

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2010

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS		
	JUNE 2010	AUDITED DECEMBER 31, 2009
Current assets		
Cash and investments	\$4,223,561	\$7,634,330
Accounts receivable for patient service, net of allowance for doubtful accounts	45,926,440	37,932,329
Inventories	4,721,284	4,504,199
Prepaid expenses and deposits	3,083,760	2,547,153
Current portion of funds held by trustee	1,943,869	2,039,579
Accounts receivable affiliates, current	1,606,703	1,474
Investments and marketable securities	70,654,173	81,229,583
Due from third parties	2,253,241	2,253,241
Other assets	3,281,750	3,063,619
Total current assets	137,694,781	141,205,507
Assets whose use is limited or restricted		
Funds held by state treasurer		
Less current portion	2,651,211	2,640,665
Construction Fund	-	-
Board designated assets	52,503,663	53,187,899
Professional liability fund	18,612,153	21,277,470
Donor and board restricted funds	4,944,533	4,377,047
Pledges receivable	435,577	435,577
	79,147,137	81,918,658
Other assets		
Investment in affiliates	10,478,194	10,759,531
Debt issuance costs, net of amortization	880,723	929,482
Deferred reimbursement	-	-
Goodwill	-	-
Other assets	3,562,954	3,930,150
	14,921,871	15,619,163
Property and equipment		
Land and land improvements	10,189,652	10,189,652
Buildings and improvements	172,254,455	172,192,555
Equipment	106,760,806	105,549,446
Construction in progress	14,143,562	9,438,973
	303,348,475	297,370,626
Less accumulated depreciation	148,624,861	141,173,049
	154,723,614	156,197,577
Total Assets	386,487,402	\$394,940,905

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND EQUITY		
	JUNE 2010	AUDITED DECEMBER 31, 2009
Current liabilities		
Accounts payable	\$15,002,456	\$13,735,714
Accrued liabilities:		
Salaries and wages	2,911,430	3,117,340
Vacation and sick pay	5,124,289	4,712,851
Interest	765,596	779,507
Pension	-	-
Other	4,120,133	3,661,462
	<u>27,923,904</u>	<u>26,006,874</u>
Current portion of long term debt	5,631,075	5,722,520
Due to third parties	4,719,558	4,686,936
Total current liabilities	<u>38,274,537</u>	<u>36,416,330</u>
Deferred revenue	-	-
Pension liability	21,356,449	21,347,915
Claims liability	6,917,141	8,082,720
Other liabilities	1,244,312	1,315,509
Long term debt, less current portion	99,100,972	102,780,700
Net Assets		
Unrestricted	214,649,458	220,603,836
Temporarily restricted	4,944,533	4,393,895
Total net assets	<u>219,593,991</u>	<u>224,997,731</u>
Total Liabilities and Equity	<u><u>386,487,402</u></u>	<u><u>394,940,905</u></u>

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS OF GENERAL FUNDS

	6 MONTHS ENDED JUNE 2010	AUDITED DECEMBER 31, 2009
OPERATING ACTIVITIES AND NONOPERATING REVENUES		
Increase(decrease) in net assets	\$ (5,403,740)	\$ 35,201,693
Adjustments to reconcile to net cash provided by operating activities and nonoperating gains and losses:		
Additional minimum pension liability	-	-
Change in fair value of interest rate swap	-	-
Gain on sale of assets	-	-
Depreciation and amortization	7,855,379	15,350,530
Adjustment to initially apply recognition of FASB 158	0	-
Net unrealized appreciation in fair value of investments	0	-
(Increase) decrease in accounts receivable	(7,994,110)	(8,311,876)
(Increase) decrease in third party receivable	0	(2,253,241)
Increase (decrease) in short-term investments	10,575,410	(5,225,746)
(Increase) decrease in other assets	(2,209,856)	559,573
(Increase) decrease in investment in and advances to affiliates	281,337	(4,327,819)
Increase (decrease) in accounts payable	1,266,742	3,997,255
Increase (decrease) in accrued expenses	650,288	995,632
Increase (decrease) in claims liability	(1,165,579)	2,592,692
Increase (decrease) in pension liability	8,534	(3,082,602)
Increase (decrease) in other liabilities	(71,197)	124,463
Increase (decrease) in third party payables	32,622	1,476,794
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NONOPERATING REVENUES	3,825,830	37,097,348
INVESTING ACTIVITIES		
(Increase) decrease in donor and board restricted funds	(567,486)	(762,056)
Additions to property and equipment, net	(6,381,416)	(19,614,200)
Sale of interest in joint venture	-	-
Investment in joint venture	-	-
Decrease (increase) in board-designated assets	684,236	(7,586,764)
Decrease (increase) in professional liability fund	2,665,317	(3,393,307)
Decrease (increase) in pledges receivable	0	(435,577)
Decrease (increase) in funds held by trustees	85,164	(220,015)
NET CASH USED IN INVESTING ACTIVITIES	(3,514,185)	(32,011,919)
FINANCING ACTIVITIES		
Decrease in debt issue costs	48,759	113,829
Retirement of long-term debt	(3,771,173)	(3,374,818)
Issuance of long-term debt	-	-
Advance on line of credit	0	0
NET CASH USED IN FINANCING ACTIVITIES	(3,722,414)	(3,260,989)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,410,769)	1,824,440
Cash and cash equivalents at beginning of year	7,634,330	5,809,890
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$4,223,561	\$7,634,330

