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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)	OMB No 1545-0047 2012 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Elmhurst Memorial Healthcare Group		D Employer identification number 35-2339114
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 155 E Brush Hill Road	Room/suite	E Telephone number (331) 221-1000
	City or town, state or country, and ZIP + 4 Elmhurst, IL 60126		G Gross receipts \$ 398,421,106
	F Name and address of principal officer Mary Lou Mastro 155 E Brush Hill Road Elmhurst, IL 60126		H(a) Is this a group return for affiliates? ☒ Yes ☐ No H(b) Are all affiliates included? ☒ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶ 5467
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ www.emhc.org			

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ☐	L Year of formation	M State of legal domicile IL
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities To enhance the health of the communities and customers we serve and to provide quality care to everyone who needs it		
	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	52
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	41
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	0
6 Total number of volunteers (estimate if necessary)	6	903	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	785,687	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	2,183,458	2,248,707
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	386,220,332	392,615,100
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,319,041	-868,469
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,477,529	3,237,788
		390,562,278	397,233,126
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	10,000	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)	186,619,668	182,800,613
	16a Professional fundraising fees (Part IX, column (A), line 11e)	231,451	250,825
	16b Total fundraising expenses (Part IX, column (D), line 25) <u>1,037,767</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	230,971,270	236,965,196
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	417,832,389	420,026,634
	19 Revenue less expenses Subtract line 18 from line 12	-27,270,111	-22,793,508
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	603,394,675	574,801,195
	21 Total liabilities (Part X, line 26)	152,718,514	128,431,984
	22 Net assets or fund balances Subtract line 21 from line 20	450,676,161	446,369,211

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	*****				2014-05-10	
	Signature of officer				Date	
	Henry Zeisel VP Finance					
	Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name Wayne Harder		Preparer's signature		Date	Check ☐ if self-employed
	Firm's name ▶ McGladrey LLP				PTIN P00294296	
	Firm's address ▶ 1 S Wacker Drive Ste 800 Chicago, IL 60606				Firm's EIN ▶ 42-0714325 Phone no (312) 634-3400	

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

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

To enhance the health of the communities and customers we serve

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 314,510,496 including grants of \$ 10,000) (Revenue \$ 362,580,058)

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 2013, Elmhurst Memorial treated more than 15,441 inpatients and totaled more than 400,704 outpatient visits There were more than 48,045 visits to the Emergency Department and more than 25,334 visits to two Immediate Centers 1,400 newborns were delivered in the Family Birthing Center The organization also provided more than \$26 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 \$ including grants of \$) (Revenue \$)

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 \$ 6,687,361 including grants of \$) (Revenue \$ 11,347,260)

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 2012, Home Health admitted 2,146 patients while Hospice admitted 347 patients and Home Medical Equipment had 2,366 rental admissions

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 321,197,857

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 instructions)? 	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	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? 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 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, 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, line 10? 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 and XII 	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 and XII 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, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? 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 United States? 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 United States? 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 hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i> . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	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	0			
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	0			
b		If at least one is reported on line 2a, did the organization file all required federal employment tax returns? 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 as charitable contributions?		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	52	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	41	
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	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	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	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete 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	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did 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," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	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 made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	Kym Benson 155 E Brush Hill Road Elmhurst, IL (331) 221-1000

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

- * List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	6,827,935	0	246,671

\$100,000 of reportable compensation from the organization

3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	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? <i>If "Yes," complete Schedule J for such person</i>	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. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
Cyberknife Center Of Chicago LLC PO Box 6600 Newport Beach CA 92658	Medical Treatments	5,084,100
Elmcare LLC 155 E Brush Hill Road Elmhurst IL 60126	EPO Capitation Payments & Physician Cred	2,342,314
Elmhurst Emergency Medical Service 155 E Brush Hill Road Elmhurst IL 60126	Screenings & Physicians' Services	1,760,703
Lifesource 1255 N Milwaukee Ave Glenview IL 60025	Lab Test Services	1,607,298
Cisco Systems Capital Corp 170 W Taxman Dr San Jose CA 95134	Equipment Leasing	1,329,602
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶102		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c	152,215		
	d	Related organizations	1d			
	e	Government grants (contributions)	1e	198,608		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,897,884		
	g	Noncash contributions included in lines 1a-1f \$		88,448		
	h	Total. Add lines 1a-1f		2,248,707		
Program Service Revenue	2a	Patient Services	Business Code			
			621610	380,356,649	380,026,792	329,857
	b	Medicare/Medicaid	900099	8,373,325	8,373,325	
	c	Behavioral Health Prog	900099	2,342,199	2,342,199	
	d	Income from K-1s	621400	1,542,927	1,542,927	
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		392,615,100		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		111,045		111,045
	4	Income from investment of tax-exempt bond proceeds . .				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			430,098			
	b	Less rental expenses		0		
	c	Rental income or (loss)		430,098		
	d	Net rental income or (loss)		430,098		430,098
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
	b	Less cost or other basis and sales expenses		979,514		
	c	Gain or (loss)		-979,514		
	d	Net gain or (loss)		-979,514		-979,514
	8a	Gross income from fundraising events (not including \$ 152,215 of contributions reported on line 1c) See Part IV, line 18				
			a	120,170		
	b	Less direct expenses	b	208,466		
	c	Net income or (loss) from fundraising events . .		-88,296		-88,296
	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	1,350,324	1,350,324		
b	Starbucks	561499	455,830		455,830	
c						
d	All other revenue		1,089,832	1,089,832		
e	Total. Add lines 11a-11d		2,895,986			
12	Total revenue. See Instructions		397,233,126	394,725,399	785,687	-526,667

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22	10,000	10,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	7,353,632		7,353,632	
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	130,270,772	87,499,426	42,771,346	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	15,412,352	10,204,559	5,207,793	
9	Other employee benefits	19,700,938	12,710,087	6,990,851	
10	Payroll taxes	10,062,919	6,408,407	3,654,512	
11	Fees for services (non-employees)				
a	Management	35,512		35,512	
b	Legal	144,823	96,132	48,691	
c	Accounting	212,055		212,055	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17	250,825			250,825
f	Investment management fees				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	25,881,431	21,875,764	3,975,468	30,199
12	Advertising and promotion	1,936,532		1,898,055	38,477
13	Office expenses	4,038,807	2,670,659	1,323,714	44,434
14	Information technology	3,990,342	2,609,034	1,381,308	
15	Royalties				
16	Occupancy	11,828,891	10,275,957	1,517,656	35,278
17	Travel	422,080	325,043	88,690	8,347
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	12,440	4,261	659	7,520
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	50,525,115	33,601,219	16,923,896	
23	Insurance	1,809,274	1,809,274		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	Medical supplies & drug	59,822,105	59,822,091	14	
b	Charitable Care	32,627,098	32,627,098		
c	Bad Debt & collection	21,004,901	21,004,901		
d	Equip Rental & maintena	10,427,736	6,929,091	3,498,645	
e	All other expenses	12,246,054	10,714,854	908,513	622,687
25	Total functional expenses. Add lines 1 through 24e	420,026,634	321,197,857	97,791,010	1,037,767
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ☐ if following SOP 98-2 (ASC 958-720)				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,113,098	1	2,467,802
	2	Savings and temporary cash investments		1,112,672	2	1,113,678
	3	Pledges and grants receivable, net		3,183,410	3	2,594,602
	4	Accounts receivable, net		61,011,340	4	77,968,945
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		7,149,569	8	6,725,293
	9	Prepaid expenses and deferred charges		9,062,839	9	11,911,985
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 705,927,774			
	b	Less accumulated depreciation	10b 254,507,508	492,084,547	10c	451,420,266
	11	Investments—publicly traded securities		4,555,635	11	4,934,277
	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		23,121,565	15	15,664,347
	16	Total assets. Add lines 1 through 15 (must equal line 34)		603,394,675	16	574,801,195
Liabilities	17	Accounts payable and accrued expenses		92,644,220	17	101,985,676
	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	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			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 (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		60,074,294	25	26,446,308
	26	Total liabilities. Add lines 17 through 25		152,718,514	26	128,431,984
		Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.				
Net Assets or Fund Balances	27	Unrestricted net assets		445,696,967	27	442,006,362
	28	Temporarily restricted net assets		4,489,679	28	3,873,334
	29	Permanently restricted net assets		489,515	29	489,515
		Organizations that do not follow SFAS 117 (ASC 958), 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		450,676,161	33	446,369,211
	34	Total liabilities and net assets/fund balances		603,394,675	34	574,801,195

Part XI Reconciliation 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	397,233,126
2	Total expenses (must equal Part IX, column (A), line 25)	2	420,026,634
3	Revenue less expenses Subtract line 2 from line 1	3	-22,793,508
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	450,676,161
5	Net unrealized gains (losses) on investments	5	267,855
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	18,218,703
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	446,369,211

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
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?		No
3b	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		

