and equipment	**31,350**	-
Purchases of investments	**(40,198,167)**	(103,024,313)
Proceeds from sales and maturities of investments	**198,947,521**	258,319,165
Net cash provided by (used in) investing activities	**32,968,617**	(40,129,254)
Cash Flows from Financing Activities		
Proceeds from restricted contributions - net of assets released from restrictions	**2,000,000**	95,610
Repayment of long-term debt	**(5,084,538)**	(4,988,685)
Net cash used in financing activities	**(3,084,538)**	(4,893,075)
Increase (decrease) in cash and cash equivalents	**9,146,032**	(24,481,706)
Cash and cash equivalents		
Beginning of year	**14,193,379**	38,675,085
End of year	**$ 23,339,411**	$ 14,193,379
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	**$ 11,296,800**	$ 4,317,457
Supplemental Disclosure of Noncash Investing and Financing Activity		
Capital acquisitions funded through accounts payable	**$ 47,639,526**	$ 9,061,018

See 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 consolidated 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

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

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 The provision for bad debts for the year ended June 30, 2011, was increased by a change in estimate related to prior year receivables of approximately $4,300,000

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 of revenue over expenses unless the income or loss is restricted by donor or law (see Note 5) The fair values 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, 2011 and 2010, because of their short-term maturity See Note 6 for additional fair value disclosures

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

Joint ventures Elmhurst Memorial Hospital has a joint venture arrangement with Elmhurst Outpatient Surgery Center, LLC which includes a 51 6% and 55 6% percent interest in the entity as of June 30, 2011 and 2010, respectively This investment, which totaled $2,916,787 and $3,089,106 as of June 30, 2011 and 2010, 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 $109,807 and $239,102 as of June 30, 2011 and 2010, respectively, is accounted for on the equity basis and is included in other assets in the accompanying consolidated balance sheets

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 and the half-year convention 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 $9,198,075 and $7,602,526 was capitalized for the years ended June 30, 2011 and 2010, 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

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

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

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

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 Contractual adjustments under third-party reimbursement programs 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 of revenue over expenses The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include excess of revenue over expenses Changes in unrestricted net assets, which are excluded from excess 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

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

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, 2011, HTI had net operating income of $123,067 for financial statement purposes that was 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, 2011, approximately $2,393,165 of NOL was available to be carried forward

As a result of the NOL, HTI has no tax expense or tax liability for the years ended June 30, 2011 and 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 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 Financial Accounting Standards Board (FASB)-issued guidance at July 1, 2008, and as of each subsequent fiscal year-end, 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 2006 and prior

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

Pending pronouncements In August 2010, the FASB issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954) – Measuring Charity Care for Disclosure* ASU 2010-23 requires disclosures 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

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 of ASU 2010-24 is permitted Elmhurst is assessing the impact of the implementation of ASU 2010-24 on its consolidated financial statements

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts

For public entities such as Elmhurst, the provisions of ASU 2011-07 are effective for fiscal years and interim periods within those years beginning after December 15, 2011, with early adoption permitted The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods Elmhurst is assessing the impact of the implementation of ASU 2011-07 on its consolidated financial statements

Reclassifications Certain prior year amounts in the notes to consolidated financial statements have been reclassified to conform to the current year presentation

Note 2. Net Patient Service Revenue

Net patient service revenue in 2011 and 2010 was increased by the effect of favorable third-party payor settlements and related changes in estimates of approximately $845,000 and $129,000, 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

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

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, 2014 There is no assurance of the continuation of this program after June 30, 2014 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, 2011 and 2010, the Hospital has recorded $8,677,882 in assessment revenue (included in net patient service revenue) and $7,310,342 and $7,304,160, 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, 2011, the State of Illinois has been current in payments and collections related to this program

Blue Cross: Substantially all of the Hospital's reimbursement from Blue Cross is derived from three managed care contracts, that provide cost-based reimbursement to the Hospital The Hospital also participates as a provider of health care services under another cost-based reimbursement agreement with Blue Cross

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, 2011 and 2010, was as follows

	2011	2010
Medicare	19 %	30 %
Medicaid	6	6
Managed care (other than Blue Cross)	37	22
Blue Cross	10	13
Self-pay	13	16
Other	15	13
	100 %	100 %

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, 2011 and 2010, are as follows

