



**Torrance Memorial Medical Center  
Officer's Certification of the Quarterly Report  
For the Period Ending June 30, 2010**

July 27, 2010

This Officer's Certificate is being delivered pursuant to Section 6 of the Continuing Disclosure Agreement of that certain Master Indenture of Trust (the "Master Indenture:" capitalized terms used but not otherwise defined herein shall have the meanings assigned in the Master Indenture) dated as of June 1, 2001 between Torrance Memorial Medical Center (the "Corporation") and the BNY Western Trust Company (the "Master Trustee").

The undersigned officer of the Corporation hereby certifies to the Master Trustee that (a) the financial information delivered pursuant to clauses 1 and 2 was prepared in accordance with generally accepted accounting principles and (b) the financial information delivered pursuant to clauses 1 and 2 reflects the results of operations of only Members of the Obligated Group.

IN WITNESS WHEREOF, the Corporation has caused this Officer's Certificate to be executed on its behalf by the undersigned on and as of the first date written above.

**Torrance Memorial Medical Center**

By: Douglas Klebe  
Douglas Klebe  
Chief Financial Officer

Torrance Memorial Medical Center  
Historic Utilization

The Corporation's utilization statistics for its three fiscal years ended December 31, 2009 and for the fiscal quarters ended June 30, 2010 and June 30, 2009 are presented below.

**Historic Utilization**

<b>Inpatient Statistics:</b>	<b>Fiscal Years Ended December 31,</b>			<b>Fiscal Quarter Ended June 30,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Licensed beds	401	376	376	401	401
Beds in use	377	376	352	377	377
Discharges*	25,149	24,467	22,912	6,691	6,162
Patient Days	104,877	104,560	99,096	26,919	25,540
Inpatient surgeries	6,674	6,478	6,173	1,863	1,665
Newborn discharges	3,497	3,703	3,904	815	865
Average length of stay (acute days)*	3.9	4.0	4.0	4.0	3.9
Percent occupancy (beds in use)*	76%	78%	77%	78%	72%
<b>Outpatient Statistics:</b>					
Emergency visits	67,805	64,184	63,407	16,070	16,987
Outpatient visits	201,384	190,027	182,735	47,949	51,335
Outpatient surgeries	11,328	10,323	10,423	2,917	2,961

\*Excludes newborns.

Source: Corporation

**TORRANCE MEMORIAL MEDICAL CENTER**

**FINANCIAL STATEMENT**

**JUNE 2010**

TORRANCE MEMORIAL MEDICAL CENTER  
BALANCE SHEET  
AS OF JUNE 30, 2010  
WITH COMPARATIVE FIGURES

	<u>JUNE 30, 2010</u>	<u>MAY 31, 2010</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
CASH	\$ <u>11,823,294</u>	\$ <u>12,390,786</u>
RECEIVABLES:		
PATIENT ACCOUNTS RECEIVABLE	\$ 251,660,019	\$ 268,881,443
LESS ALLOWANCES	<u>(206,123,126)</u>	<u>(222,415,378)</u>
NET RECEIVABLES	\$ <u>45,536,893</u>	\$ <u>46,466,065</u>
OTHER RECEIVABLES	\$ 4,546,159	\$ 4,593,839
INVENTORIES	7,480,119	7,699,381
PREPAID & OTHER CURRENT ASSETS	<u>8,427,060</u>	<u>8,678,403</u>
TOTAL CURRENT ASSETS	\$ <u>77,813,525</u>	\$ <u>79,828,474</u>
<b>ASSETS LIMITED AS TO USE:</b>		
BOARD DESIGNATED FUNDS (PG.8)	\$ 235,871,852	\$ 232,284,885
BOND RESERVE TRUST FUNDS	20,842,164	20,960,358
MANAGED CARE RESERVE FUND	<u>77,277,441</u>	<u>72,816,609</u>
TOTAL ASSETS LIMITED AS TO USE	\$ <u>333,991,457</u>	\$ <u>326,061,852</u>
TOTAL CURRENT ASSETS INCLUDING ASSETS LIMITED AS TO USE	\$ <u>411,804,982</u>	\$ <u>405,890,326</u>
PROPERTY, PLANT & EQUIPMENT	580,666,429	
LESS ACCUMULATED DEPRECIATION	<u>(315,262,462)</u>	
NET PROPERTY, PLANT & EQUIPMENT	\$ 265,403,967	\$ 262,963,644
INTEREST IN FOUNDATION NET ASSETS	\$ 24,178,328	\$ 23,877,940
<b>OTHER ASSETS:</b>		
OTHER LONG TERM ASSETS	\$ 968,214	\$ 968,214
GRANTS - TEMP RESTRICTED	611,180	607,669
INTANGIBLE ASSETS	<u>1,105,847</u>	<u>1,071,426</u>
TOTAL ASSETS	\$ <u>704,072,518</u>	\$ <u>695,379,219</u>