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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Anne Oldenburg Asst Secretary - EMHF/Trustee - EMHH	1 00	X		X				0	0	0
Betsy Hanisch Vice Chairman - EMHF	1 00	X		X				0	0	0
Balbino Fernandez MD Trustee - EMHC	1 00 1 00	X						0	0	0
Blanche Hill Trustee - EMHF	1 00	X						0	0	0
Brian J Grant Trustee - EMHC/EMHF	1 00 1 00	X						0	0	0
Brian Hagan Trustee - EMHC/EMH	1 00 1 00	X						0	0	0
Charles Giger MD Past Pres - EMHC/Med Staff Rep - EMH	1 00 1 00	X						0	0	0
Danelle Achepohl Asst Treasurer - EMHF	1 00	X		X				0	0	0
Daniel Sullivan MD President - EMHC/Trustee - EMH	1 00 1 00	X						0	0	0
David Brueggen Asst Treas - EMHC/Vice Chair - EMH	1 00 1 00	X		X				0	0	0
David L Atchison Chairman - EMHC/Trustee - EMH	1 00 1 00	X		X				0	0	0
Dean R Milos MD Asst Treasurer - EMH	1 00	X		X				0	0	0
Debra Catalano Trustee - EMHF	1 00	X						0	0	0
Karl Vos MD VP - EMHC/Trustee - EMH	1 00 1 00	X						0	0	0
Don Hoffman MD Trustee - EMH	1 00	X						0	0	0
Donald Lurye MD Chair - EMHH / Trustee - EMHC	1 00 1 00	X		X				0	0	0
Edward J Momkus Secretary - EMHF	1 00	X		X				0	0	0
George Kouba Asst Secretary - EMH	1 00	X		X				0	0	0
Greg Young Trustee - EMHH	1 00	X						0	0	0
Honorable Lee Daniels Trustee - EMHC	1 00 1 00	X						0	0	0
J Thomas Brown MD Trustee - EMH	1 00	X						0	0	0
James F Doyle Acting President/CEO - EMHC	40 00 1 00	X		X				2,084,345	0	28,890
James J Migala MD Asst Secretary - EMHC	1 00 1 00	X		X				0	0	0
James McNamara Trustee - EMHF	1 00	X						0	0	0
Joel G Herter Trustee - EMHC/EMH	1 00 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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
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/Trustee - EMH	1 00	X						0	0	0
Kristina Katzovitz MD Trustee - EMHC/EMHH	1 00	X		X				0	0	0
Leo F Fronza Trustee - EMHC	0 00	X						0	0	0
Lou McKeever MD Trustee - EMHC	0 00	X						0	0	0
Mary Ann Malloy MD Trustee - EMHF	1 00	X						0	0	0
Mary Stull Vice Chair - EMHH	40 00	X		X				448,071	0	22,035
Michael Martirano MD Trustee - EMHC	0 00	X						0	0	0
Patricia Merwick MD Trustee - EMHC	0 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/Treasurer - EMHF	1 00	X		X				0	0	0
Robert G Robertson Treasurer - EMHC/EMH, Trustee - EMHF	1 00	X		X				0	0	0
Robert E Soukup Trustee - EMHC	1 00	X						0	0	0
Robert Platt Vice Chair - EMHC	0 00	X		X				0	0	0
Ron Cheff MD Secretary - EMH	1 00	X		X				0	0	0
Sandra Nelson President - EMHF	40 00	X		X				229,249	0	21,841
Sarah Diamond Trustee - EMHF	1 00	X						0	0	0
Sherrie Riha Trustee - EMHF	1 00	X						0	0	0
Gordan J Kinzler Secretary/Tres - EMHC	0 00	X						0	0	0
Michael Regan Trustee - EMHC	0 00	X						0	0	0
Suzanne Durburg RN Trustee - EMH/EMHH	1 00	X						0	0	0
Thomas Kloet Chairman - EMH/Trustee - EMHC/EMHF	1 00	X		X				0	0	0
Timothy Bresnahan MD Trustee - EMHC	0 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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Valerie Cahill Trustee - EMH	1 00	X						0	0	0
W Peter Daniels President - EMH/EMHC, Trustee - EMHF	40 00 1 00	X		X				835,910	0	29,763
David Arch Trustee - EMHC	0 00 1 00	X						0	0	0
Robert Magnuson Trustee - EMHC	0 00 1 00	X						0	0	0
Jack Mensching Trustee - EMHC	0 00 1 00	X						0	0	0
Mary Ann Dano Secretary - EMHC	40 00 1 00	X		X				367,851	0	11,948
Michael DaValle MD Trustee - EMHF	1 00	X						0	0	0
Ann Gunst Trustee - EMHF	1 00	X						0	0	0
Joseph Lizzardo Trustee - EMH	1 00	X						0	0	0
Christina Morrissey Trustee - EMHF	1 00	X						0	0	0
Caron Lizzadro Trustee - EMHF	1 00	X						0	0	0
John Picchietti MD Trustee - EMH	1 00	X						0	0	0
Charles Walsh Trustee - EMH	1 00	X						0	0	0
Darrell Whistler Trustee - EMH	1 00	X						0	0	0
Henry Zeisel Treasurer - EMHH, VP Finance - EMHC	40 00 1 00	X		X				328,014	0	17,049
Pamela Dunley VP Hospital Op /CNO	40 00				X			434,055	0	20,149
Andrew S Blum MD Physician	40 00					X		462,519	0	24,907
Charles Colander VP, Chief Info Officer	40 00					X		400,887	0	21,132
Connie Nacopoulos MD VP Medical Affairs	40 00					X		880,098	0	28,156
Lois Grubb VP Human Resources	40 00					X		356,936	0	20,801

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2011 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization			▶
17a 10%-facts-and-circumstances test—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

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

2012

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 35c (Proxy Tax), then

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

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

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

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
	a Volunteers?		No		
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes			
	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?	Yes			24,389
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
	i Other activities?	Yes			58,430
j	Total Add lines 1c through 1i			82,819	
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 carry over lobbying and political expenditures from the prior year?	3		

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	American Hospital Association and Illinois Hospital Association (IHA) Membership dues, of which a percentage of the IHA dues are allocable to lobbying activities. (g) Expenses are for both employee lobbying and lobbying by a 3rd party.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

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 can 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 education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) 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 acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

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

	Amount
1c	
1d	
1e	
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 XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	624,731	651,465	582,437	489,516	580,261
b Contributions					100
c Net investment earnings, gains, and losses	36,228	-26,734	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	660,959	624,731	651,465	582,437	489,516

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment 100 000 %

c

Temporarily restricted endowment

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,832,323		2,832,323
b Buildings		456,526,146	84,696,378	371,829,768
c Leasehold improvements		4,795,638	1,113,274	3,682,364
d Equipment		224,280,662	162,480,536	61,800,126
e Other		17,493,005	6,217,320	11,275,685
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				451,420,266

Schedule D (Form 990) 2012

Part XI 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			2e
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 XIII)	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			4c
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b			
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)			5
Part XII 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			2e
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	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 :			4c
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b			
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5

Part XIII Supplemental Information
--

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Clinical and Medical staff training, community health events/education, and Myers scholarships
Description of Uncertain Tax Positions Under FIN 48	Part X, Line 2	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 (UBTI). UBTI is reported on Form 990-T, 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.

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. Form 990-EZ filers are not required to complete this part.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

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

e

☒

Solicitation of non-government grants

b

☐

Internet and email solicitations

f

☐

Solicitation of government grants

c

☒

Phone solicitations

g

☒

Special fundraising events

d

☒

In-person solicitations

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.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(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
		Yes	No			
IDC IDC Centre 2500 Paseo Verde Pkwy Henderson, NV 89074	Direct mail program for the capital campaign program		No	120,080	250,825	-130,745
Total ▶				120,080	250,825	-130,745

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.

IL

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col (a) through col (c))	
		<u>Autumn Affair</u> (event type)	<u>Fall Benefit Dinner</u> (event type)	<u>1</u> (total number)		
	1	Gross receipts	63,975	85,050	123,360	272,385
	2	Less Contributions . . .	37,625	37,800	76,790	152,215
	3	Gross income (line 1 minus line 2)	26,350	47,250	46,570	120,170
Direct Expenses	4	Cash prizes				
	5	Noncash prizes . . .	4,832		230	5,062
	6	Rent/facility costs . . .				
	7	Food and beverages .	60,000	53,709		113,709
	8	Entertainment	11,014	131	21,334	32,479
	9	Other direct expenses .	31,212	9,943	16,061	57,216
	10	Direct expense summary Add lines 4 through 9 in column (d) ►				(208,466)
	11	Net income summary Combine line 3, column (d), and line 10 ►				-88,296

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			
	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
Direct Expenses	6	Volunteer labor			
	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 _____

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 Enter 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 of the third party

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 Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
	Part I, Line 2	The amount paid to IDC includes \$14,698 of expenses and \$236,127 of consulting fees IDC provided invoices with this breakout

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

2012

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," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ 60000 0000000000 % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care	3a	Yes	
		3b	Yes	
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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	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 Worksheet 1)			6,278,332		6,278,332	1 570 %
b Medicaid (from Worksheet 3, column a)			27,728,786	7,734,000	19,994,786	5 010 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .						
d Total Financial Assistance and Means-Tested Government Programs .			34,007,118	7,734,000	26,273,118	6 580 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,868,916		1,868,916	0 470 %
f Health professions education (from Worksheet 5)			72,830		72,830	0 020 %
g Subsidized health services (from Worksheet 6)			98,204		98,204	0 020 %
h Research (from Worksheet 7)			46,620		46,620	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,114,789		1,114,789	0 280 %
j Total. Other Benefits			3,201,359		3,201,359	0 800 %
k Total. Add lines 7d and 7j .			37,208,477	7,734,000	29,474,477	7 380 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
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

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

21,004,951

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

106,281,000

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

157,118,013

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-50,837,013

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

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 Elmhurst Outpatient Surgery Center LLC	Outpatient surgical services	52.300 %	0 %	47.700 %
2 2 Cyberknife Center of Chicago LLC	Radiation treatment services for cancer patients	20.000 %	0 %	40.000 %
3 3 Elmcare LLC	Physician Health Organization (PHO)	50.000 %	0 %	50.000 %
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Elmhurst Memorial Hospital

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>600 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☒ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why		
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☒ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

Name and address	Type of Facility (describe)
1 See Additional Data Table	
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 descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		Part I, Line 3c EMH uses Federal Poverty Guidelines to determine eligibility for free or discounted care
		Part I, Line 6a EMH's community benefit report is prepared in a separate report by the Hospital

Identifier	ReturnReference	Explanation
		Part I, Line 7 A cost to charge methodology based on the 2013 Medicare Cost Report was used to calculate costs and unreimbursed Medicaid costs
		Part I, L7 Col(f) Bad debt expense of \$21,004,951 was included on Form 990, Part IX, Line 25, Column (A) but subtracted for purposes of calculating the community benefit percentage on Schedule H, Part I, Line 7, Column (f) Part III, Line 3 EMH does not have the information necessary to calculate the amount of bad debt attributable to patients who likely would qualify for financial assistance

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 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 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 The Hospital's allowance for uncollectible accounts for self-pay patients was approximately 78 percent of self-pay accounts receivable at June 30, 2013 and 2012 The Hospital's self-pay write-offs were \$20,912,003 and \$19,922,845 in 2013 and 2012, respectively The Hospital has not changed its charity care or uninsured discount policies during 2013 or 2012 The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors 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 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
		Part III, Line 8 All of the shortfall reported on part III, Line 7 is a benefit to the communities EMH serves If EMH discontinued unprofitable services, it would become the responsibility of the government or another provider to care for Medicare patients This would ultimately result in access issues due to the losses that facilities incur for providing care to Medicare patients Therefore, the shortfall incurred by continuing to provide these services should be considered a community benefit

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
Elmhurst Memorial Hospital		Part V, Section B, Line 3 As part of the community health assessment, a focus group was held that included a representative from public health, physicians, other health professionals, social service providers, and other community leaders Participants were chosen because of their ability to identify primary concerns of the populations with who they work, as well as of the community overall Participants included those who work with low-income, minority or other medically underserved populations, and those who work with persons with chronic disease conditions

Identifier	ReturnReference	Explanation
Elmhurst Memorial Hospital		Part V, Section B, Line 4 The Community Health Needs Assessment was sponsored by a collaboration of community partners, including Metropolitan Chicago Healthcare Council, Edward Hospital, Swedish Covenant Hospital, Northwest Community Hospital, Ingalls Memorial Hospital, Little Company of Mary Hospital & Health Care Centers, St Anthony Hospital, St Bernard Hospital and Health Care Centers, Central DuPage Hospital, University of Illinois Medical Center at Chicago, Elmhurst Memorial Healthcare, Franciscan St James Health - Chicago Heights, Thorek Memorial Hospital, Palos Community Hospital, Rush University Medical Center, Northwestern Memorial Hospital, Lake Forest Hospital, Adventist Hinsdale Hospital, University of Chicago Medical Center, Mercy Hospital and Medical Center, Adventist GlenOaks Hospital, Jackson Park Hospital and Medical Center, Adventist LaGrange Memorial Hospital, La Rabida Children's Hospital, Norwegian American Hospital, Rush Oak Park, Vanguard Health Chicago (including West Suburban Medical Center, Westlake Hospital, Weiss Hospital and MacNeal Hospital), Resurrection Health Care (including Holy Family Medical Center, Our Lady of the Resurrection Medical Center, Resurrection Medical Center, Saint Francis Hospital, Saint Joseph Hospital and Saints Mary & Elizabeth Medical Center), Alexian Brothers Hospital Network (including Alexian Brothers Behavioral Health Hospital, Alexian Brothers Medical Center, Alexian Brothers Rehabilitation Hospital and St Alexius Medical Center)
Elmhurst Memorial Hospital		Part V, Section B, Line 5c The Community Health Needs Assessment is available at the following URL http://www.emhc.org/about-emhc/community-benefit/documents/2012-PRC-MCHC-CHNA-Report.pdf