	2011	2010
Charity care (foregone charges)	$ 32,894,370	$ 29,889,167
Self-pay patient discount	4,073,645	3,821,015
Unreimbursed cost (cost less reimbursement) of treating Medicare and Medicaid patients	52,285,291	51,771,937
	$ 89,253,306	$ 85,482,119

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 $1,128,867 and $1,456,993 in fiscal 2011 and 2010, respectively

Note 5. Investments and Assets Limited as to Use

Investments and assets limited as to use as of June 30, 2011 and 2010, consisted of the following

	2011	2010
Cash and cash equivalents	$ 9,783,278	$ 63,434,716
Certificates of deposit	300,495	-
Equity securities		
U S	70,638,673	81,256,888
Non-U S	25,699,977	29,038,376
Global real estate	17,362,959	15,919,335
Fixed income securities		
U S government obligations	29,691,115	90,200,201
Corporate bonds	22,410,548	15,220,412
Mutual funds and trusts invested in U S fixed-income securities	46,025,258	49,181,351
Trust invested in global fixed-income securities	23,538,334	20,575,216
Hedge funds	34,860,762	40,589,569
Mutual fund invested in TIPS and commodities	11,510,502	10,479,926
Real estate	975,000	975,000
	$ 292,796,901	$ 416,870,990

Assets limited as to use and short-term investments are classified at June 30, 2011 and 2010, as follows

	2011	2010
Short-term investments	$ 1,111,519	$ 1,108,683
Investments and assets limited as to use	291,685,382	415,762,307
	$ 292,796,901	$ 416,870,990

Other investments and assets limited as to use as of June 30, 2011 and 2010, consisted of the following

	2011	2010
Internally designated for medical education and other health care services	$ 4,549,283	$ 2,597,986
Temporarily restricted donor assets	146,115	1,149,738
Donor assets restricted into perpetuity	489,515	489,515
	$ 5,184,913	$ 4,237,239

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

Investment returns for the years ended June 30, 2011 and 2010, consisted of the following

	2011	2010
Interest and dividend income	$ 5,465,990	$ 4,950,825
Realized income (loss) - net	7,786,254	(7,785,593)
Investment income (loss)	$ 13,252,244	$ (2,834,768)

Investment returns on externally designated investments related to Elmhurst's debt were $763,490 and $752,632 for fiscal 2011 and 2010, 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 Guidance provided by the FASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants 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

For the years ended June 30, 2011 and 2010, 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

Note 6. Fair Value Disclosures (Continued)

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 $34,860,762 and $40,589,569 at June 30, 2011 and 2010, respectively Of these amounts, $17,652,139 and $20,511,050 was invested in a fund of hedge funds with quarterly liquidity requiring 95 days notice for redemption and $17,208,623 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, 2011 and 2010, respectively 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			
	2011		2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments*				
Interest rate contracts	Other liabilities	$ 13,088,685	Other liabilities	$ 17,960,634
Total derivatives		$ 13,088,685		$ 17,960,634

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

Note 6. Fair Value Disclosures (Continued)

	Location of Gain (Loss) Recognized in Excess of Revenue over Expenses	Amount of Gain (Loss) Recognized in Excess of Revenue over Expenses	
		2011	2010
Derivatives not designated as hedging instruments			
Interest rate contracts	Nonoperating income (expense)	$ 5,702,998	$ (820,231)

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, 2011 and 2010

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	$ 9,783,278	$ -	$ -	$ 9,783,278
Certificates of deposit	-	300,495	-	300,495
Equity securities				-
U S	15,657,019	54,981,654	-	70,638,673
Non-U S	168,904	25,531,073	-	25,699,977
Global real estate	17,362,959	-	-	17,362,959
Fixed income securities				
U S government and government agency obligations	29,691,115	-	-	29,691,115
Corporate bonds	13,557,416	8,853,132	-	22,410,548
Mutual funds and trusts invested in U S fixed-income securities	15,815,030	30,210,228	-	46,025,258
Trust invested in global fixed-income securities	-	23,538,334	-	23,538,334
Hedge funds	-	34,860,762	-	34,860,762
Mutual fund invested in TIPS and commodities	11,510,502	-	-	11,510,502
Real estate	-	975,000	-	975,000
Total investments	$ 113,546,223	$ 179,250,678	$ -	$ 292,796,901
Interest rate swaps	$ -	$ (13,088,685)	$ -	$ (13,088,685)