TORRANCE MEMORIAL MEDICAL CENTER  
BALANCE SHEET  
AS OF JUNE 30, 2010  
WITH COMPARATIVE FIGURES

JUNE 30, 2010

MAY 31, 2010

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

CURRENT INSTALLMENTS OF LONG TERM DEBT	\$ 1,430,000	\$ 1,365,000
ACCOUNTS PAYABLE - TRADE	19,365,736	15,945,404
ACCOUNTS PAYABLE - MEDICAL FEES	4,188,745	4,250,333
ESTIMATED THIRD-PARTY SETTLEMENTS	10,108,528	10,189,176
ACCRUED WAGES & PAYROLL	9,498,956	8,454,631
ACCRUED COMBINED TIME OFF	17,897,036	17,946,126
OTHER CURRENT LIABILITIES	2,366,721	3,089,922
NON-CONDUIT RISK POOL	24,855,338	22,698,014
CONDUIT RISK POOL	77,223,712	72,762,881
MINIMUM PENSION LIABILITY	27,489,135	27,789,135
SELF-INSURANCE - HEALTH/DENTAL	2,640,335	2,519,912
SELF-INSURANCE - WORKER'S COMPENSATION	8,880,298	8,892,809
SELF-INSURANCE - GEN. LIAB. & MALPRACTICE	6,277,735	6,131,450
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TOTAL CURRENT LIABILITIES	\$ 212,222,275	\$ 202,034,793

**LONG-TERM LIABILITIES:**

1992 BONDS PAYABLE (PG.9)	\$ 34,800,000	\$ 34,800,000
2001 BONDS PAYABLE (PG.9)	53,205,000	54,635,000
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TOTAL LONG-TERM LIABILITIES	\$ 88,005,000	\$ 89,435,000

**NET ASSETS:**

UNRESTRICTED	\$ 370,236,936	\$ 370,605,018
TEMPORARILY RESTRICTED	30,191,593	29,887,694
PERMANENTLY RESTRICTED	3,416,714	3,416,714
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>704,072,518</u>	\$ <u>695,379,219</u>

TORRANCE MEMORIAL MEDICAL CENTER  
STATEMENT OF REVENUE & EXPENSE  
FOR JUNE 2010 AND FISCAL YEAR-TO-DATE

	FOR MONTH OF JUNE		YEAR TO DATE	
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>
INPATIENT REVENUE	\$ 122,711,030	\$ 113,306,056	\$ 742,235,989	\$ 694,597,504
OUTPATIENT REVENUE	60,650,915	62,959,493	356,035,335	378,742,706
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TOTAL PATIENT REVENUE	\$ 183,361,945	\$ 176,265,549	\$ 1,098,271,324	\$ 1,073,340,210
DEDUCTIONS	(145,064,158)	(140,320,000)	(871,552,154)	(856,280,000)
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NET PATIENT REVENUE	\$ 38,297,787	\$ 35,945,549	\$ 226,719,170	\$ 217,060,210
OTHER OPERATING INCOME	363,164	555,094	2,826,598	2,633,007
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TOTAL OPERATING REVENUE	\$ 38,660,951	\$ 36,500,643	\$ 229,545,768	\$ 219,693,217
 OPERATING EXPENSES:				
PRODUCTIVE PAY	\$ 13,889,317	\$ 13,618,121	\$ 84,519,720	\$ 82,299,534
EMPLOYEE BENEFITS	5,388,707	5,205,848	33,064,159	31,467,197
SUPPLIES AND OTHER COSTS	12,609,317	12,132,107	73,606,770	72,604,061
INSURANCE AND TAXES	355,982	379,454	2,187,485	2,276,720
DEPRECIATION	2,603,250	2,508,334	15,519,687	15,050,000
INTEREST EXPENSE	268,167	300,608	1,624,150	1,803,647
PROVISION FOR BAD DEBT	2,367,567	1,333,334	11,542,359	8,000,000
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TOTAL EXPENSES	\$ 37,482,307	\$ 35,477,806	\$ 222,064,330	\$ 213,501,159
OPERATING GAIN (LOSS)	\$ 1,178,644	\$ 1,022,837	\$ 7,481,438	\$ 6,192,058
 NON-OPERATING INCOME:				
INVESTMENT INCOME	\$ 772,918	\$ 857,220	\$ 9,853,126	\$ 5,167,117
OTHER NON-OPERATING INCOME	(31,443)	6,743	(200,351)	68,016
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EXCESS REVENUE OVER EXPENSE	\$ 1,920,119	\$ 1,886,800	\$ 17,134,213	\$ 11,427,191
HOLDING GAIN/LOSS	(2,288,202)	0	(9,480,176)	0
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NET ADDITIONS TO EQUITY	<u>(\$ 368,083)</u>	<u>\$ 1,886,800</u>	<u>\$ 7,654,037</u>	<u>\$ 11,427,191</u>

