



FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

September 30, 2011 and 2010

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# ECK, SCHAFFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

Board of Directors  
Hoopeston Regional Health Center

We have audited the accompanying statements of financial position of Hoopeston Regional Health Center (the Center) (a not-for-profit organization) as of September 30, 2011 and 2010, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hoopeston Regional Health Center as of September 30, 2011 and 2010, and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Eck, Schaffer & Punke, LLP*

Springfield, Illinois  
January 17, 2012

Hoopeston Regional Health Center

STATEMENTS OF FINANCIAL POSITION

September 30

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 817,551	\$ -
Patient accounts receivable, net of bad debt reserve of \$ 1.60 and \$ 1.48 million in 2011 and 2010, respectively	2,631,148	2,190,787
Supplies inventory	245,659	232,022
Estimated amounts due from third-party payers	110,000	312,115
Prepaid expenses and other	<u>153,488</u>	<u>53,597</u>
Total current assets	3,957,846	2,788,521
<b>ASSETS WHOSE USE IS LIMITED</b>		
Held by trustee	539,925	1,678,639
<b>BENEFICIAL INTEREST IN PERPETUAL TRUST</b>		
	3,565,398	3,546,864
<b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>		
Land and land improvements	559,490	464,490
Buildings and leasehold improvements	10,431,604	10,318,754
Equipment	4,569,031	4,243,011
Construction in progress	<u>3,667,718</u>	<u>884,243</u>
	19,227,843	15,910,498
Less accumulated depreciation	<u>7,521,761</u>	<u>6,749,195</u>
	11,706,082	9,161,303
<b>OTHER ASSETS</b>		
Deferred financing costs	<u>291,486</u>	<u>370,759</u>
Total assets	<u>\$ 20,060,737</u>	<u>\$ 17,546,086</u>

The accompanying notes are an integral part of these statements.

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Cash overdraft	\$ -	\$ 122,433
Bank line of credit	630,709	410,255
Accounts payable	2,387,063	1,734,804
Accrued expenses and other liabilities	996,452	1,145,960
Current maturities of long-term obligations	610,366	424,902
Estimated amounts due to third-party payers	<u>353,013</u>	<u>-</u>
Total current liabilities	4,977,603	3,838,354
LONG-TERM OBLIGATIONS, less current maturities	8,610,473	7,716,619
ASSET RETIREMENT OBLIGATION	<u>135,779</u>	<u>129,313</u>
Total liabilities	13,723,855	11,684,286
NET ASSETS		
Unrestricted	2,771,484	2,314,936
Permanently restricted	<u>3,565,398</u>	<u>3,546,864</u>
Total net assets	<u>6,336,882</u>	<u>5,861,800</u>
Total liabilities and net assets	<u>\$ 20,060,737</u>	<u>\$ 17,546,086</u>

Hoopeston Regional Health Center

STATEMENTS OF ACTIVITIES - UNRESTRICTED

Year ended September 30

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUE</b>		
Net patient service revenue	\$ 23,918,176	\$ 20,405,006
Other	<u>565,718</u>	<u>582,841</u>
Total revenues	24,483,894	20,987,847
<b>EXPENSES</b>		
Salaries and wages	9,158,883	8,167,946
Employee benefits	1,958,152	1,750,299
Purchased services and professional fees	3,990,539	3,262,281
Drugs and other supplies	2,794,245	2,464,624
Depreciation and amortization	792,870	788,422
Interest	566,015	579,702
Provision for uncollectible accounts	1,931,978	1,577,812
Other expenses	<u>2,812,778</u>	<u>2,631,733</u>
Total expenses	<u>24,005,460</u>	<u>21,222,819</u>
Operating income (loss)	478,434	(234,972)
<b>OTHER REVENUE (LOSSES) AND UNRESTRICTED SUPPORT</b>		
Investments	87,408	113,022
Contributions and grants	104,672	47,265
Charlotte A. Russell Trust	132,910	126,809
Bond refinancing	<u>(346,876)</u>	<u>-</u>
	<u>(21,886)</u>	<u>287,096</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>\$ 456,548</u>	<u>\$ 52,124</u>

The accompanying notes are an integral part of these statements.