Note 6. Fair Value Disclosures (Continued)

	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)

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 $9,132,000 and $5,889,000 less than its carrying value at June 30, 2011 and 2010, respectively

Note 7. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less accumulated depreciation, at June 30, 2011 and 2010, as follows

	2011	2010
Land and land improvements	$ 103,369,601	$ 24,214,552
Buildings	571,667,791	190,409,236
Equipment	234,735,258	160,370,210
Construction in progress	3,612,826	325,826,477
Land held for future use	954,860	51,199,618
	914,340,336	752,020,093
Less accumulated depreciation	(296,586,295)	(264,053,910)
	$ 617,754,041	$ 487,966,183

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 Construction began in the spring of 2008 and was completed in June 2011 The new hospital opened in June 2011 The campus includes a replacement hospital and additional physician offices 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 old 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 old hospital campus was $5,332,305 and $9,449,549 as of June 30, 2011 and 2010, respectively Net interest costs capitalized during the years ended June 30, 2011 and 2010, were $9,198,074 and $7,602,526, respectively The accumulated capitalized interest costs as of June 30, 2011 and 2010, were $17,401,539 and $8,203,465, respectively

Note 8. Long-Term Debt

Long-term debt at June 30, 2011 and 2010, consists of the following

	2011	2010
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	$ 126,688,396	$ 128,739,270
Variable rate direct note obligation Series 1985C and 1985D (0 10% and 0 25% at June 30, 2011 and 2010, respectively), maturing on December 15, 2012	8,533,300	11,733,302
Variable rate direct note obligation Series 2004A (0 25% and 0 55% at June 30, 2011 and 2010, 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	120,344,869	120,178,531
Variable rate demand revenue bonds, Series 2008B (0 04% and 0 14% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	100,000,000	100,000,000
Variable rate demand revenue bonds, Series 2008C (0 10% and 0 39% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	75,000,000	75,000,000
Variable rate demand revenue bonds, Series 2008D (0 06% and 0 19% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	50,000,000	50,000,000
Variable rate demand revenue bonds, Series 2008E (0 24% and 0 39% at June 30, 2011 and 2010, respectively), maturing on January 1, 2048	25,000,000	25,000,000
Other long-term borrowings	143,700	143,700
	512,192,265	517,276,803
Less current maturities of long-term debt	(5,330,004)	(5,225,004)
Long-term debt less current maturities	$ 506,862,261	$ 512,051,799

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

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

The maturities and annual sinking fund requirements for the fiscal years ending June 30, 2012 through 2016, on the outstanding long-term debt are as follows, assuming remarketing of variable rate unsecured demand revenue bonds 2012 - $5,330,004, 2013 - $7,578,294, 2014 - $4,585,000, 2015 - $4,975,000, 2016 - $5,175,000 and thereafter - $490,840,700 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, 2011 and 2010, 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 In addition, Elmhurst had paid 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 This swap was terminated during fiscal year 2011, resulting in a gain of $1,482,000 that was recorded in cash settlements on interest rate swaps under non-operating income (expense) The remaining Constant Maturity Swap is 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, 2011 and 2010, Elmhurst has posted $3,071,351 and $3,784,789, 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

Note 8. Long-Term Debt (Continued)

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

Derivative Contract Terms	Basis Swap	Fixed Receiver	Fixed Payer	Fixed Spread Basis Swaps	Constant Maturity Swaps	Fixed Spread Basis Swaps	Total of Interest Rate Swap Contracts
Execution date	May 2002	August 2003	July 2005	July 2005	June 2006	April 2008	
2010 Notional amount	$ 50,000,000	$ 40,000,000	$ 120,000,000	$ 120,000,000	$ 85,000,000	$ 140,000,000	$ 555,000,000
2011 Notional amount	50,000,000	40,000,000	120,000,000	120,000,000	60,000,000	140,000,000	530,000,000
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, July 1, 2009	$ (1,542,223)	$ 578,962	$ (8,580,681)	$ (1,611,447)	$ 2,273,581	$ (8,788,610)	$ (17,670,418)
Changes in value	200,865	376,703	(6,254,347)	1,380,095	1,658,843	2,347,625	(290,216)
Balance, June 30, 2010	(1,341,358)	955,665	(14,835,028)	(231,352)	3,932,424	(6,440,985)	(17,960,634)
Changes in value	692,442	(715,192)	1,043,250	2,058,109	(330,414)	2,123,754	4,871,949
Balance, June 30, 2011	$ (648,916)	$ 240,473	$ (13,791,778)	$ 1,826,757	$ 3,602,010	$ (4,317,231)	$ (13,088,685)