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2010

23-Jul-10

ASSETS

	<u>CRITTENTON HOSPITAL</u>	<u>STRATEGIC ALLIANCE ASSURANCE CO.</u>	<u>CHMC FOUNDATION</u>	<u>CRITTENTON DEVELOPMENT CORPORATION</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED BALANCES</u>
Current assets						
Cash and investments	\$ 702,036	\$ 1,398,935	\$ 460,399	\$ 1,662,191		\$ 4,223,561
Accounts receivable for patient service, net of allowance for doubtful accounts	44,412,879	-	21,430	1,492,131	-	45,926,440
Inventories	4,293,940		-	427,344		4,721,284
Prepaid expenses and deposits	2,774,453	6,349	-	302,958		3,083,760
Current portion of funds held by trustee	1,943,869		-	-		1,943,869
Accounts receivable affiliates, current	2,628,695		12,626	1,589,640	(2,624,258)	1,606,703
Investments and marketable securities	35,183,672		33,734,957	1,735,544		70,654,173
Due from third party	2,253,241					2,253,241
Other assets	2,684,423	-	-	597,327		3,281,750
Total current assets	<u>96,877,208</u>	<u>1,405,284</u>	<u>34,229,412</u>	<u>7,807,135</u>	<u>(2,624,258)</u>	<u>137,694,781</u>
Assets whose use is limited or restricted						
Funds held by state treasurer						
Less current portion	2,651,211		-	-		2,651,211
Construction Fund	-					-
Board designated assets	52,503,663		-	-		52,503,663
Professional liability fund	10,869,279	7,742,874	-	-		18,612,153
Pledges Receivable			435,577			435,577
Donor and board restricted funds	783,351		4,161,182	-		4,944,533
	<u>66,807,504</u>	<u>7,742,874</u>	<u>4,596,759</u>	<u>-</u>	<u>-</u>	<u>79,147,137</u>
Other assets						
Investment in MRI & affiliates	-		-	-		-
Investments and notes in affiliates	15,765,152		-	1,430,451	(6,717,409)	10,478,194
Debt issuance costs, net of amortization	880,723		-	-		880,723
Deferred reimbursement	-		-	-		-
Goodwill	-		-	-		-
Other assets	7,407,252		-	-	(3,844,298)	3,562,954
	<u>24,053,127</u>	<u>-</u>	<u>-</u>	<u>1,430,451</u>	<u>(10,561,707)</u>	<u>14,921,871</u>
Property and equipment						
Land and land improvements	8,080,060		-	2,109,592		10,189,652
Buildings and improvements	172,254,455		-	-		172,254,455
Equipment	100,002,864		-	6,757,942		106,760,806
Construction in progress	14,143,562		-	-		14,143,562
	<u>294,480,941</u>	<u>-</u>	<u>-</u>	<u>8,867,534</u>	<u>-</u>	<u>303,348,475</u>
Less accumulated depreciation	146,320,962		-	2,303,899		148,624,861
	<u>148,159,979</u>	<u>-</u>	<u>-</u>	<u>6,563,635</u>	<u>-</u>	<u>154,723,614</u>
Total Assets	<u>\$ 335,897,818</u>	<u>\$ 9,148,158</u>	<u>\$ 38,826,171</u>	<u>\$ 15,801,221</u>	<u>\$ (13,185,965)</u>	<u>\$ 386,487,402</u>