Identifier	ReturnReference	Explanation
Elmhurst Memorial Hospital		Part V , Section B, Line 7 EMH cannot effectively address every need identified by the Community Health Needs Assessment and, therefore, must prioritize the needs and address the most urgent
Elmhurst Memorial Hospital		Part V , Section B, Line 20d The maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care takes into account the amount of disposable income available monthly to pay the hospital charges Disposable income is calculated by subtracting "average allowed expenses" (based on age, family size, and household type) from gross income

Identifier	ReturnReference	Explanation
Elmhurst Memorial Hospital		Part V , Section B, Line 21 EMH does not believe that patients who are eligible for financial assistance are charged more than individuals with insurance However, it is possible that gross charges less the calculated charity/financial discount could be greater than allowable insurance charges
Elmhurst Memorial Hospital		Part V , Section B, Line 22 In most instances, FAP-eligible patients receive a discount on gross charges However, it is possible that provider based facility charges do not reach the eligibility thresholds for discounts and are therefore billed at gross charges

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- Heart Disease- Stroke Deaths- Asthma- Mental Health- Overweight and obesity- Substance Abuse- Cancer- Chronic Kidney Disease- Alzheimer's Disease- Access to health care services- 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
		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 June 2011 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 2013, EMH provided \$8,147,247 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 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 communicates how they can contact us regarding the financial assistance program or to provide insurance information 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 breakouts for the Hospital service area are as follows Elmhurst Memorial Hospital Primary Service AreaPopulation by Age & Gender Projected Projected 2013 2018 Growth %Growth Age Groups Population Population 2013 - 2018 2013 - 2018Female 00-17 42,849 42,921 72 0 2% 18-44 63,659 62,707 -952 -1 5% 45-64 48,478 49,020 542 1 1% 65+ 26,890 30,512 3,622 13 5% Female Total 181,876 185,160 3,284 1 81%Male 00-17 44,563 44,451 -112 -0 3% 18-44 67,019 66,397 -622 -0 9% 45-64 46,621 47,295 674 1 4% 65+ 19,686 23,195 3,509 17 8%Male Total 177,889 181,338 3,449 -1 94% Grand Total 00-17 87,412 87,372 -40 -0 05% 18-44 130,678 129,104 -1,574 -1 20% 45-64 95,099 96,315 1,216 1 28% 65+ 46,576 53,707 7,131 15 31% Grand Total 359,765 366,498 6,733 1 90%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 2012 Growth 2012 Growth Population 2012 - 2017 Population 2012 - 20170-17 37,012 8 00% 50,400 -5 95% 18-44 47,491 7 95% 83,187 -6 43%45-65 17,158 20 73% 77,941 -3 00%65+ 4,250 49 95% 42,326 11 83%Total 105,911 11 72% 253,854 -2 24%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 \$82,588 for fiscal year 2012 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
		Part VI, Line 5 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 provides prevention and wellness education with its Power of Prevention screenings program five times a year, offering a Lipid panel with glucose, blood pressure, and Vitamin D EMH also offer 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 EMH gets involved with are as follows American Cancer SocietyAccess DuPageDistrict 205DuPage Community ClinicElmhurst KiwanisElmhurst Chamber of CommerceFORWARDHealthy LombardLife Line ScreeningElmhurst Park KiwanisVilla Park Chamber of CommerceAddison Chamber of CommerceLombard 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 28 7%, Illinois ranks number 10 for overweight and obese residents Of the overweight and obese population in Illinois, approximately 56% are adults and 34% are youth ages 2-18 EMH is participating in health assessments and 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 VI, Line 6 Elmhurst Memorial Hospital is part of Elmhurst Memorial Healthcare, an intergrated health system that promotes health in the communities of western Cook County, Illinois and DuPage County, Illinois 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
Reports Filed With States	Part VI, Line 7	IL

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 Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?
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 Ambulatory Center
Elmhurst Memorial Life Plan Center 186 S West Avenue Elmhurst,IL 60126	OP Ambulatory Center
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 Ambulatory Center
Elmhurst Memorial Sleep Center 701 S Main Street Lombard,IL 60148	OP Ambulatory Center
Elmhurst Memorial Occupational Health Se 230 East Irving Park Road Wood Dale,IL 60191	OP Ambulatory Center
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
Elmhurst Primary Care Associates 3007 Wolf Road Westchester,IL 60154	OP Ambulatory Center
Elmhurst Clinic LLC 471 W Army Trail Road Bloomingtondale,IL 60108	OP Ambulatory Center
Elmhurst Medical Associates 183 N Addison Rd Stes 220-240 260 Elmhurst,IL 60126	OP Ambulatory Center

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Elmhurst Memorial Healthcare Group

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

2012

Open to Public
Inspection

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. Part II can be duplicated if additional space is needed.

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

2

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

▶

3

Enter total number of other organizations listed in the line 1 table

▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

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

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 EMH follows fderal, state, donor, and institutional guidelines for determining eligibility for scholarships, grants, and awards EMH maintains records showing the selection criteria, recipient eligibility, how funds may be used, and any related party

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

2012

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 appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☒ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	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 filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☒ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization: a Receive a severance payment or change-of-control payment? b Participate in, or receive payment from, a supplemental nonqualified retirement plan? c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4a	Yes	
		4b	Yes	
		4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization? b Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5a		No
		5b		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of: a The organization? b Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6a		No
		6b		No
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 accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	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/paid in 2013 was included in income on Schedule J for the following individuals: Connie Nacopoulos, MD - \$434,564; James F. Doyle - \$1,460,518; Mary Stull - \$108,510; Pamela Dunley - \$111,074; Mary Dano - \$2,243.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
James F Doyle	(i)	434,154	162,318	1,487,873	6,179	22,711	2,113,235	1,212,937
	(ii)	0	0	0	0	0	0	0
Mary Stull	(i)	240,552	86,599	120,920	1,249	20,786	470,106	45,570
	(ii)	0	0	0	0	0	0	0
Sandra Nelson	(i)	157,456	62,589	9,204	1,976	19,865	251,090	0
	(ii)	0	0	0	0	0	0	0
W Peter Daniels	(i)	599,997	229,499	6,414	5,625	24,138	865,673	0
	(ii)	0	0	0	0	0	0	0
Mary Ann Dano	(i)	241,191	92,035	34,625	7,806	4,142	379,799	0
	(ii)	0	0	0	0	0	0	0
Henry Zeisel	(i)	230,194	88,049	9,771	0	17,049	345,063	0
	(ii)	0	0	0	0	0	0	0
Pamela Dunley	(i)	228,760	83,012	122,283	5,631	14,518	454,204	88,207
	(ii)	0	0	0	0	0	0	0
Andrew S Blum MD	(i)	460,228	0	2,291	5,273	19,634	487,426	0
	(ii)	0	0	0	0	0	0	0
Charles Colander	(i)	288,267	109,379	3,241	5,742	15,390	422,019	0
	(ii)	0	0	0	0	0	0	0
Connie Nacopoulos MD	(i)	314,080	110,321	455,697	5,750	22,406	908,254	334,907
	(ii)	0	0	0	0	0	0	0
Lois Grubb	(i)	256,776	92,439	7,721	0	20,801	377,737	0
	(ii)	0	0	0	0	0	0	0

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

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

OMB No 1545-0047

2012

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 noncash contribution amounts
1 Art—Works of art				
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	215	88,448	Cost
26 Other ► ()				
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

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

Yes

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 noncash contributions?

32a

No

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2012)

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Method for Determining Number of Contributions	Part I, Column (b)	Column (b) represents the number of contributions

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization Elmhurst Memorial Healthcare Group	Employer identification number 35-2339114
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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 April. 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 9	Pension & Supplemental Plan related Changes 41,436,316 Temporarily Restricted Contributions 1,381,987 Temporarily Restricted Contributions Released from Restriction -1,998,332 Transfers from Affiliates Transfers to Affiliates Impairment Loss plug -22,601,268

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) 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" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) 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" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Elmhurst Outpatient Surgery Center LLC 1200 S York Road Elmhurst, IL 60126 36-4150045	Outpatient Surgery	IL	Elmhurst Memorial Hospital	Related	1,031,492	2,239,259		No			No	52 300 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Elmhurst Memorial Health Technologies LLC 855 North Church Court Elmhurst, IL 60126 36-3229839	Practice Management	IL	N/A	C					No

Part V

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s Other transfer of cash or property from related organization(s)

Yes

No

1a Yes

1b No

1c No

1d No

1e No

1f No

1g No

1h No

1i No

1j No

1k No

1l Yes

1m No

1n No

1o No

1p No

1q No

1r No

1s No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Elmhurst Outpatient Surgery Center LLC	L	119,678	Cash Transfers

Schedule R (Form 990) 2012

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.

[illegible]

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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Elmhurst Memorial Healthcare and Subsidiaries

Financial Report
June 30, 2013

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Independent Auditor's Report

To the Board of Trustees
Elmhurst Memorial Healthcare
Elmhurst, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") which comprise the consolidated balance sheets as of June 30, 2013 and 2012, 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 and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

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, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in 2013 Elmhurst adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, through retrospective application to the consolidated financial statements. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Chicago, Illinois
October 4, 2013

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Balance Sheets
June 30, 2013 and 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 36,046,857	\$ 19,639,323
Short-term investments	1,113,678	1,112,672
Patient accounts receivable - less allowances for uncollectible accounts of \$12,873,000 in 2013 and \$12,640,000 in 2012	66,303,779	66,686,246
Inventories	6,725,293	7,149,569
Prepaid expenses, interest receivable, and other	12,366,534	10,530,647
Amounts due from third-party payors	19,493,973	11,395,785
Total current assets	142,050,114	116,514,242
Investments and Assets Limited as to Use		
Internally designated for capital improvements	187,657,350	188,934,325
Externally designated investments under bond agreements	36,905,791	36,116,963
Other investments and assets limited as to use	4,224,353	5,041,422
Total investments and assets limited as to use	228,787,494	230,092,710
Cash and Investments Posted as Swap Collateral	18,731,467	33,006,309
Land, Buildings, and Equipment - net	532,650,908	573,787,554
Deferred Financing Costs and Other	15,462,620	14,512,217
	\$ 937,682,603	\$ 967,913,032
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 23,883,870	\$ 21,031,487
Accrued payroll and other	30,878,896	29,753,122
Amounts due to third-party payors	41,443,418	30,602,314
Current maturities of debt	4,988,034	5,849,267
Contingent current maturities of debt	6,358,424	-
Borrowings under lines of credit	10,000,000	20,000,000
Total current liabilities	117,552,642	107,236,190
Long-Term Debt, excluding current maturities	488,261,204	501,167,655
Other Liabilities	41,249,563	57,268,757
Accrued Pension	26,359,279	59,986,565
Total liabilities	673,422,688	725,659,167
Net Assets		
Unrestricted	259,897,066	237,274,671
Temporarily restricted	3,873,334	4,489,679
Permanently restricted	489,515	489,515
	264,259,915	242,253,865
	\$ 937,682,603	\$ 967,913,032