(1) Amounts are presented within prepaid pension, deferred financing costs, and other assets and other liabilities within the consolidated 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, 2010							
Cash from contractual payments	$ (45,068)	$ 1,737,720	$ (5,024,432)	$ 801,113	$ 1,305,669	$ 872,196	$ (352,802)
Year Ended June 30, 2011							
Cash from contractual payments	$ (30,145)	$ 1,812,817	$ (4,659,918)	$ 857,637	$ 2,163,866	$ 864,000	$ 1,008,257

Note 9. Operating Leases

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

Rent paid and recorded under operating leases was $3,248,457 and $3,497,062 for the years ended June 30, 2011 and 2010, respectively

The future minimum lease commitments under these operating leases as of June 30, 2011, are as follows

Years ending June 30	
2012	$ 2,414,816
2013	1,865,982
2014	1,578,866
2015	556,360
	$ 6,416,024

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

Note 10. Employee Retirement Plans (Continued)

Information regarding the benefit obligations and assets of the pension plan and SERP as of and for the years ended June 30, 2011 and 2010, is as follows

	2011		2010	
	Pension	SERP	Pension	SERP
Accumulated benefit obligation	$ 160,040,495	$ 1,732,378	$ 154,245,330	$ 5,794,141
Projected benefit obligation				
Projected benefit obligation, beginning of year	$ 179,632,937	$ 5,815,475	$ 136,791,763	$ 5,575,832
Service cost	6,997,084	118,288	4,849,007	144,338
Interest cost	9,726,499	289,011	9,078,712	365,905
Plan changes	-		-	-
Actuarial (gains) losses	(9,865,127)	(168,933)	33,541,427	132,186
Benefits paid	(5,105,449)	(4,321,463)	(4,627,972)	(402,786)
Projected benefit obligation, end of year	181,385,944	1,732,378	179,632,937	5,815,475
Change in plan assets				
Fair value of plan assets, beginning of year	138,716,172	-	120,736,007	-
Actual return (loss) on plan assets	26,852,310	-	15,888,137	-
Contributions	5,500,000	4,321,463	6,720,000	402,786
Benefits paid	(5,105,449)	(4,321,463)	(4,627,972)	(402,786)
Fair value of plan assets, end of year	165,963,033	-	138,716,172	-
Funded status, end of year	$ 15,422,911	$ 1,732,378	$ 40,916,765	$ 5,815,475

The unfunded pension liability is reported as Accrued Pension on the accompanying Consolidated Balance Sheets At June 30, 2011 and 2010, $1,382,378 and $5,582,696, respectively, of the unfunded SERP liability is included in Other Liabilities and $350,000 and $232,780, 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, 2011 and 2010, are as follows

	2011		2010	
	Pension	SERP	Pension	SERP
Unrecognized prior service cost	$ 323,159	$ 323,130	$ 491,581	$ 483,529
Unrecognized net actuarial loss	54,557,934	69,134	81,202,473	500,649
	$ 54,881,093	$ 392,264	$ 81,694,054	$ 984,178

Note 10. Employee Retirement Plans (Continued)

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

	2011		2010	
	Pension	SERP	Pension	SERP
Net actuarial (gain) loss arising during the period	$ (22,744,701)	$ (168,933)	$ 31,312,688	$ 132,186
Prior service cost amortized during the period	(168,422)	(160,399)	(168,422)	(163,626)
Net actuarial loss amortized during the period	(3,899,838)	(262,582)	-	-
	$ (26,812,961)	$ (591,914)	$ 31,144,266	$ (31,440)

	2011		2010	
	Pension	SERP	Pension	SERP
Assumptions				
Discount rate used to determine benefit obligation	5 75 %	5 75 %	5 50 %	5 50 %
Discount rate used to determine net periodic benefit cost	5 50 %	5 50 %	6 75 %	6 75 %
Rate of increase in compensation levels	5 00 %	5 00 %	5 00 %	5 00 %
Expected long-term rate of return on assets	8 00 %	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 2012 are $3,311,441 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 2012 is $100,898 for the SERP