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
JUNE 30, 2010

23-Jul-10

LIABILITIES AND NET ASSETS

	<u>CRITTENTON HOSPITAL</u>	<u>STRATEGIC ALLIANCE ASSURANCE CO.</u>	<u>CHMC FOUNDATION</u>	<u>CRITTENTON DEVELOPMENT CORPORATION</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED BALANCES</u>
Current liabilities						
Accounts payable	\$ 14,302,943	\$ 20,277	\$ -	\$ 679,236	\$ -	\$ 15,002,456
Accrued liabilities:						
Salaries and wages	2,733,575	-	-	177,855	-	2,911,430
Vacation and sick pay	5,124,289	-	-	-	-	5,124,289
Interest	765,596	-	-	-	-	765,596
Pension	-	-	-	-	-	-
Other	1,754,459	1,863,312	350,000	43,427	108,935	4,120,133
Current portion of long term debt	4,003,037	-	-	1,628,038	-	5,631,075
Accounts payable affiliates	121,561	-	155,055	2,456,577	(2,733,193)	(0)
Due to third parties	4,406,424	-	-	313,134	-	4,719,558
Total current liabilities	<u>33,211,885</u>	<u>1,883,589</u>	<u>505,055</u>	<u>5,298,267</u>	<u>(2,624,258)</u>	<u>38,274,537</u>
Deferred revenue	-	-	-	-	-	-
Pension liability	21,356,449	-	-	-	-	21,356,449
Claims liability	3,616,870	7,144,569	-	-	(3,844,298)	6,917,141
Other liabilities	579,986	-	-	664,326	-	1,244,312
Long term debt, less current portion	99,100,972	-	-	-	-	99,100,972
Net assets						
Unrestricted	177,248,305	120,000	34,159,934	9,838,628	(6,717,409)	214,649,458
Temporarily restricted	783,351	-	4,161,182	-	-	4,944,533
Total net assets	<u>178,031,656</u>	<u>120,000</u>	<u>38,321,116</u>	<u>9,838,628</u>	<u>(6,717,409)</u>	<u>219,593,991</u>
Total Liabilities and Net Assets	<u>\$ 335,897,818</u>	<u>\$ 9,148,158</u>	<u>\$ 38,826,171</u>	<u>\$ 15,801,221</u>	<u>\$ (13,185,965)</u>	<u>\$ 386,487,402</u>

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2010

23-Jul-10

	CRITTENTON HOSPITAL	STRATEGIC ALLIANCE ASSURANCE CO	CHMC FOUNDATION	CRITTENTON DEVELOPMENT CORPORATION	ELIMINATIONS	CONSOLIDATED BALANCES
Unrestricted revenues, gains and other support:						
Net patient service revenue	\$ 113,294,171		\$ -	\$ 6,475,933	\$ -	\$ 119,770,104
Other operating revenue	1,132,068	1,219,538	7,284	364,909	(643,562)	2,080,237
Income from investment in affiliate	408,619		-	36,889	-	445,508
Net assets released from restrictions for oper:	-		-	-		-
Total unrestricted revenue, gains, and other	114,834,858	1,219,538	7,284	6,877,731	(643,562)	122,295,849
Expenses:						
Salaries and wages	40,926,584		176,522	2,686,319	-	43,789,425
Fringe Benefits	9,681,123		26,970	550,373	-	10,258,466
Outside professional medical services	4,760,487		-	7,111		4,767,598
Supplies	19,807,172		6,628	1,537,242		21,351,042
Administrative and General	25,347,665	1,405,545	246,453	1,562,055	(643,562)	27,918,156
Provision for doubtful accounts	6,844,000		-	25,296		6,869,296
Depreciation and amortization	7,509,835		-	345,544		7,855,379
Interest	1,213,747		-	144,350		1,358,097
Total expenses	116,090,613	1,405,545	456,573	6,858,290	(643,562)	124,167,459
Income(loss) from operations	(1,255,755)	(186,007)	(449,289)	19,441	-	(1,871,610)
Loss on Bond Refinancing	-					-
Minority Interest				17,061		17,061
Contributions made			(6,000)			(6,000)
Nonoperating realized gains and losses	942,047	186,007	488,370	142,757		1,759,181
Nonoperating unrealized gains and losses	(4,027,484)	-	(1,827,122)	(26,173)		(5,880,779)
Excess of revenue over expenses	(4,341,192)	-	(1,794,041)	153,086	-	(5,982,147)
Other changes in unrestricted net assets:						
Contributions for property acquisitions	27,769		-	-		27,769
Non-Contributory Pension minimum liability	-		-	-		-
Transfers from Crittenton Foundation	-		-	-		-
Other changes in unrestricted net assets	-	-	-	-		-
Adjustment to apply FASB 158	-		-	-	-	-
Net unrealized loss in fair value of investments	-		-	-	-	-
Increase(decrease) in unrestricted nets assets before cumulative effect	(4,313,423)	-	(1,794,041)	153,086	-	(5,954,378)
Cumulative of change in method of accounting for investments	-					-
Change in temporarily restricted assets	(30,624)		581,262			550,638
Increase(decrease) in net assets	\$ (4,344,047)	\$ -	\$ (1,212,779)	\$ 153,086	\$ -	\$ (5,403,740)