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, 2013 and 2012

	2013	2012
Revenues		
Patient service revenue	\$ 396,031,124	\$ 388,422,359
Provision for bad debts	(23,430,130)	(22,650,261)
Net patient service revenue	372,600,994	365,772,098
Other revenue	21,913,252	21,523,880
	<u>394,514,246</u>	<u>387,295,978</u>
Expenses		
Salaries and wages	144,774,733	153,374,779
Employee benefits	45,767,894	33,372,686
Supplies	65,616,504	62,882,821
Purchased services and other	110,707,691	103,646,607
Depreciation and other charges relating to buildings and equipment	51,647,426	53,679,152
Interest	15,033,260	15,044,147
Medicaid tax	7,304,144	7,312,614
	<u>440,851,652</u>	<u>429,312,806</u>
Operating loss	<u>(46,337,406)</u>	<u>(42,016,828)</u>
Nonoperating income (expense)		
Investment income	8,772,704	9,599,382
Unrealized gains (losses) on investments	12,028,606	(10,388,862)
Cash settlements on interest rate swaps	(2,583,719)	(1,929,526)
Unrealized gain (loss) on interest rate swaps	11,233,036	(19,810,840)
Change in unrealized gain on hedge fund investments	(2,682,902)	1,532,821
	<u>26,767,725</u>	<u>(20,997,025)</u>
Deficit of revenue over expenses	<u>(19,569,681)</u>	<u>(63,013,853)</u>
Other changes in unrestricted net assets		
Discontinued operations (Note 14)	-	(1,688,478)
Amortization of gain on discontinuation of hedge accounting	177,334	177,334
Pension and supplemental plan related changes, other than net periodic pension cost	41,436,316	(42,721,560)
Temporarily restricted contributions released for capital projects	578,426	-
	<u>42,192,076</u>	<u>(44,232,704)</u>
Increase (decrease) in unrestricted net assets	<u>\$ 22,622,395</u>	<u>\$ (107,246,557)</u>

See Notes to Consolidated Financial Statements

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Changes in Net Assets **Years Ended June 30, 2013 and 2012**

	2013	2012
Unrestricted net assets		
Deficit of revenue over expenses	\$ (19,569,681)	\$ (63,013,853)
Discontinued operations (Note 14)	-	(1,688,478)
Amortization of gain on discontinuation of hedge accounting	177,334	177,334
Pension and supplemental plan related changes, other than net periodic pension cost	41,436,316	(42,721,560)
Temporarily restricted contributions released for capital projects	578,426	-
Increase (decrease) in unrestricted net assets	22,622,395	(107,246,557)
Temporarily restricted net assets		
Contributions for medical education programs, capital purchases, and other purposes	1,381,987	2,060,828
Net assets released from restrictions and used for operations, capital purposes, and medical education programs	(1,998,332)	(2,390,448)
Decrease in temporarily restricted net assets	(616,345)	(329,620)
Increase (decrease) in net assets	22,006,050	(107,576,177)
Net assets		
Beginning of year	242,253,865	349,830,042
End of year	<u>\$ 264,259,915</u>	<u>\$ 242,253,865</u>

See Notes to Consolidated Financial Statements

Elmhurst Memorial Healthcare and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 22,006,050	\$ (107,576,177)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and other charges relating to buildings and equipment	51,647,426	53,538,658
Loss on disposal of assets	1,043,658	365,176
Amortization of deferred financing costs	129,385	140,494
Amortization of bond discount/premium	169,035	154,661
Unrealized (gains) losses on investments	(9,345,704)	8,856,041
Unrealized (gain) loss on interest rate swaps	(11,233,036)	19,810,840
Restricted contributions	(663,460)	-
Change in patient accounts receivable		
Net increase in patient accounts receivable	(3,101,068)	(22,578,632)
Increase in contractual allowances	3,951,793	17,620,385
Provision for bad debts	23,430,130	22,650,261
Write-offs of accounts receivable	(23,898,388)	(25,709,036)
Increase in deferred financing costs and other	(1,079,788)	512,154
Net change in other assets and liabilities	(34,349,884)	47,267,346
Net cash provided by operating activities	18,706,149	15,052,171
Cash Flows from Investing Activities		
Acquisition of buildings and equipment	(10,309,136)	(56,383,012)
Proceeds from sale of buildings and equipment	600	160,237
Purchases of investments	(17,139,401)	(23,544,006)
Proceeds from sales and maturities of investments	27,789,315	76,279,484
Change in cash and investments posted as swap collateral	14,274,842	(29,934,958)
Net cash provided by (used in) investing activities	14,616,220	(33,422,255)
Cash Flows from Financing Activities		
(Repayments) borrowings on lines of credit	(10,000,000)	20,000,000
Proceeds from restricted contributions	663,460	-
Repayment of long-term debt	(7,578,295)	(5,330,004)
Net cash (used in) provided by financing activities	(16,914,835)	14,669,996
Increase (decrease) in cash and cash equivalents	16,407,534	(3,700,088)
Cash and cash equivalents		
Beginning of year	19,639,323	23,339,411
End of year	\$ 36,046,857	\$ 19,639,323
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amounts capitalized	\$ 15,094,997	\$ 11,594,310
Supplemental Schedule of Noncash Investing and Financing Activities		
Capital acquisitions funded through accounts payable	\$ 2,600,000	\$ 1,354,098
See Notes to Consolidated Financial Statements		

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

Principles of consolidation The consolidated financial statements include the accounts and transactions of Elmhurst, the Hospital, Home Health, HTI, and the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of the net patient accounts receivable and settlements with third-party payors, the accrual for professional liability, accrued pension cost and the valuation of alternative investments and derivative financial instruments. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the 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.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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 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.

The Hospital's allowance for uncollectible accounts for self-pay patients was approximately 78 percent of self-pay accounts receivable at June 30, 2013 and 2012. The Hospital's self-pay write-offs were \$20,912,003 and \$19,922,845 in 2013 and 2012, respectively. The Hospital has not changed its charity care or uninsured discount policies during 2013 or 2012. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

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 (deficit) 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 (deficit) 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, 2013 and 2012, because of their short-term maturity. See Note 6 for additional fair value disclosures.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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 52.3 percent and 51.6 percent interest in the entity at June 30, 2013 and 2012, respectively. This investment, which totaled \$2,282,208 and \$2,932,615 as of June 30, 2013 and 2012, 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 \$205,906 and \$182,423 as of June 30, 2013 and 2012, 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 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.

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.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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.

Charity care 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.

Medicare and Medicaid Electronic Health Records ("EHR") Incentive Programs The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid Incentive Programs beginning in Federal fiscal year 2011 for eligible acute care hospitals that are meaningful users of certified EHR technology, as defined by the Federal Register. Elmhurst has implemented certified EHR technology that has enabled it to demonstrate its meaningful use and to qualify for the incentive programs. The initial incentive payments received for both the Medicare and Medicaid EHR incentive programs are estimates based upon data from prior year's cost reports. The final settlements will be determined after the submission of the current annual cost reports and subsequent audits by the fiscal intermediary. Elmhurst's compliance with the meaningful use criteria is also subject to audit by the Federal government. The EHR Incentive Programs are expected to continue through September 30, 2014, and the incentive payments will be calculated annually. After that date, hospitals that are not meaningful users of certified users of certified EHR technology will be subject to a potential decrease in their Medicare and Medicaid payments. Elmhurst accounts for EHR incentive funds using the grant accounting model. Under this model, Elmhurst records EHR incentive revenue when it is reasonably assured that it will meet the meaningful use criteria for the required reporting period and that the grant will be received.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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

Elmhurst successfully registered for the Medicare EHR Incentive Program in April 2012 and completed the attestation process in May 2012 after demonstrating the ninety days of continuous use as a meaningful user. Elmhurst has recorded \$1,566,925 and \$2,878,870 of Medicare EHR incentive for the years ended June 30, 2013 and 2012, respectively, reported as Other Operating Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets. Included in Prepaid Expenses, Interest Receivable, and Other Assets in the accompanying June 30, 2013 Consolidated Balance Sheet is a related receivable of \$1,566,925.

Elmhurst successfully registered for the Illinois Medicaid EHR Incentive Program in April 2012 and completed the attestation process in May 2012. Elmhurst has recorded \$218,075 and \$300,000 of Medicaid EHR incentive for the years ended June 30, 2013 and 2012, respectively, reported as Other Operating Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets. Included in Prepaid Expenses, Interest Receivable, and Other Assets in the accompanying June 30, 2013 and 2012 Consolidated Balance Sheets are related receivables of \$218,075 and \$300,000, respectively.

Excess (deficit) of revenue over expenses The Consolidated Statements of Operations and Changes in Unrestricted Net Assets include excess (deficit) of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess (deficit) of revenue over expenses, include the effective portion of interest rate swaps, pension and supplemental plan related changes other than net periodic pension cost, the results of discontinued operations, 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 (loss) 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 (loss), include unrestricted contributions, investment income, and other income which management views as outside of normal operating activity.

Income and other taxes Elmhurst Memorial Healthcare has a Section 501(c)(3) group ruling. Elmhurst Memorial Hospital, Elmhurst Memorial Home Health and Elmhurst Memorial Hospital Foundation are subordinates under the group ruling and are tax exempt. 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, 2013, HTI had net operating income of \$184,087 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, 2013, approximately \$1,769,270 of NOL was available to be carried forward. As a result of the NOL, HTI has no Federal tax expense or tax liability for the years ended June 30, 2013 and 2012. The deferred tax asset related to the NOL is offset by a valuation allowance, as realization of the tax benefits of the NOL carry forward is not assured.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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

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 more likely than not that the position will be sustained upon examination, including the resolution 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 2008 and prior.

New accounting standards During the year ended June 30, 2013, Elmhurst adopted the provisions of FASB Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, requiring the reclassification of the provision for uncollectible accounts associated with patient revenue from an operating expense to a deduction from patient service revenue. Additionally, the guidance requires enhanced disclosure about policies for recognizing revenue, assessing uncollectible accounts, and qualitative and quantitative information about changes in the allowance for uncollectible accounts.

Reclassifications Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events Management has evaluated subsequent events through October 4, 2013, which is the date the consolidated financial statements were issued. See Note 16 for information regarding Elmhurst's merger, effective July 1, 2013, with Edward Health Services Corporation and Edward Hospital.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue

Net patient service revenue in 2013 and 2012 was increased by the effect of favorable third-party payor settlements and related changes in estimates of approximately \$2,358,000 and \$2,839,000, 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's Medicare cost reports have been audited by the Medicare Administrative Contractor through fiscal years ended June 30, 2008 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 participates in 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 \$8,373,000 from the State and pay annually a provider tax assessment approximating \$7,304,000 For the years ended June 30, 2013 and 2012, the Hospital has recorded \$8,373,325 and \$8,677,882, respectively, in assessment revenue (included in patient service revenue) and \$7,304,144 and \$7,312,614, respectively, in assessment expense (Medicaid tax)

On June 14, 2012, the Governor of Illinois signed the Save Medicaid Access and Resources Together (SMART) Act The SMART Act reduces by 3.5 percent all Illinois Medicaid payments received by hospitals (excluding Safety Net Providers, as defined, and Critical Access Hospitals) effective July 1, 2012

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 2. Net Patient Service Revenue (Continued)

The SMART Act also includes an enhanced hospital tax assessment program that, if approved by the Centers for Medicare and Medicaid Services (CMS), will extend the program through December 31, 2014 and generate additional funds that will be used to attract additional Federal matching funds. The additional funds will be used to provide new hospital payments designed to preserve and improve access to hospital services for residents throughout Illinois. Management believes that the enhanced hospital tax assessment program, if approved by CMS, will not have a significant effect on the Hospital.

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. Elmhurst's Blue Cross cost reports have been audited by Blue Cross through fiscal years ended June 30, 2012.