Elmhurst expects to contribute $6,000,000 to the Plan during fiscal 2012, and $350,000 to the SERP during fiscal 2012

The allocation of pension plan assets at June 30, 2011 and 2010, is as follows

	Target	2011	2010
Equity securities	55 %	55 %	52 %
Fixed-income securities	25	31	32
Alternative investments	20	14	16
Total	100 %	100 %	100 %

Note 10. Employee Retirement Plans (Continued)

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
2012	$ 6,215,000	$ 350,000
2013	6,939,000	-
2014	7,692,000	-
2015	8,502,000	1,890,000
2016	9,333,000	-
2017-2021	58,923,000	1,170,000

Net periodic benefit cost for the years ended June 30, 2011 and 2010, includes the following components

	2011		2010	
	Pension	SERP	Pension	SERP
Service cost - benefits earned during the year	$ 6,997,084	$ 118,287	$ 4,849,007	$ 144,338
Interest cost on projected benefit obligation	9,726,499	289,011	9,078,712	365,906
Expected return on plan assets	(13,972,736)	-	(13,659,398)	-
Amortization of prior service cost	168,422	160,399	168,422	163,626
Amortization of actuarial loss	3,899,838	-	-	-
Settlement expense	-	262,582	-	-
	$ 6,819,107	$ 830,279	$ 436,743	$ 673,870

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 $105,299 and $172,505 for the years ended June 30, 2011 and 2010, respectively

Note 10. Employee Retirement Plans (Continued)

The tables below presents the balances of pension assets measured at fair value on a recurring basis, as of June 30, 2011 and 2010

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	$ 4,145,802	$ -	$ -	$ 4,145,802
Mutual funds invested in U S fixed-income securities	24,017,936	6,032,706	-	30,050,642
Trust invested in global fixed-income securities	-	16,793,957	-	16,793,957
Equity securities				
U S	13,800,483	49,266,073	-	63,066,556
Non-U S	-	20,690,515	-	20,690,515
Global real estate	8,123,552	-	-	8,123,552
Hedge funds	-	23,092,009	-	23,092,009
Total investments	$ 50,087,773	$ 115,875,260	$ -	$ 165,963,033

	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	$ 36,430,497	$ 102,285,675	$ -	$ 138,716,172

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

In June 2010, CHRPP notified its current and former members that it 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 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, 2011 and 2010, the Hospital recorded a liability, discounted at 4 50% in 2011 and 4 75% in 2010 of $20,327,428 and $20,309,810, 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 $4,446,000 and $5,118,000, respectively, at June 30, 2011 and 2010 This liability consists of $2,215,654 and $1,624,586 reported in Accounts Payable at June 30, 2011 and 2010, respectively, and $18,111,774 and $18,685,224 reported in Other Liabilities at June 30, 2011 and 2010, 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, 2011, 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, 2011 and 2010, respectively, are available for the following purposes

	2011	2010
Pledges restricted to benefit future periods	$ 4,673,164	$ 5,665,477
Capital purchases	-	154,132
Medical education	63,000	63,000
Other health care programs	83,135	244,664
	$ 4,819,299	$ 6,127,273

Permanently restricted net assets of $489,515 at June 30, 2011 and 2010, are investments to be held in perpetuity, the income from which is expendable for medical education

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes of medical education, and other health care programs amounting to $2,020,288 and $1,883,645, respectively, and were recorded as Other Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets

The expected timing of pledge payments and value of pledges receivable recorded as of June 30, 2011, are as follows

Years ending June 30	
2012	$ 1,015,750
2013	801,191
2014	666,000
2015	574,500
2016	510,998
Thereafter	1,499,020
	5,067,459
Less - present value discounts	(340,941)
Less - allowance for uncollectible pledges	(53,334)
Pledges receivable, net	4,673,184
Less current portion included in prepaid expense, interest receivable, and other	(1,015,750)
Noncurrent portion included in prepaid pension, deferred financing costs, and other	$ 3,657,434

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, 2011 and 2010, are as follows

	2011	2010
Health care services	$ 319,069,233	$ 274,969,039
General and administrative	81,504,133	79,028,986
Fundraising	1,368,796	1,305,668
	$ 401,942,162	$ 355,303,693