Hoopeston Regional Health Center

STATEMENTS OF CHANGES IN NET ASSETS

Year ended September 30

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
NET ASSETS AT SEPTEMBER 30, 2009	\$ 2,262,812	\$ 3,506,813	\$ 5,769,625
Increase in unrestricted net assets	52,124	-	52,124
Change in value of beneficial interest in perpetual trust	<u>-</u>	<u>40,051</u>	<u>40,051</u>
INCREASE IN NET ASSETS	<u>52,124</u>	<u>40,051</u>	<u>92,175</u>
NET ASSETS AT SEPTEMBER 30, 2010	2,314,936	3,546,864	5,861,800
Increase in unrestricted net assets	456,548	-	456,548
Change in value of beneficial interest in perpetual trust	<u>-</u>	<u>18,534</u>	<u>18,534</u>
INCREASE IN NET ASSETS	<u>456,548</u>	<u>18,534</u>	<u>475,082</u>
NET ASSETS AT SEPTEMBER 30, 2011	<u>\$ 2,771,484</u>	<u>\$ 3,565,398</u>	<u>\$ 6,336,882</u>

The accompanying notes are an integral part of these statements.

Hoopeston Regional Health Center

STATEMENTS OF CASH FLOWS

Year ended September 30

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 475,082	\$ 92,175
Adjustments to reconcile increase in net assets to cash flows from operating activities		
Items not requiring (providing) cash		
Depreciation and amortization	792,870	788,422
Loss on bond refinancing	346,876	-
Changes in certain assets and liabilities		
Patient accounts receivable	(440,361)	(441,189)
Other current assets	(113,528)	(16,224)
Beneficial interest in perpetual trust	(18,534)	(40,051)
Accounts payable and other liabilities	502,751	840,875
Estimated third-party settlements	<u>555,128</u>	<u>(414,277)</u>
Net cash flows from operating activities	2,100,284	809,731
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,317,345)	(1,470,770)
Net withdrawals from assets whose use is limited held by Trustee	<u>1,138,714</u>	<u>337,255</u>
Net cash flows from investing activities	(2,178,631)	(1,133,515)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in cash overdraft balance	(122,433)	122,433
Proceeds from long-term debt	8,957,145	-
Principal payments on long-term obligations	(7,877,827)	(428,937)
Deferred financing costs paid	(281,441)	(161,355)
Change in line of credit	<u>220,454</u>	<u>15,215</u>
Net cash flows from financing activities	<u>895,898</u>	<u>(452,644)</u>
<b>NET CASH FLOWS</b>	817,551	(776,428)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>-</u>	<u>776,428</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 817,551</u>	<u>\$ -</u>
<b>Supplemental Cash Flows Disclosure:</b>		
Interest paid	<u>\$ 759,349</u>	<u>\$ 633,619</u>

The accompanying notes are an integral part of these statements.



Hoopeston Regional Health Center

NOTES TO FINANCIAL STATEMENTS

September 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of Hoopeston Regional Health Center (the Center) significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Organization

The Center, whose main campus is located in Hoopeston, Illinois, is a not-for-profit corporation operating an acute care, critical access hospital, a long-term care facility and several outpatient clinical facilities in the rural northeast central Illinois market area. The Center provides inpatient, outpatient, emergency care, long-term care and independent living services in this market area. Admitting physicians are primarily practitioners in the local area.

2. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all time deposits and highly-liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents, with exception of assets whose use is limited, as described below.

3. Inventories

Inventories consisting of medical supplies, drugs and food are stated at the lower of cost or market. Cost is determined using the first-in, first-out method.

4. Assets Whose Use is Limited

Resources held by trustees for bond debt service are not available to meet current obligations, except as expressly stated; accordingly these amounts are reported separately under the caption assets whose use is limited.

5. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided over the useful life of the depreciable assets and is computed on a straight-line basis. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - Continued

6. Other Assets

Deferred financing costs related to the revenue bonds are being amortized over the life of the bonds using the straight-line method.

7. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with third-party payors are also included in net patient service revenue. Such adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

8. Charity Care

The Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The amount of charity care is included in net patient service revenues and is not separately classified from the provision for uncollectible accounts.

9. Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Center are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - Continued

10. Income Taxes

The Center is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income under Section 501(a) of the Code. In addition, the Center qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as organizations other than private foundations under Section 509(a)(2).

The Center follows accounting principles generally accepted in the United States of America related to the accounting for uncertainty in income taxes which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Tax positions for the open tax years as of September 30, 2011 were reviewed, and it was determined that no provision for uncertain tax positions is required.

The Center's information and income tax returns for years subsequent to fiscal year 2007 are open, by statute, for review by authorities.

11. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Permanently Restricted Net Assets

Permanently restricted net assets are restricted by donors to be maintained by the Center in perpetuity.

13. Subsequent Events

The Center assessed events that have occurred subsequent to September 30, 2011 through January 17, 2012, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE B - THIRD-PARTY REIMBURSEMENT AGREEMENTS

The Center has agreements with various third-party payors that provide for payments at amounts different from established rates. For certain payors, such as Medicare, Medicaid and Blue Cross, for which retroactive adjustments are required, estimated settlements are accrued in the period related to the service and adjusted in future periods when final settlements are determined.

Payment agreements have also been entered into with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payments under these agreements includes prospectively determined rates and discounts from established rates.

NOTE C - ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited at September 30 is shown below:

	<u>2011</u>	<u>2010</u>
Held by Trustee under indenture agreement		
Cash and guaranteed investments	\$ 503,234	\$ 1,604,563
Interest receivable	<u>-</u>	<u>34,779</u>
	503,234	1,639,342
Harold H. Poland Trust	<u>36,691</u>	<u>39,297</u>
	<u>\$ 539,925</u>	<u>\$ 1,678,639</u>

NOTE D - FAIR VALUE MEASUREMENTS

The Center follows requirements for *Fair Value Measurements* (as initially required by Statement of Financial Accounting Standards No. 157, and subsequently superceded by Accounting Standards Codification 820). The guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 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. The fair value should be based on assumptions that market participants would use including a consideration of non-performance risk.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The Center assessed the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and is the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The fair values of the Center's investments were determined using inputs, as described above, at September 30, 2011 and 2010, as follows:

	<u>2011</u>	<u>2010</u>
<u>Level 1</u>		
Cash and equivalents and publicly traded securities held in:		
Charlotte A. Russell Perpetual Trust	\$ 451,731	\$ 433,197
Bond retirement trust accounts	-	1,639,342
Escrow Fund	503,234	-
Harold H. Poland Trust	<u>36,691</u>	<u>39,297</u>
	<u>\$ 991,656</u>	<u>\$ 2,111,836</u>
<u>Level 2</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Level 3</u>		
Farmland held in:		
Charlotte A. Russell Perpetual Trust	<u>\$ 3,113,667</u>	<u>\$ 3,113,667</u>

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

The Center has a beneficial interest in the Charlotte A. Russell Perpetual Trust. The principal assets in the trust consist largely of farmland in northeast central Illinois. An appraisal made for the year ended December 31, 2007, resulted in a significant increase in the value of the trust. Trust principal is permanently restricted, but income distributions from the trust are unrestricted. The Center's beneficial interest in the trust totaled \$ 3,565,398 and \$ 3,546,864 at September 30, 2011 and 2010, respectively.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE F - LINE OF CREDIT AGREEMENT

At September 30, 2011 and 2010, the Center had a line of credit of \$ 1 million, of which \$ 630,709 and \$ 410,255, respectively, was in use. The line of credit has a variable interest rate, 4.5 % at September 30, 2011, and is collateralized by inventory and accounts receivable.