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, 2013 and 2012 was as follows:

	2013	2012
Medicare	31 %	26 %
Medicaid	8	10
Managed care (other than Blue Cross)	32	33
Blue Cross	10	10
Self-pay	10	11
Other	9	10
	100 %	100 %

Note 4. Charity Care

In the ordinary course of business, Elmhurst renders services to patients who are financially unable to pay for medical care. Elmhurst provides care to these patients who meet certain criteria under its charity care policy without charge or at amounts less than the established rates. Charity care eligibility is established based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because Elmhurst does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Elmhurst maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on Elmhurst's estimated direct and indirect costs of providing charity care services. That estimate is made by calculating a ratio of cost to gross charges, applied to the uncompensated charges associated with providing charity care to patients. The estimated cost of charity care provided during the years ended June 30, 2013 and 2012 was approximately \$7,532,000 and \$7,096,000, respectively.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Investments and Assets Limited as to Use

Investments and assets limited as to use as of June 30, 2013 and 2012, consisted of the following

	2013	2012
Cash and cash equivalents	\$ 14,048,167	\$ 15,581,971
Equity securities		
U S	61,432,044	69,847,649
Non-U S	26,360,526	22,813,912
Global real estate	19,640,624	17,206,263
Fixed income securities		
U S government obligations	14,976,323	15,145,907
Corporate bonds	9,173,424	7,811,005
Mutual funds and trusts invested in U S fixed-income securities	22,834,344	22,523,180
Trust invested in global fixed-income securities	18,697,865	19,074,236
Hedge funds	32,488,463	29,805,561
Mutual fund invested in TIPS and commodities	9,274,392	10,420,698
Real estate	975,000	975,000
	<u>\$ 229,901,172</u>	<u>\$ 231,205,382</u>

Assets limited as to use and short-term investments are classified at June 30, 2013 and 2012, as follows

	2013	2012
Short-term investments	\$ 1,113,678	\$ 1,112,672
Investments and assets limited as to use	228,787,494	230,092,710
	<u>\$ 229,901,172</u>	<u>\$ 231,205,382</u>

Other investments and assets limited as to use as of June 30, 2013 and 2012, consisted of the following

	2013	2012
Internally designated for medical education and other health care services	\$ 3,297,206	\$ 4,081,029
Temporarily restricted donor assets	437,632	470,878
Donor assets restricted into perpetuity	489,515	489,515
	<u>\$ 4,224,353</u>	<u>\$ 5,041,422</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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

Investment income for the years ended June 30, 2013 and 2012, consisted of the following

	2013	2012
Interest and dividend income	\$ 2,025,423	\$ 4,074,393
Realized income - net	6,747,281	5,524,989
Investment income	<u>\$ 8,772,704</u>	<u>\$ 9,599,382</u>

Investment income on externally designated investments related to Elmhurst's debt was \$708,244 and \$722,702 during the years ended June 30, 2013 and 2012, 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 income is presented as nonoperating investment income.

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, 2013 and 2012, 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:

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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 \$32,488,463 and \$29,805,561 at June 30, 2013 and 2012, respectively. Of these amounts, \$17,260,702 and \$15,772,361 was invested in a fund of hedge funds with quarterly liquidity requiring 95 days notice for redemption and \$15,227,761 and \$14,033,200 was invested in a fund of hedge funds with quarterly liquidity requiring 60 days notice for redemption as of June 30, 2013 and 2012, 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				
2013		2012		
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	
Derivatives not designated as hedging instruments*				
Interest rate contracts	Other liabilities	\$ 21,312,068	Other liabilities	\$ 32,722,315
Total derivatives		<u>\$ 21,312,068</u>		<u>\$ 32,722,315</u>

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

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	Location of Gain (Loss) Recognized in Excess (Deficit) of Revenue over Expenses	Amount of Gain (Loss) Recognized in Excess (Deficit) of Revenue over Expenses	
		2013	2012
Derivatives not designated as hedging instruments			
Interest rate contracts	Nonoperating income (expense)	\$ 8,649,317	\$ (21,740,366)

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, 2013 and 2012

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Cash	\$ 14,048,167	\$ -	\$ -	\$ 14,048,167
Equity securities				
U S	17,824,224	43,607,820	-	61,432,044
Non-U S	113,639	26,246,887	-	26,360,526
Global real estate	19,640,624	-	-	19,640,624
Fixed income securities				
U S government and government agency obligations	14,976,323	-	-	14,976,323
Corporate bonds	170,000	9,003,424	-	9,173,424
Mutual funds and trusts invested in U S fixed-income securities	11,777,842	11,056,502	-	22,834,344
Trust invested in global fixed- income securities	-	18,697,865	-	18,697,865
Hedge funds	-	32,488,463	-	32,488,463
Mutual fund invested in TIPS and commodities	9,274,392	-	-	9,274,392
Real estate	-	975,000	-	975,000
Total investments	\$ 87,825,211	\$ 142,075,961	\$ -	\$ 229,901,172
Interest rate swaps	\$ -	\$ (21,312,068)	\$ -	\$ (21,312,068)

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Fair Value Disclosures (Continued)

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash	\$ 15,581,971	\$ -	\$ -	\$ 15,581,971
Equity securities				-
U S	15,088,448	54,759,201	-	69,847,649
Non-U S	-	22,813,912	-	22,813,912
Global real estate	17,206,263	-	-	17,206,263
Fixed income securities				
U S government and government agency obligations	15,145,907	-	-	15,145,907
Corporate bonds	-	7,811,005	-	7,811,005
Mutual funds and trusts invested in U S fixed-income securities	11,031,651	11,491,529	-	22,523,180
Trust invested in global fixed-income securities	-	19,074,236	-	19,074,236
Hedge funds	-	29,805,561	-	29,805,561
Mutual fund invested in TIPS and commodities	10,420,698	-	-	10,420,698
Real estate	-	975,000	-	975,000
Total investments	<u>\$ 84,474,938</u>	<u>\$ 146,730,444</u>	<u>\$ -</u>	<u>\$ 231,205,382</u>
Interest rate swaps	\$ -	\$ (32,722,315)	\$ -	\$ (32,722,315)

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 \$13,943,000 more than its carrying value at June 30, 2013, and approximately \$15,714,000 more than its carrying value at June 30, 2012 The fair value of debt is based on Level 2 inputs within the fair value hierarchy

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 7. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less accumulated depreciation, at June 30, 2013 and 2012, as follows

	2013	2012
Land and land improvements	\$ 101,810,438	\$ 104,768,334
Buildings	441,018,770	563,527,658
Equipment	239,036,904	242,424,391
Construction in progress	8,951,836	2,761,831
Land held for future use	954,860	954,860
	<u>791,772,808</u>	<u>914,437,074</u>
Less accumulated depreciation	<u>(259,121,900)</u>	<u>(340,649,520)</u>
	<u>\$ 532,650,908</u>	<u>\$ 573,787,554</u>

In June 2011, Elmhurst opened its new integrated health care campus. The campus currently includes a replacement hospital and additional physician offices. As of June 30, 2013, the Berteau (old) campus was still being used for cancer treatment services and is expected to be used for cancer services through mid-November 2013 up until the new cancer center is built on the new health care campus. The Hospital recognized an impairment charge of \$8,186,000 in 2012 related to the fair value of its Berteau campus as of September 2012 when the decision was made to relocate all services off of the Berteau campus. This charge is included in Depreciation and Other Charges Relating to Buildings and Equipment in the accompanying Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2012. The net book value of the fixed assets and land at the Berteau campus was \$7,947,053 as of June 30, 2012. The fixed assets at the Berteau campus are fully depreciated as of June 30, 2013. The carrying value of the Berteau campus land as of June 30, 2013, \$1,895,664, has been reclassified as assets held for sale, included in Deferred Financing Costs and Other assets in the accompanying June 30, 2013 Consolidated Balance Sheet.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt

Long-term debt at June 30, 2013 and 2012, consists of the following

	2013	2012
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	\$ 122,304,416	\$ 124,546,719
Variable rate direct note obligation Series 1985C and 1985D (0 18% at June 30, 2012), maturing on December 15, 2012	-	5,333,296
Variable rate direct note obligation Series 2004A (0 20% and 0 30% at June 30, 2013 and 2012, respectively), maturing on January 1, 2034	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	120,677,546	120,511,207
Variable rate demand revenue bonds, Series 2008B (0 06% and 0 17% at June 30, 2013 and 2012, respectively), maturing on January 1, 2048	100,000,000	100,000,000
Variable rate demand revenue bonds, Series 2008C (0 09% and 0 31% at June 30, 2013 and 2012, respectively), maturing on January 1, 2048	75,000,000	75,000,000
Variable rate demand revenue bonds, Series 2008D (0 06% and 0 14% at June 30, 2013 and 2012, respectively), maturing on January 1, 2048	50,000,000	50,000,000
Variable rate demand revenue bonds, Series 2008E (0 20% and 0 30% at June 30, 2013 and 2012, respectively), maturing on January 1, 2048	25,000,000	25,000,000
Other long-term borrowings	143,700	143,700
	<u>499,607,662</u>	<u>507,016,922</u>
Less current maturities of long-term debt	(11,346,458)	(5,849,267)
Long-term debt less current maturities	<u>\$ 488,261,204</u>	<u>\$ 501,167,655</u>

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

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

In March 2004, Elmhurst issued \$6,482,000 variable rate demand revenue bonds (Series 2004A). The proceeds were used to construct the Elmhurst Memorial Lombard Health Center. The bonds are puttable on demand by the bondholders. Elmhurst has obtained an irrevocable letter of credit to secure repayment of the bond financing and to provide short-term liquidity in the event the bonds are put to Elmhurst and are not able to be immediately remarketed. Because the letter of credit backing the Series 2004A debt expires within one year of the balance sheet date, the Series 2004A debt is reported as Contingent Current Maturities of Debt in the accompanying June 30, 2013 consolidated balance sheet.

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 irrevocable letters 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 letters 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, 2014 through 2018, on the outstanding long-term debt are as follows, assuming remarketing of variable rate unsecured demand revenue bonds and the Series 2004A variable rate note: 2014 - \$4,966,988, 2015 - \$5,372,298, 2016 - \$5,555,673, 2017 - \$5,527,399, 2018 - \$5,507,290 and thereafter - \$472,648,014. 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.

During 2012, Elmhurst obtained an unsecured \$10,000,000 working capital line of credit with JP Morgan Chase Bank that matures on January 6, 2014. Borrowings bear interest at a variable rate (1.69 percent at June 30, 2013). The balance outstanding on the line of credit at June 30, 2013 and 2012 was \$10,000,000.

During 2012, Elmhurst obtained an unsecured \$10,000,000 working capital line of credit with RBS Citizens, NA that matured on January 16, 2013. The balance was paid in full during fiscal year 2013.

Note 8. Long-Term Debt (Continued)

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 percent fixed and 50 percent 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, 2013 and 2012, 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 percent 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.

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 paid the SIFMA floating rate index and received a fixed rate of 4.64 percent on a notional amount of \$40,000,000. This agreement was terminated in July 2011. 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 percent 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 percent 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 percent of one-month LIBOR, plus 0.76 percent 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 percent of one-month LIBOR, plus a fixed spread of 0.73 percent 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.