Note 14. Commitments and Contingencies

Medicare and Medicaid reimbursement: The Governor of Illinois recently signed into law the budget for the State's fiscal year ending June 30, 2012, which cuts Medicaid funding to hospitals in the upcoming year The Medicaid cuts are expected to delay Medicaid payments into the State's fiscal year 2013 to cut spending in the upcoming year For non-expedited hospitals, payments based on claims will be held for the first 160 days of the State fiscal year, whereas, for expedited hospitals 1 or 2 payments will be made in August based on their claims Although the budget is signed, the Medicaid funding cut may be reversed by a majority vote when the General Assembly meets in October 2011 for the annual Veto Session In addition to delayed Medicaid payments, deep cuts to both the Medicare and Medicaid programs are under consideration by the U S Congress as it looks to cut federal spending Such cuts in Medicaid and Medicare reimbursement, if enacted, could have a significant adverse effect on the Corporation's financial statements

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 consolidated 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

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

Note 14. Commitments and Contingencies (Continued)

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 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 implemented the RAC program in Illinois in 2010 Management does not believe that RAC audits will have a material effect on the Corporation's results of operations or cash flows At June 30, 2011 and 2010, the Hospital recorded a reserve for estimated amounts that will be repaid under the RAC program based on the Hospital's RAC program experience to date

Property tax-exemption: On August 16, 2011, the Illinois Department of Revenue (IDOR) issued initial rulings denying the property tax-exemption applications of three Illinois not-for-profit hospitals Because the IDOR did not provide explanations for its initial rulings in these cases, it is not known what criteria and standards the IDOR used in concluding not to grant the property tax-exemption Although these initial rulings may be appealed, the outcome of such appeals, and the applicability of these initial rulings, or subsequent rulings on the property tax-exemption applications of other Illinois not-for-profit hospitals, cannot be determined with certainty

Elmhurst has filed a property tax-exemption application for a portion of the Center for Health, and awaits a decision from the IDOR As of June 30, 2011, Elmhurst has recorded a refund receivable of approximately $1,100,000 for a portion of property taxes paid relating to the Center for Health for tax years 2008, 2009 and 2010 Management continues to believe that the application will be approved and that the related property taxes will be refunded

Note 15. Subsequent Events

Subsequent events Elmhurst has evaluated subsequent events for potential recognition and/or disclosure through September 23, 2011, the date the consolidated financial statements were issued

McGladrey

Independent Auditor's Report on the Supplementary Information

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

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The 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 consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole

Also, the accompanying Schedule of Annual Debt Service Coverage Ratio ("Schedule") for the year ended June 30, 2011, required by the Master Trust Indenture, is presented for purposes of additional analysis of the basic consolidated financial statements and is not a required part of the basic consolidated financial statements The Schedule is the responsibility of Elmhurst's management The Schedule has been subjected to the auditing procedures applied in the audit of the basic 2011 consolidated financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic 2011 consolidated financial statements taken as a whole

This report is intended solely for the information and use of the Board of Trustees, the Audit and Finance Committees, and management of Elmhurst, Wells Fargo Bank, N A , Bank of New York Trust Co , JP Morgan Chase Bank, Fifth Third Bank, Northern Trust Co and the RBS Citizens, National Association, and should not be used by anyone other than those specified parties