NOTE G - LONG TERM OBLIGATIONS

Long-term obligations at September 30 consist of the following:

	<u>2011</u>	<u>2010</u>
Hospital Capital Improvement and Revenue Refunding Bonds, Series 1999, 5.25 - 6.55%, bonds payable, maturing serially through November 15, 2029, with semi-annual interest payments due May 1 and November 1, secured by a first mortgage and security interest in the related facility.	\$ -	\$ 7,450,000
Bond payable to Farm Credit Services of Illinois, issued August 2, 2011, maturing serially through August 1, 2031, payments of principal and interest at 5.9%, due the first day of each month, secured by a first mortgage and security interest all assets of the Center.	7,417,288	-
Other notes payable and lease obligations	<u>1,803,551</u>	<u>691,521</u>
Total long-term obligations	9,220,839	8,141,521
Less current maturities	<u>610,366</u>	<u>424,902</u>
Long-term obligations, less current maturities	<u>\$ 8,610,473</u>	<u>\$ 7,716,619</u>

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE G - LONG TERM OBLIGATIONS - Continued

Interest incurred was as follows during the years ended September 30:

	<u>2011</u>	<u>2010</u>
Interest expensed	\$ 566,015	\$ 579,702
Interest capitalized	<u>8,840</u>	<u>-</u>
Total interest incurred	<u>\$ 574,855</u>	<u>\$ 579,702</u>

Covenants included in the 2011 bond purchase agreement require, among other things, delivery of audit quality financial statements within 120 days of the fiscal year end, delivery of copies of tax returns and other financial reports, certification by management of these reports and of compliance with all bond covenants.

In the event the planned merger with the Carle Foundation or an affiliate of the Carle Foundation is not completed, financial covenants regarding maintenance of liquidity and fixed charge coverage ratios are also required.

Future maturities of the principal balances of bonds, capital leases and other long-term obligations outstanding at September 30, 2011, are as follows for the years ending September 30:

2012	\$ 610,366
2013	680,787
2014	427,362
2015	285,527
2016	284,434
Thereafter	<u>6,932,363</u>
	<u>\$ 9,220,839</u>

The Center has not received all proceeds for financing of a hospital construction project from Carle, and has therefore not recorded the entire \$ 4 million of debt as of September 30, 2011. Repayment will begin upon completion of the project, but no later than May 25, 2013. The maturities schedule above reflects amortization of the principal outstanding at September 30, 2011 of \$ 746,862, included in other notes payable and lease obligations, over the 20-year amortization period beginning in May 2013.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE G - LONG TERM OBLIGATIONS - Continued

Scheduled repayments of capital lease obligations remaining at September 30, 2011 are as follows:

2012	\$ 224,620
2013	218,394
2014	7,338
2015	-
2016	<u>-</u>
	450,352
Less amounts representing interest	<u>34,185</u>
	416,167
Less current maturities	<u>200,183</u>
	<u>\$ 215,984</u>

NOTE H - GROUP INSURANCE TRUSTS

Hoopeston Regional Health Center is insuring its professional and general liability insurance through its membership in the Illinois Provider Trust, a multi-hospital trust consisting of selected members of the Illinois Hospital & Health Systems Association. The Center is currently covered on a "claims made" basis. Contributions to the Trust are made based on expected losses. The Center recognizes its contributions to the Trusts during the year in which it was paid as an expense for the period.

NOTE I - PENSION PLAN

The Center maintains a tax deferred annuity retirement plan, qualified under IRS Code Section 401(k), covering all employees who meet certain requirements. An employee is eligible to defer a portion of wages up to the maximum percent allowable, not to exceed the limits prescribed by law. The employer makes matching contributions at the rate of 50% of the employee contribution, limited to \$ 1,000 per participant each plan year.

The total pension expense related to this plan for the years ended September 30, 2011 and 2010 was \$ 60,471 and \$ 57,866, respectively.



Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE J - CONCENTRATION OF CREDIT RISKS

The Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at September 30:

	<u>2011</u>	<u>2010</u>
Medicare	20%	22%
Medicaid	36	18
Other third-party payors	29	33
Self-pay	<u>15</u>	<u>27</u>
	<u>100%</u>	<u>100%</u>

The Center maintains cash balances at several financial institutions located in central Illinois. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. At various times during the year, the balance exceeded the amount insured.

NOTE K - FUNCTIONAL EXPENSES

The Center provides general health care services primarily to residents within its geographic service area. Expenses related to providing these services are as follows:

	<u>2011</u>	<u>2010</u>
Program	\$ 19,265,948	\$ 16,748,640
General and administrative	<u>4,739,512</u>	<u>4,474,179</u>
	<u>\$ 24,005,460</u>	<u>\$ 21,222,819</u>

NOTE L - ASSET RETIREMENT OBLIGATION

The Center is accreting a conditional asset retirement obligation. This obligation primarily relates to asbestos contained in buildings the Center owns. Existing environmental regulations stipulate the Center handle and dispose of asbestos in a special manner if a building undergoes major renovations or demolition. Accretion of this obligation for the years ended September 30, 2011 and 2010 totaled \$ 6,466 and \$ 6,158, respectively.

Hoopeston Regional Health Center

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

September 30, 2011 and 2010

NOTE M - RELATED PARTY TRANSACTIONS

The Center has purchased from and pays for repairs and maintenance of a motor vehicle with a company in which a board member has a financial interest. Management represents that such transactions are always made at arms-length and disclosure of such of related party transactions is always made prior to their consummation in accordance with the Center's conflict of interest policy.

NOTE N - CONTINGENCY

During the year ended September 30, 2011, the Carle Foundation (Carle) and Hoopeston Regional Health Center (the Center) have discussed the acquisition by Carle, or an affiliate of Carle, of certain assets and operations of the Center. The parties have executed a Letter of Intent outlining certain binding and nonbinding commitments. These commitments involve Carle purchasing substantially all of the operating assets of the Center, except for the long-term care facility and assuming responsibility for management of all operations now under the control of the Center except for the long-term care facility.

SUPPLEMENTARY INFORMATION

# ECK, SCHAFFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report on Supplementary Information

To the Board of Directors  
Hoopeston Regional Health Care Center

Our report on the basic financial statements of Hoopeston Regional Health Care Center as of and for the years ended September 30, 2011 and 2010 appears on page 3. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Eck, Schaffer & Punke, LLP*

Springfield, Illinois  
January 17, 2012

Hoopeston Regional Health Center

NET PATIENT SERVICE REVENUE

Year ended September 30

	<u>2011</u>	<u>2010</u>
PATIENT SERVICE REVENUE		
Inpatient	\$ 7,231,031	\$ 5,566,513
Swing bed	1,285,606	2,087,282
Outpatient	27,908,410	22,092,108
Emergency room	6,839,696	6,630,891
Walk-in clinics	3,520,128	2,789,481
Nursing home	<u>4,965,627</u>	<u>4,760,411</u>
Gross patient service revenue	51,750,498	43,926,686
LESS: CONTRACTUAL ADJUSTMENTS	<u>27,832,322</u>	<u>23,521,680</u>
NET PATIENT SERVICE REVENUE	<u>\$ 23,918,176</u>	<u>\$ 20,405,006</u>

Hoopeston Regional Health Center

OTHER EXPENSES

Year ended September 30

	<u>2011</u>	<u>2010</u>
Rent and lease	\$ 575,554	\$ 402,879
Utilities	426,695	392,264
Repairs and maintenance	353,043	331,877
Assessments, licenses and taxes	244,098	358,893
Insurance	452,502	310,652
Advertising	164,421	254,202
Travel and transportation	123,230	96,358
Education and training	56,507	42,438
Minor equipment purchases	223,247	122,005
Dues and subscriptions	47,573	41,649
Miscellaneous	<u>145,908</u>	<u>278,516</u>
Total other expenses	<u>\$ 2,812,778</u>	<u>\$ 2,631,733</u>