CRITTENTON HOSPITAL MEDICAL CENTER AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED JUNE 30, 2010

23-Jul-10

	CRITTENTON HOSPITAL	STRATEGIC ALLIANCE ASSURANCE CO	CHMC FOUNDATION	CRITTENTON DEVELOPMENT CORPORATION	ELIMINATIONS	CONSOLIDATED
Unrestricted net assets:						
Operating income	\$ (1,255,755)	\$ (186,007)	\$ (449,289)	\$ 19,441	\$ -	\$ (1,871,610)
Nonoperating gains and losses	(3,085,437)	186,007	(1,344,752)	133,645	-	(4,110,537)
Loss on Bond Refinancing	-	-	-	-	-	0
Non-Contributory Pension Minimum Liability	-	-	-	-	-	0
Other changes in unrestricted net assets	-	-	-	-	-	-
Contributions for property acquisitions	27,769	-	-	-	-	27,769
Net unrealized gain(loss) in fair value of investments	-	-	-	-	-	-
Equity transfers to Crittenton Corporation	-	-	-	-	-	-
FASB 158	-	-	-	-	-	-
Increase(decrease) in unrestricted net assets	<u>(4,313,423)</u>	<u>-</u>	<u>(1,794,041)</u>	<u>153,086</u>	<u>-</u>	<u>(5,954,378)</u>
Temporarily restricted net assets:						
Contributions for operation, plant and equipment	6,875	-	624,655	-	-	631,530
Net assets released from restrictions	(37,499)	-	(43,392)	-	-	(80,892)
Increase (decrease) in temporarily restricted net assets	<u>(30,624)</u>	<u>-</u>	<u>581,262</u>	<u>-</u>	<u>-</u>	<u>550,638</u>
Increase(decrease) in net assets	(4,344,047)	-	(1,212,779)	153,086	-	(5,403,740)
Net assets, beginning of year	182,375,703	120,000	39,533,895	9,685,542	(6,717,409)	224,997,731
Net assets, end of year	<u><u>\$ 178,031,656</u></u>	<u><u>\$ 120,000</u></u>	<u><u>\$ 38,321,116</u></u>	<u><u>\$ 9,838,628</u></u>	<u><u>\$ (6,717,409)</u></u>	<u><u>\$ 219,593,991</u></u>



Get Better Here™

Obligated Group Disclosure Data

Historical Utilization of Hospital Facilities and Ancillary Services:

	<u>JUNE 2010</u>	<u>JUNE 2009</u>
Maintained Beds	248	248
Admissions	6,397	6,480
Patient Days	31,217	31,471
Average Length of Stay	4.28	4.26
Percentage Occupancy	69.5	70.1
Emergency Room Visits	14,107	14,661
Inpatient Surgeries	1,826	1,878
Outpatient Surgeries	2,616	2,807

Sources of Revenue:

Blue Cross	0.85%	1.99%
Medicare	39.25%	39.28%
Medicaid	1.61%	1.97%
Health Alliance Plan	3.80%	4.39%
HMO/PPO	43.05%	45.08%
Patient Pay and Other	11.44%	7.29%
Total	<u>100.0%</u>	<u>100.0%</u>

Capitalization and Liquidity:

Long-term debt	\$ 99,010	\$ 103,195
Fund Balance (unrestricted)	177,248	161,409
Total Capitalization	<u>\$ 276,258</u>	<u>\$ 264,604</u>

Total Debt as a percentage of Total Capitalization	32.8%	35.3%
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Maximum annual debt service	2.1	1.6
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Cash and short-term investments	\$ 35,886	\$ 44,339
Assets limited to use - by Board for Funded Depreciation	52,504	46,895
	<u>\$ 88,390</u>	<u>\$ 91,234</u>

Days Cash on Hand	147	161
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