McGladrey & Pullen, LLP

Chicago, Illinois
September 23, 2011

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information
June 30, 2011

	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	$ 23,339,411	$ -	$ 17,444,553	$ 1,762,045	$ 4,132,813	$ -	$ 2,155,635	$ 1	$ 1,977,177
Short-term investments	1,111,519	-	-	-	1,111,519	-	-	-	1,111,519
Patient accounts receivable - less allowances for uncollectible accounts	58,609,224	-	5,005,236	(27)	53,604,015	-	52,539,400	1,064,615	-
Inventories	7,518,757	-	-	-	7,518,757	-	7,430,914	87,843	-
Prepaid expenses, interest receivable, and other	12,026,879	(10,959)	3,874,653	78,257	8,084,928	-	7,029,907	19,573	1,035,448
Amounts due from third-party payors	12,362,561	-	-	-	12,362,561	-	12,362,561	-	-
Amounts due from affiliated organizations	-	(2,401,387)	-	-	2,401,387	-	2,401,387	-	-
Total current assets	114,968,351	(2,412,346)	26,324,442	1,840,275	89,215,980	-	83,919,804	1,172,032	4,124,144
Investments and Assets Limited as to Use									
Internally designated for capital improvements	254,728,404	-	254,728,404	-	-	-	-	-	-
Externally designated investments under bond agreements	31,772,065	-	30,322,638	-	1,449,427	-	1,449,427	-	-
Other investments and assets limited as to use	5,184,913	-	-	-	5,184,913	-	-	-	5,184,913
Total investments and assets limited as to use	291,685,382	-	285,051,042	-	6,634,340	-	1,449,427	-	5,184,913
Land, Buildings, and Equipment - Net	617,754,041	-	80,385,942	-	537,368,099	-	536,942,225	425,874	-
Investment in Subsidiaries	-	(444,469)	444,469	-	-	(12,806,331)	12,806,331	-	-
Prepaid Pension, Deferred Financing Costs, and Other	11,070,865	-	4,386,857	-	6,684,008	-	3,026,594	-	3,657,414
	$ 1,035,478,639	$ (2,856,815)	$ 396,592,752	$ 1,840,275	$ 639,902,427	$ (12,806,331)	$ 638,144,381	$ 1,597,906	$ 12,966,471

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information (Continued)
June 30, 2011

	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	$ 72,598,475	$ (10,959)	$ 1,303,040	14,136	$ 71,292,258	$ -	$ 71,139,690	$ 80,507	$ 72,061
Accrued payroll and other	23,278,212	-	6,785,796	11,537	16,480,879	-	15,730,733	750,146	-
Amounts due to third-party payors	28,351,919	-	-	-	28,351,919	-	28,435,908	(83,989)	-
Current maturities of long-term debt	5,330,004	-	5,330,004	-	-	-	-	-	-
Due to affiliated organizations	-	(2,401,387)	1,031,254	1,370,133	-	-	-	-	-
Total current liabilities	129,558,610	(2,412,346)	14,450,094	1,395,806	116,125,056	-	115,306,331	746,664	72,061
Long-Term Debt, Excluding Current Maturities	506,862,261	-	506,862,261	-	-	-	-	-	-
Other Liabilities	33,804,815	-	14,222,594	-	19,582,221	-	19,494,142	-	88,079
Accrued Pension	15,422,911	-	-	-	15,422,911	-	15,422,911	-	-
Total liabilities	685,648,597	(2,412,346)	535,534,949	1,395,806	151,130,188	-	150,223,384	746,664	160,140
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	344,521,228	9,610,287	(138,942,197)	(9,610,287)	483,463,425	(7,497,517)	482,612,183	851,242	7,497,517
Temporarily restricted net assets	4,819,299	-	-	-	4,819,299	(4,819,299)	4,819,299	-	4,819,299
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	349,830,042	(444,469)	(138,942,197)	444,469	488,772,239	(12,806,331)	487,920,997	851,242	12,806,331
	$ 1,035,478,639	$ (2,856,815)	$ 396,592,752	$ 1,840,275	$ 639,902,427	$ (12,806,331)	$ 638,144,381	$ 1,597,906	$ 12,966,471

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information
Year Ended June 30, 2011