Note 8. Long-Term Debt (Continued)

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 percent of one-month LIBOR in exchange for 61.3 percent of five-year LIBOR on \$60,000,000 or 50 percent of the LIBOR exposure of the Fixed Spread Basis Swap until 2032. In addition, Elmhurst had paid 76.21 percent of one-month LIBOR in exchange for 76.21 percent of five-year LIBOR - 0.35 percent on \$25,000,000 or 50 percent 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 as non-operating income. 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. The amount of collateral to be posted is determined based on a combination of Elmhurst's credit rating and the mark-to-market valuation. Based on Elmhurst's credit rating as of June 30, 2013, the swap agreements require collateral to be posted when the counterparty mark-to-market valuation results in a liability ranging from more than \$0 to more than \$3,000,000. At June 30, 2013 and 2012, Elmhurst has posted \$18,731,467 and \$33,006,309, respectively, of collateral, in the form of cash and investments, with the counterparties. The maximum amount of collateral if conditions were different as of June 30, 2013 is an additional \$3,000,000.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

The following tables provide details on the swap agreements and reconciliation to the 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	
2012 Notional amount	\$ 50,000,000	\$ -	\$ 120,000,000	\$ 120,000,000	\$ 60,000,000	\$ 140,000,000	\$ 490,000,000
2013 Notional amount	50,000,000	-	120,000,000	120,000,000	60,000,000	140,000,000	490,000,000
Elmhurst pays the counterparty	SIFMA	SIFMA	4 135%	SIFMA	5-yr LIBOR	SIFMA	
Counterparty pays Elmhurst	76 2% 1-mo LIBOR	4 64%	SIFMA	67% LIBOR + 0 76%	1-mo LIBOR	61 3% LIBOR + 0 73%	
Termination date	May 2022	Terminated July 2011	January 2038	January 2038	January 2032	June 2038	
Qualifies for hedge accounting	no	no	no	no	no	no	
Market Value Asset (Liability) of Derivative Contracts (1)							
Balance, July 1, 2011	\$ (648,916)	\$ 240,473	\$ (13,791,778)	\$ 1,826,757	\$ 3,602,010	\$ (4,317,231)	\$ (13,088,685)
Changes in value	115,158	(240,473)	(23,557,336)	1,868,698	(787,840)	2,968,163	(19,633,630)
Balance, June 30, 2012	(533,758)	-	(37,349,114)	3,695,455	2,814,170	(1,349,068)	(32,722,315)
Changes in value	380,187	-	14,968,064	(1,216,982)	34,076	(2,755,098)	11,410,247
Balance, June 30, 2013	\$ (153,571)	\$ -	\$ (22,381,050)	\$ 2,478,473	\$ 2,848,246	\$ (4,104,166)	\$ (21,312,068)

(1) Amounts are presented within 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, 2012							
Cash from contractual payments	\$ 16,406	\$ 450,608	\$ (4,795,396)	\$ 951,613	\$ 403,020	\$ 1,044,223	\$ (1,929,526)
Year Ended June 30, 2013							
Cash from contractual payments	\$ 2,180	\$ -	\$ (4,784,008)	\$ 928,283	\$ 247,118	\$ 1,022,708	\$ (2,583,719)

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Operating Leases

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

Rent paid and recorded under operating leases was approximately \$4,030,000 and \$3,697,000 for the years ended June 30, 2013 and 2012, respectively

The future minimum lease commitments under these operating leases as of June 30, 2013, are as follows

Years ending June 30	
2014	\$ 2,957,000
2015	1,626,000
2016	1,071,000
2017	1,071,000
2018	1,071,000
Thereafter	13,662,000
	<u>\$ 21,458,000</u>

Note 10. Employee Retirement Plans

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

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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, 2013 and 2012, is as follows

	2013		2012	
	Pension	SERP	Pension	SERP
Accumulated benefit obligation	\$ 188,062,958	\$ 2,617,383	\$ 196,749,032	\$ 2,164,860
Projected benefit obligation				
Projected benefit obligation, beginning of year	\$ 225,938,873	\$ 2,388,993	\$ 181,385,944	\$ 1,732,378
Service cost	8,867,592	277,044	6,866,783	126,806
Interest cost	10,568,498	104,557	10,253,497	89,690
Plan changes	-	234,130	-	129,476
Actuarial (gains) losses	(28,989,171)	(138,551)	33,260,462	310,643
Benefits paid	(15,633,245)	-	(5,827,813)	-
Projected benefit obligation, end of year	200,752,547	2,866,173	225,938,873	2,388,993
Change in plan assets				
Fair value of plan assets, beginning of year	165,952,308	-	165,963,033	-
Actual return on plan assets	19,074,205	-	817,088	-
Contributions	5,000,000	-	5,000,000	-
Benefits paid	(15,633,245)	-	(5,827,813)	-
Fair value of plan assets, end of year	174,393,268	-	165,952,308	-
Funded status, end of year	\$ (26,359,279)	\$ (2,866,173)	\$ (59,986,565)	\$ (2,388,993)

The unfunded pension liability is reported as Accrued Pension on the accompanying Consolidated Balance Sheets. At June 30, 2013 and 2012, \$686,173 and \$2,008,993, respectively, of the unfunded SERP liability is included in Other Liabilities and \$2,180,000 and \$380,000, respectively, is included in Accrued Payroll and Other Liabilities on the accompanying Consolidated Balance Sheets.

Plan items not yet recognized as a component of periodic pension expense, but included as a separate component of unrestricted net assets at June 30, 2013 and 2012, are as follows

	2013		2012	
	Pension	SERP	Pension	SERP
Unrecognized prior service cost	\$ -	\$ 493,264	\$ 154,737	\$ 351,708
Unrecognized net actuarial loss	56,138,985	221,101	97,447,916	379,777
	\$ 56,138,985	\$ 714,365	\$ 97,602,653	\$ 731,485

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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

	2013		2012	
	Pension	SERP	Pension	SERP
Net actuarial (gain) loss arising during the period	\$ (33,996,097)	\$ (138,551)	\$ 46,201,423	\$ 310,643
Prior service cost	-	234,130	-	129,476
Prior service cost amortized during the period	(154,737)	(92,574)	(168,422)	(100,898)
Net actuarial loss amortized during the period	(7,312,834)	(20,125)	(3,311,441)	-
	<u>\$ (41,463,668)</u>	<u>\$ (17,120)</u>	<u>\$ 42,721,560</u>	<u>\$ 339,221</u>

	2013		2012	
	Pension	SERP	Pension	SERP
Assumptions				
Discount rate used to determine benefit obligation	5 25 %	5 25 %	4 75 %	4 75 %
Discount rate used to determine net periodic benefit cost	4 75 %	4 75 %	5 75 %	5 75 %
Rate of increase in compensation levels	3 00 %	5 00 %	5 00 %	5 00 %
Expected long-term rate of return on assets	7 50 %	N/A	8 00 %	N/A

The estimated net actuarial loss that will be amortized as a component of net periodic benefit cost during fiscal 2014 is \$4,225,448 for the pension plan. The estimated net actuarial loss and prior service cost that will be amortized as a component of net periodic benefit cost during fiscal 2014 is \$0 and \$121,840, respectively, for the SERP.

Elmhurst expects to contribute \$0 to the Plan during fiscal 2014, and \$2,180,000 to the SERP during fiscal 2014.

In June 2012, Elmhurst Memorial Healthcare (EMHC) amended its defined benefit plan to allow for a one-time lump sum distribution to certain terminated vested but not yet retired participants that have earned benefits within a certain range. In July 2012, EMHC sent letters to 1,047 participants to offer the one-time lump sum distribution. During fiscal year 2013, 640 participants elected to take the one-time distribution resulting in approximately \$9,200,000 of distributions from plan assets.

Subsequent to June 30, 2013, the Plan was amended to be frozen effective December 31, 2013. After December 31, 2013, no new participants will be entered into the Plan. In addition, current participants will receive no more benefit service under the Plan after December 31, 2013. However, current participants will be allowed to continue to vest in the Plan after December 31, 2013.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

The allocation of pension plan assets at June 30, 2013 and 2012, is as follows

	Target	2013	2012
Equity securities	55 %	63 %	58 %
Fixed-income securities	25	23	28
Alternative investments	20	14	14
Total	100 %	100 %	100 %

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

	2013	
	Pension	SERP
2014	\$ 7,844,000	\$ 2,180,000
2015	8,510,000	-
2016	9,305,000	-
2017	10,091,000	-
2018	10,858,000	360,000
2019-2023	65,240,000	1,860,000

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

Net periodic benefit cost for the years ended June 30, 2013 and 2012, includes the following components

	2013		2012	
	Pension	SERP	Pension	SERP
Service cost - benefits earned during the year	\$ 8,867,592	\$ 277,044	\$ 6,866,783	\$ 126,806
Interest cost on projected benefit obligation	10,568,498	104,557	10,253,497	89,690
Expected return on plan assets	(14,067,279)	-	(13,758,049)	-
Amortization of prior service cost	154,737	92,574	168,422	100,898
Amortization of actuarial loss	7,312,834	20,125	3,311,441	-
	<u>\$ 12,836,382</u>	<u>\$ 494,300</u>	<u>\$ 6,842,094</u>	<u>\$ 317,394</u>

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 percent of the first 3 percent of pay and 25 percent of the second 3 percent of pay. Additional contributions may be made by Elmhurst at its discretion. Costs of the Savings Plans charged to salaries and benefits totaled \$1,798,717 and \$1,758,564 for the years ended June 30, 2013 and 2012, respectively.

The tables below present the balances of pension assets measured at fair value on a recurring basis, as of June 30, 2013 and 2012.

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Cash	\$ 126,268	\$ -	\$ -	\$ 126,268
Mutual funds invested in U S fixed-income securities	-	17,416,000	-	17,416,000
Trust invested in global fixed-income securities	-	22,080,000	-	22,080,000
Equity securities				
U S	15,735,000	58,281,000	-	74,016,000
Non-U S		27,205,000	-	27,205,000
Global real estate	9,189,000	-	-	9,189,000
Hedge funds	-	24,361,000	-	24,361,000
Total investments	<u>\$ 25,050,268</u>	<u>\$ 149,343,000</u>	<u>\$ -</u>	<u>\$ 174,393,268</u>

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Employee Retirement Plans (Continued)

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash	\$ 3,378,378	\$ -	\$ -	\$ 3,378,378
Mutual funds invested in U S fixed-income securities	-	17,750,492	-	17,750,492
Trust invested in global fixed-income securities	-	25,688,979	-	25,688,979
Equity securities				
U S	13,237,532	51,799,060	-	65,036,592
Non-U S		23,548,460	-	23,548,460
Global real estate	8,050,239	-	-	8,050,239
Hedge funds	-	22,499,168	-	22,499,168
Total investments	\$ 24,666,149	\$ 141,286,159	\$ -	\$ 165,952,308

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 CHRPP self-insurance funding, which was expensed when amounts were 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.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 11. Professional and General Liabilities Insurance (Continued)

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, 2013 and 2012, the Hospital recorded a liability, discounted at 4.50 percent in 2013 and 2012, of \$20,043,000 and \$23,765,000, respectively, for reported as well as 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 \$4,717,000 and \$4,280,000, respectively, at June 30, 2013 and 2012. This liability consists of \$1,859,755 and \$2,359,987 reported in Accounts Payable at June 30, 2013 and 2012, respectively, and \$18,183,070 and \$21,405,013 reported in Other Liabilities at June 30, 2013 and 2012, respectively, on the Consolidated Balance Sheets. The Hospital has elected to not establish a corresponding self-insured trust asset to fund this liability because management believes that it has enough liquidity in its cash, short-term investments, and the capital reserve fund.

Based on significant favorable loss experience that has emerged over several years for the Hospital, the Hospital adjusted certain assumptions in the June 30, 2013 and 2012 actuarial valuations that resulted in a reduction of the liability and related expense of approximately \$2,000,000 and \$4,500,000, respectively.