TORRANCE MEMORIAL MEDICAL CENTER  
STATEMENT OF CHANGES IN CASH POSITION  
FOR JUNE 2010 AND FISCAL YEAR-TO-DATE

	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>
<u>NET CASH FLOW FROM OPERATING ACTIVITIES</u>		
EXCESS OF REVENUE OVER EXPENSE	\$ 1,920,119	\$ 17,134,213
<u>NON-CASH ITEMS IN INCOME:</u>		
DEPRECIATION	2,603,250	15,519,687
CHANGES IN ACCOUNTS RECEIVABLE, INVENTORY, PREPAIDS AND OTHER ASSETS.	1,413,036	(861,654)
CHANGES IN CURRENT LIABILITIES EXCLUDING BONDS	5,661,651	8,525,068
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NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 11,598,056	\$ 40,317,314
 <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
CHANGES IN LONG TERM BONDS/NOTES	(\$ 1,365,000)	(\$ 1,365,000)
CHANGE IN CONDUIT LIABILITY	4,460,831	39,013,852
CHANGE IN FOUNDATION CAPITAL SUPPORT	0	9,795,149
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NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 3,095,831	\$ 47,444,001
 <u>CASH USED IN INVESTING ACTIVITIES:</u>		
CHANGE IN CAPITAL EQUIPMENT	(\$ 143,035)	(\$ 1,450,845)
CHANGE IN PROPERTY HELD FOR INVESTMENT	45,512	(1,276,559)
CHANGE IN BOARD APPROVED PROJECTS	(4,946,049)	(15,114,255)
CHANGE IN 1992 BOND RESERVE FUND	(50,175)	(803,932)
CHANGE IN 2001 BOND RESERVE FUND	(24,034)	0
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NET CASH USED IN INVESTING ACTIVITIES	(\$ 5,117,781)	(\$ 18,645,591)
 HOLDING GAIN/LOSS	(\$ 2,288,202)	(\$ 9,480,176)
LESS HOLDING GAIN/LOSS FOR BOND RESERVE FUNDS	192,403	604,613
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TOTAL CASH USED BY INVESTING ACTIVITIES	(\$ 7,213,580)	(\$ 27,521,154)
NET INCREASE (DECREASE) IN CASH	<u>\$ 7,480,307</u>	<u>\$ 60,240,161</u>

NOTE: TOTAL CASH INCLUDES CASH PLUS BOARD DESIGNATED FUNDS & MGD. CARE CAPIT. RESERVE.

TORRANCE MEMORIAL MEDICAL CENTER  
STATEMENT OF CHANGES IN NET ASSETS  
FOR JUNE 2010 AND FISCAL YEAR-TO-DATE

	<u>CURRENT MONTH</u>	<u>YEAR TO DATE</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>		
BEGINNING BALANCE	\$ 370,605,018	\$ 361,591,548
CHANGE IN FOUNDATION CAPITAL SUPPORT	0	991,350
NET ADDITIONS TO EQUITY	(368,082)	7,654,038
	_____	_____
TOTAL UNRESTRICTED NET ASSETS	<b><u>\$ 370,236,936</u></b>	<b><u>\$ 370,236,936</u></b>

**RESTRICTED NET ASSETS**

BEGINNING BALANCE	\$ 33,304,408	\$ 29,383,367
CHANGE IN FUNDS - TEMP. RESTRICTED	300,388	(9,545,504)
CHANGE IN FOUNDATION - TEMP. RESTR.	3,511	4,966,645
CHANGE IN FOUNDATION CAPITAL SUPPORT	0	8,803,799
	_____	_____
TOTAL RESTRICTED NET ASSETS	<b><u>\$ 33,608,307</u></b>	<b><u>\$ 33,608,307</u></b>