	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	$ 360,897,381	$ -	$ 44,899,936	$ -	$ 315,997,445	$ -	$ 307,554,019	$ 8,443,426	$ -
Other revenue	17,063,138	(9,309,165)	1,932,940	10,129,629	14,309,734	-	11,739,086	7,460	2,563,188
	377,960,519	(9,309,165)	46,832,876	10,129,629	330,307,179	-	319,293,105	8,450,886	2,563,188
Expenses									
Salaries and benefits	175,114,386	-	145,188	9,540,369	165,428,829	-	160,365,040	4,529,898	533,891
Supplies	57,063,638	-	2,451,792	88,985	54,522,861	-	53,703,571	665,557	153,733
Purchased services and other	98,047,782	(9,309,165)	50,267,656	377,002	56,712,289	2,607,347	52,274,808	1,148,073	682,061
Provision for bad debts	25,233,612	-	1,999,907	250	23,233,455	-	23,133,327	101,018	(890)
Depreciation	34,543,448	-	1,269,552	25	33,273,871	-	33,014,953	258,918	-
Medicaid tax	7,310,342	-	-	-	7,310,342	-	7,310,342	-	-
One time costs associated with new hospital	4,628,954	-	-	-	4,628,954	-	4,628,954	-	-
	401,942,162	(9,309,165)	56,134,095	10,006,631	345,110,601	2,607,347	334,430,995	6,703,464	1,368,795
Operating income (loss)	(23,981,643)	-	(9,301,219)	122,998	(14,803,422)	(2,607,347)	(15,137,890)	1,747,422	1,194,393
Nonoperating income (expense)									
Investment income	13,252,244	-	12,327,381	69	924,794	-	696,826	-	227,968
Unrealized gains on investments	26,592,360	-	25,839,767	-	752,593	-	513,859	-	238,734
Interest expense	(7,662,371)	-	(7,662,467)	-	96	-	96	-	-
Amortization of deferred financing costs	(145,481)	-	(145,481)	-	-	-	-	-	-
Cash settlements on interest rate swaps	1,008,257	-	1,008,257	-	-	-	-	-	-
Unrealized gain on interest rate swaps	4,694,741	-	4,694,741	-	-	-	-	-	-
Distribution of restricted revenue	-	-	-	-	-	2,607,347	-	-	(2,607,347)
Gain (loss) on investment in subsidiaries	-	(123,067)	123,067	-	-	(1,650,693)	1,650,693	-	-
Change in unrealized gain on hedge fund investments	8,082,905	-	8,082,905	-	-	-	-	-	-
	45,822,655	(123,067)	44,268,170	69	1,677,483	956,654	2,861,474	-	(2,140,645)

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)
Year Ended June 30, 2011

	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	$ 21,841,012	$ (123,067)	$ 34,966,951	$ 123,067	$ (13,125,939)	$ (1,650,693)	$ (12,276,416)	$ 1,747,422	$ (946,252)
Other changes in unrestricted net assets									
Amortization of gain on discontinuation of hedge accounting	178,463	-	178,463	-	-	-	-	-	-
Pension and supplemental plan related changes, other than net periodic pension cost	26,851,456	-	-	-	26,851,456	-	26,851,456	-	-
Temporarily restricted contributions released for capital projects	2,000,000	-	-	-	2,000,000	-	-	-	2,000,000
	29,029,919	-	178,463	-	28,851,456	-	26,851,456	-	2,000,000
Increase in unrestricted net assets	$ 50,870,931	$ (123,067)	$ 35,145,414	$ 123,067	$ 15,725,517	$ (1,650,693)	$ 14,575,040	$ 1,747,422	$ 1,053,748

Elmhurst Memorial Healthcare and Subsidiaries

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

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

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
	367,308,300	(15,600,644)	45,281,065	16,328,855	321,299,024	-	310,083,855	9,097,070	2,118,099
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	-	-
	355,303,693	(15,600,644)	59,367,508	16,339,361	295,197,468	1,183,169	286,074,304	6,634,327	1,305,668
Operating income (loss)	12,004,607	-	(14,086,443)	(10,506)	26,101,556	(1,183,169)	24,009,551	2,462,743	812,431
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	-	-	-	-	-	-
	26,907,129	106,382	25,789,653	-	1,011,094	1,199,688	735,966	-	(924,560)

Elmhurst Memorial Healthcare and Subsidiaries

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
	(30,919,940)	(266)	177,089	-	(31,096,763)	-	(31,192,373)	-	95,610
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

Schedule of Annual Debt Service Coverage Ratio
Year Ended June 30, 2011

Net income available for debt service	
Total unrestricted revenues in excess of expenses	$ 24,437,957
Add	
Depreciation	34,543,423
Amortization expense	145,481
Malpractice tail liability	17,618
Interest expense	7,662,371
Pension expense	7,649,386
Unrealized (gain) loss on swaps	(4,694,741)
One time costs associated with new hospital	4,628,954
Loss on disposal of fixed assets	27,939
Subtract	
Unrealized gain on investments	(34,436,531)
Income available for debt service (A)	$ 39,981,857
Maximum Annual Debt Service (MADS) - MADS - Projected debt service in 2025 (B)	$ 24,600,181
Ratio (A/B)	1 63

NOTE The method of calculating the historical debt service coverage ratio is prescribed by Section 416 of the Master Trust Indenture between Elmhurst Memorial Hospital, Elmhurst Memorial Healthcare, and Elmhurst Memorial Home Health and Wells Fargo Bank, N A , as Successor Master Trustee, dated as of July 1, 1987, as amended through May 15, 2008