On July 15, 2013, Elmhurst joined the Edward Health Services Cayman Captive (the Captive) and reduced its professional liability by \$11,723,348 through a loss portfolio transfer to the Captive. No cash was required to be transferred to the Captive to fund this loss portfolio transfer.

Note 12. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012, respectively, are available for the following purposes:

	2013	2012
Pledges restricted to benefit future periods	\$ 3,435,702	\$ 4,018,801
Medical education	127,086	91,300
Other health care programs	310,546	379,578
	<u>\$ 3,873,334</u>	<u>\$ 4,489,679</u>

Permanently restricted net assets of \$489,515 at June 30, 2013 and 2012 are investments to be held in perpetuity, the income from which is expendable for medical education.

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes of medical education, and other health care programs amounting to \$1,419,906 and \$2,390,448, respectively, and were recorded as Other Revenue in the accompanying Consolidated Statements of Operations and Changes in Unrestricted Net Assets. During 2013, \$578,426 was released from donor restrictions by incurring expenses, satisfying the restricted purposes of capital projects, and was recorded as Temporarily Restricted Contributions Released for Capital Projects in the accompanying Consolidated Statement of Operations and Changes in Unrestricted Net Assets.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

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

The expected timing of pledge payments and value of pledges receivable recorded as of June 30, 2013, are as follows

Years ending June 30	
2014	\$ 851,699
2015	739,792
2016	575,998
2017	512,500
2018	505,000
Thereafter	505,000
	<u>3,689,989</u>
Less - present value discounts	(198,591)
Less - allowance for uncollectible pledges	(55,696)
Pledges receivable, net	<u>3,435,702</u>
Less current portion included in prepaid expenses, interest receivable, and other assets	(851,699)
Noncurrent portion included in deferred financing costs and other assets	<u>\$ 2,584,003</u>

Note 13. Functional Expenses

Elmhurst provides comprehensive quality health care services to the residents of eastern Du Page and western Cook counties. Expenses related to these functions at June 30, 2013 and 2012, are as follows

	2013	2012
Health care services	\$ 357,502,474	\$ 342,585,902
General and administrative	82,067,683	85,385,822
Fundraising	1,281,495	1,341,082
	<u>\$ 440,851,652</u>	<u>\$ 429,312,806</u>

Note 14. Discontinued Operations

Effective February 28, 2012, inpatient behavioral health and transitional care center services at the Berteau campus were discontinued. Operating results for these discontinued operations are reported separately as Discontinued Operations in the Consolidated Statement of Operations and Changes in Unrestricted Net Assets for the year ended June 30, 2012. Net patient service revenue for these discontinued operations during the year ended June 30, 2012 was \$5,464,079.

See Note 7 for information regarding impairment and accelerated depreciation of the Berteau campus.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 15. Commitments and Contingencies

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

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. The Hospital has 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 and Sales Tax Exemption On June 14, 2012, the Governor of Illinois signed into law legislation that governs property and sales tax exemption for not-for-profit hospitals. The law took effect on the date it was signed. Under the law, in order to maintain its property and sales tax exemption, the value of specified services and activities of a not-for-profit hospital must equal or exceed the estimated value of the hospital's property tax liability, as determined under a formula in the law. The specified services are those that address the health care needs of low-income or underserved individuals or relieve the burden of government with regard to health care services, and include the cost of free or discounted services provided pursuant to the hospital's financial assistance policy, other unreimbursed costs of addressing the health needs of low-income and underserved individuals, direct or indirect financial or in-kind subsidies of State and local governments, the unreimbursed cost of treating Medicaid and other means-tested program recipients, the unreimbursed cost of treating dual-eligible Medicare/Medicaid patients, and other activities that the Illinois Department of Revenue determines relieve the burden of government or address the health of low-income or underserved individuals. Management believes that the Hospital meets the requirements under the law to maintain its property and sales tax exemption.

Elmhurst Memorial Healthcare and Subsidiaries

Notes to Consolidated Financial Statements

Note 15. Commitments and Contingencies (Continued)

Elmhurst had filed a property tax-exemption application for a portion of the Center for Health and for its new hospital. As of June 30, 2013, Elmhurst has recorded a refund receivable of approximately \$3,956,000 for a portion of property taxes paid relating to the Center for Health for tax years 2009, 2010, and 2011 and for all property taxes paid relating to the new hospital for tax year 2011. In August 2013, Elmhurst received decisions from the Illinois Department of Revenue granting exemptions for tax years retroactive to the tax year beginning 2009.

Construction in progress The Corporation is committed to constructing a new cancer center adjacent and connected to the Hospital, which is expected to be completed in November 2013. Through June 30, 2013, \$5,303,000 of these costs has been incurred. The estimated cost of remaining commitments is \$5,512,000.

Note 16. Subsequent Event

On April 2, 2013, Elmhurst Memorial Healthcare and Elmhurst Memorial Hospital entered into a System Affiliation Agreement with Edward Health Services Corporation and Edward Hospital (together, "Edward") to merge. Effective July 1, 2013, the merger between Elmhurst and Edward was completed with Edward Health Services Corporation becoming the sole corporate member of Elmhurst Memorial Healthcare. The merger creates one of the larger integrated health systems in the state comprised of three hospitals with revenues of about \$1 billion and more than 50 outpatient locations across a service area of 1.7 million residents. The System employs nearly 7,700 and has more than 1,680 physicians on staff.

Independent Auditor's Report on the Supplementary Information

To the Board of Trustees
Elmhurst Memorial Healthcare
Elmhurst, Illinois

We have audited the consolidated financial statements of Elmhurst Memorial Healthcare and Subsidiaries ("Elmhurst") as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon which contains an unmodified opinion on those consolidated financial statements and includes an emphasis-of-matter paragraph concerning the adoption of Financial Accounting Standards Board Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. See pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations and changes in net assets of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Chicago, Illinois
October 4, 2013

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information

June 30, 2013

	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	\$ 36,046,857	\$ -	\$ 31,347,904	\$ 2,231,151	\$ 2,467,802	\$ -	\$ -	\$ 7,006	\$ 2,460,796
Short-term investments	1,113,678	-	-	-	1,113,678	-	-	-	1,113,678
Patient accounts receivable - less allowances for uncollectible accounts	66,303,779	-	5,234,232	(27)	61,069,574	-	58,939,046	2,130,528	-
Inventories	6,725,293	-	-	-	6,725,293	-	6,666,389	58,904	-
Prepaid expenses, interest receivable, and other	12,366,534	(35,840)	436,357	54,032	11,911,985	-	11,047,093	30,391	834,501
Amounts due from third-party payors	19,493,973	-	-	-	19,493,973	-	19,493,973	-	-
Amounts due from affiliated organizations	-	(3,236,726)	-	24,435	3,212,291	-	3,212,291	-	-
Total current assets	142,050,114	(3,272,566)	37,018,493	2,309,591	105,994,596	-	99,358,792	2,226,829	4,408,975
Investments and Assets Limited as to Use									
Internally designated for capital improvements	187,657,350	-	187,657,350	-	-	-	-	-	-
Externally designated investments under bond agreements	36,905,791	-	35,237,416	-	1,668,375	-	1,668,375	-	-
Other investments and assets limited as to use	4,224,353	-	-	-	4,224,353	-	-	-	4,224,353
Total investments and assets limited as to use	228,787,494	-	222,894,766	-	5,892,728	-	1,668,375	-	4,224,353
Cash and Investments Posted as Swap Collateral	18,731,467	-	18,731,467	-	-	-	-	-	-
Land, Buildings, and Equipment - net	532,650,908	-	81,230,642	-	451,420,266	-	450,872,456	547,810	-
Investment in Subsidiaries	-	(661,988)	661,988	-	-	(10,690,954)	10,690,954	-	-
Deferred Financing Costs and Other	15,462,620	-	3,969,015	-	11,493,605	-	8,909,603	-	2,584,002
	\$ 937,682,603	\$ (3,934,554)	\$ 364,506,371	\$ 2,309,591	\$ 574,801,195	\$ (10,690,954)	\$ 571,500,180	\$ 2,774,639	\$ 11,217,330

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information (Continued)

June 30, 2013

	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	\$ 23,883,870	\$ (35,840)	\$ 3,330,304	\$ 12,723	\$ 20,576,683	\$ -	\$ 20,535,531	\$ 40,999	\$ 153
Accrued payroll and other	30,878,896	-	11,359,975	-	19,518,921	-	18,846,627	672,294	-
Amounts due to third-party payors	41,443,418	-	-	-	41,443,418	-	41,584,581	(141,163)	-
Current maturities of debt	4,988,034	-	4,988,034	-	-	-	-	-	-
Contingent current maturities of debt	6,358,424	-	6,358,424	-	-	-	-	-	-
Borrowings under lines of credit	10,000,000	-	10,000,000	-	-	-	-	-	-
Due to affiliated organizations	-	(3,236,726)	24,435	1,634,880	1,577,411	-	1,137,137	1,080	439,194
Total current liabilities	117,552,642	(3,272,566)	36,061,172	1,647,603	83,116,433	-	82,103,876	573,210	439,347
Long-Term Debt, excluding current maturities	488,261,204	-	488,261,204	-	-	-	-	-	-
Other Liabilities	41,249,563	-	22,293,291	-	18,956,272	-	18,869,243	-	87,029
Accrued Pension	26,359,279	-	-	-	26,359,279	-	26,359,279	-	-
Total liabilities	673,422,688	(3,272,566)	546,615,667	1,647,603	128,431,984	-	127,332,398	573,210	526,376
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	259,897,066	9,392,768	(182,109,296)	(9,392,768)	442,006,362	(6,328,105)	439,804,933	2,201,429	6,328,105
Temporarily restricted net assets	3,873,334	-	-	-	3,873,334	(3,873,334)	3,873,334	-	3,873,334
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	264,259,915	(661,988)	(182,109,296)	661,988	446,369,211	(10,690,954)	444,167,782	2,201,429	10,690,954
	\$ 937,682,603	\$ (3,934,554)	\$ 364,506,371	\$ 2,309,591	\$ 574,801,195	\$ (10,690,954)	\$ 571,500,180	\$ 2,774,639	\$ 11,217,330

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information
Year Ended June 30, 2013

	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									
Patient service revenue	\$ 396,031,124	\$ -	\$ 48,404,675	\$ -	\$ 347,626,449	\$ -	\$ 336,289,514	\$ 11,336,935	\$ -
Provision for bad debts	(23,430,130)	-	(2,422,585)	-	(21,007,545)	-	(20,829,489)	(177,806)	(250)
Net patient service revenue	372,600,994	-	45,982,090	-	326,618,904	-	315,460,025	11,159,129	(250)
Other revenue	21,913,252	-	3,359,469	1,693,983	16,859,800	-	14,513,116	18,256	2,328,428
	394,514,246	-	49,341,559	1,693,983	343,478,704	-	329,973,141	11,177,385	2,328,178
Expenses									
Salaries and wages	144,774,733	-	5,322,949	809,038	138,642,746	-	133,069,648	5,091,577	481,521
Employee benefits	45,767,894	-	820,910	207,091	44,739,893	-	43,640,464	998,058	101,371
Supplies	65,616,504	-	1,104,755	99,687	64,412,062	-	63,538,098	724,730	149,234
Purchased services and other	110,707,691	-	49,335,417	394,080	60,978,194	981,418	58,162,567	1,284,840	549,369
Depreciation and other charges relating to buildings and equipment	51,647,426	-	1,121,618	-	50,525,808	-	50,308,324	217,484	-
Interest	15,033,260	-	15,033,260	-	-	-	-	-	-
Medicaid tax	7,304,144	-	-	-	7,304,144	-	7,304,144	-	-
	440,851,652	-	72,738,909	1,509,896	366,602,847	981,418	356,023,245	8,316,689	1,281,495
Operating income (loss)	(46,337,406)	-	(23,397,350)	184,087	(23,124,143)	(981,418)	(26,050,104)	2,860,696	1,046,683
Nonoperating income (expense)									
Investment income	8,772,704	-	8,661,659	-	111,045	-	-	-	111,045
Unrealized gains on investments	12,028,606	-	11,760,751	-	267,855	-	109,523	-	158,332
Cash settlements on interest rate swaps	(2,583,719)	-	(2,583,719)	-	-	-	-	-	-
Unrealized gain on interest rate swaps	11,233,036	-	11,233,036	-	-	-	-	-	-
Distribution of restricted revenue	-	-	-	-	-	981,418	-	-	(981,418)
Gain on investment in subsidiaries	-	(184,087)	184,087	-	-	(332,792)	332,792	-	-
Change in unrealized gain on hedge fund investments	(2,682,902)	-	(2,682,902)	-	-	-	-	-	-
	26,767,725	(184,087)	26,572,912	-	378,900	648,626	442,315	-	(712,041)
Excess (deficit) of revenue over expenses	\$ (19,569,681)	\$ (184,087)	\$ 3,175,562	\$ 184,087	\$ (22,745,243)	\$ (332,792)	\$ (25,607,789)	\$ 2,860,696	\$ 334,642

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)

Year Ended June 30, 2013

	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 (deficit) of revenue over expenses	\$ (19,569,681)	\$ (184,087)	\$ 3,175,562	\$ 184,087	\$ (22,745,243)	\$ (332,792)	\$ (25,607,789)	\$ 2,860,696	\$ 334,642
Other changes in unrestricted net assets									
Amortization of gain on discontinuation of hedge accounting	177,334	-	177,334	-	-	-	-	-	-
Pension and supplemental plan related changes, other than net periodic pension cost	41,436,316	-	-	-	41,436,316	-	41,436,316	-	-
Temporarily restricted contributions released for capital projects	578,426	-	-	-	578,426	-	578,426	-	-
	<u>42,192,076</u>	<u>-</u>	<u>177,334</u>	<u>-</u>	<u>42,014,742</u>	<u>-</u>	<u>42,014,742</u>	<u>-</u>	<u>-</u>
Increase in unrestricted net assets	\$ 22,622,395	\$ (184,087)	\$ 3,352,896	\$ 184,087	\$ 19,269,499	\$ (332,792)	\$ 16,406,953	\$ 2,860,696	\$ 334,642

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information

June 30, 2012

	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	\$ 19,639,323	\$ -	\$ 15,871,077	\$ 1,655,148	\$ 2,113,098	\$ -	\$ 1,274,322	\$ 1	\$ 838,775
Short-term investments	1,112,672	-	-	-	1,112,672	-	-	-	1,112,672
Patient accounts receivable - less allowances for uncollectible accounts	66,686,246	-	5,614,933	(27)	61,071,340	-	59,164,749	1,906,591	-
Inventories	7,149,569	-	-	-	7,149,569	-	7,084,339	65,230	-
Prepaid expenses, interest receivable, and other	10,530,647	(5,799)	1,393,312	80,295	9,062,839	-	8,176,498	9,902	876,439
Amounts due from third-party payors	11,395,785	-	-	-	11,395,785	-	11,395,785	-	-
Amounts due from affiliated organizations	-	(2,493,990)	-	24,435	2,469,555	-	2,455,410	-	14,145
Total current assets	116,514,242	(2,499,789)	22,879,322	1,759,851	94,374,858	-	89,551,103	1,981,724	2,842,031
Investments and Assets Limited as to Use									
Internally designated for capital improvements	188,934,325	-	188,934,325	-	-	-	-	-	-
Externally designated investments under bond agreements	36,116,963	-	34,615,563	-	1,501,400	-	1,501,400	-	-
Other investments and assets limited as to use	5,041,422	-	-	-	5,041,422	-	-	-	5,041,422
Total investments and assets limited as to use	230,092,710	-	223,549,888	-	6,542,822	-	1,501,400	-	5,041,422
Cash and Investments Posted as Swap Collateral	33,006,309	-	33,006,309	-	-	-	-	-	-
Land, Buildings, and Equipment - net	573,787,554	-	81,703,007	-	492,084,547	-	491,649,084	435,463	-
Investment in Subsidiaries	-	(477,901)	477,901	-	-	(10,974,507)	10,974,507	-	-
Deferred Financing Costs and Other	14,512,217	-	4,119,769	-	10,392,448	-	7,209,038	-	3,183,410
	\$ 967,913,032	\$ (2,977,690)	\$ 365,736,196	\$ 1,759,851	\$ 603,394,675	\$ (10,974,507)	\$ 600,885,132	\$ 2,417,187	\$ 11,066,863

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Balance Sheet Information (Continued)

June 30, 2012

	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	\$ 21,031,487	\$ (5,799)	\$ 2,332,816	\$ 12,135	\$ 18,692,335	\$ -	\$ 18,633,602	\$ 54,106	\$ 4,627
Accrued payroll and other	29,753,122	-	11,017,297	5,486	18,730,339	-	18,140,406	589,933	-
Amounts due to third-party payors	30,602,314	-	-	-	30,602,314	-	30,710,899	(108,585)	-
Current maturities of debt	5,849,267	-	5,849,267	-	-	-	-	-	-
Borrowings under lines of credit	20,000,000	-	20,000,000	-	-	-	-	-	-
Due to affiliated organizations	-	(2,493,990)	24,435	1,264,329	1,205,226	-	1,205,226	-	-
Total current liabilities	107,236,190	(2,499,789)	39,223,815	1,281,950	69,230,214	-	68,690,133	535,454	4,627
Long-Term Debt, excluding current maturities	501,167,655	-	501,167,655	-	-	-	-	-	-
Other Liabilities	57,268,757	-	33,767,022	-	23,501,735	-	23,414,006	-	87,729
Accrued Pension	59,986,565	-	-	-	59,986,565	-	59,986,565	-	-
Total liabilities	725,659,167	(2,499,789)	574,158,492	1,281,950	152,718,514	-	152,090,704	535,454	92,356
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	237,274,671	9,576,855	(208,422,296)	(9,576,855)	445,696,967	(5,995,313)	443,815,234	1,881,733	5,995,313
Temporarily restricted net assets	4,489,679	-	-	-	4,489,679	(4,489,679)	4,489,679	-	4,489,679
Permanently restricted net assets	489,515	-	-	-	489,515	(489,515)	489,515	-	489,515
	242,253,865	(477,901)	(208,422,296)	477,901	450,676,161	(10,974,507)	448,794,428	1,881,733	10,974,507
	\$ 967,913,032	\$ (2,977,690)	\$ 365,736,196	\$ 1,759,851	\$ 603,394,675	\$ (10,974,507)	\$ 600,885,132	\$ 2,417,187	\$ 11,066,863

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information
Year Ended June 30, 2012

	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									
Patient service revenue	\$ 388,422,359	\$ -	\$ 47,165,122	\$ -	\$ 341,257,237	\$ -	\$ 330,979,050	\$ 10,278,187	\$ -
Provision for bad debts	(22,650,261)	-	(2,430,017)	-	(20,220,244)	-	(20,152,041)	(66,091)	(2,112)
Net patient service revenue	365,772,098	-	44,735,105	-	321,036,993	-	310,827,009	10,212,096	(2,112)
Other revenue	21,523,880	-	2,026,312	1,522,455	17,975,113	-	15,810,019	5,753	2,159,341
	387,295,978	-	46,761,417	1,522,455	339,012,106	-	326,637,028	10,217,849	2,157,229
Expenses									
Salaries and wages	153,374,779	-	3,319,156	799,067	149,256,556	-	144,229,565	4,536,975	490,016
Employee benefits	33,372,686	-	780,217	176,162	32,416,307	-	31,595,411	708,192	112,704
Supplies	62,882,821	-	1,142,121	114,936	61,625,764	-	60,672,626	765,063	188,075
Purchased services and other	103,646,607	-	43,993,662	398,858	59,254,087	2,754,299	54,753,315	1,198,300	548,173
Depreciation and other charges relating to buildings and equipment	-	-	1,159,925	-	52,519,227	-	52,296,214	223,013	-
Interest	15,044,147	-	15,044,147	-	-	-	-	-	-
Medicaid tax	7,312,614	-	-	-	7,312,614	-	7,312,614	-	-
	429,312,806	-	65,439,228	1,489,023	362,384,555	2,754,299	350,859,745	7,431,543	1,338,968
Operating income (loss)	(42,016,828)	-	(18,677,811)	33,432	(23,372,449)	(2,754,299)	(24,222,717)	2,786,306	818,261
Nonoperating income (expense)									
Investment income	9,599,382	-	9,520,625	-	78,757	-	-	-	78,757
Unrealized (losses) gains on investments	(10,388,862)	-	(10,314,506)	-	(74,356)	-	16,530	-	(90,886)
Cash settlements on interest rate swaps	(1,929,526)	-	(1,929,526)	-	-	-	-	-	-
Unrealized loss on interest rate swaps	(19,810,840)	-	(19,810,840)	-	-	-	-	-	-
Distribution of restricted revenue	-	-	-	-	-	2,754,299	-	-	(2,754,299)
Gain (loss) on investment in subsidiaries	-	(33,432)	33,432	-	-	1,502,204	(1,502,204)	-	-
Change in unrealized gain on hedge fund investments	1,532,821	-	1,532,821	-	-	-	-	-	-
	(20,997,025)	(33,432)	(20,967,994)	-	4,401	4,256,503	(1,485,674)	-	(2,766,428)
Excess (deficit) of revenue over expenses	\$ (63,013,853)	\$ (33,432)	\$ (39,645,805)	\$ 33,432	\$ (23,368,048)	\$ 1,502,204	\$ (25,708,391)	\$ 2,786,306	\$ (1,948,167)

Elmhurst Memorial Healthcare and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets Information (Continued)

Year Ended June 30, 2012

	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 (deficit) of revenue over expenses	\$ (63,013,853)	\$ (33,432)	\$ (39,645,805)	\$ 33,432	\$ (23,368,048)	\$ 1,502,204	\$ (25,708,391)	\$ 2,786,306	\$ (1,948,167)
Other changes in unrestricted net assets									
Discontinued operations	(1,688,478)	-	-	-	(1,688,478)	-	(1,688,478)	-	-
Amortization of gain on discontinuation of hedge accounting	177,334	-	177,334	-	-	-	-	-	-
Pension and supplemental plan related changes, other than net periodic pension cost	(42,721,560)	-	-	-	(42,721,560)	-	(42,721,560)	-	-
	<u>(44,232,704)</u>	<u>-</u>	<u>177,334</u>	<u>-</u>	<u>(44,410,038)</u>	<u>-</u>	<u>(44,410,038)</u>	<u>-</u>	<u>-</u>
(Decrease) increase in unrestricted net assets	\$ (107,246,557)	\$ (33,432)	\$ (39,468,471)	\$ 33,432	\$ (67,778,086)	\$ 1,502,204	\$ (70,118,429)	\$ 2,786,306	\$ (1,948,167)