IMD GUEST HOUSE FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
IMD Guest House Foundation
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of IMD Guest House Foundation (an Illinois non-profit corporation), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of IMD Guest House Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on Schedule 1 is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Chicago, Illinois
June 14, 2013
# IMD GUEST HOUSE FOUNDATION
## STATEMENT OF FINANCIAL POSITION

December 31, 2012

### ASSETS

**CURRENT ASSETS**
- Cash and cash equivalents: $191,015
- Accounts receivable: 23,377
- Promises to give: 500,000
- Prepaid insurance: 5,310
  - Total current assets: 719,702

**PROPERTY AND EQUIPMENT** (net of accumulated depreciation of $9,459): 57,416

**RESTRICTED CASH - ESCROW**: 511,956

**TOTAL ASSETS**: $1,289,074

### LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**
- Accounts payable: $3,432
- Deferred revenue: 116,000
  - Total current liabilities: 119,432

**NET ASSETS**
- Unrestricted: 90,664
- Temporarily restricted: 1,078,978
  - Total net assets: 1,169,642

**TOTAL LIABILITIES AND NET ASSETS**: $1,289,074

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The accompanying notes are an integral part of this statement.
# IMD Guest House Foundation
## Statement of Activities
### Year Ended December 31, 2012

<table>
<thead>
<tr>
<th>Support and revenue</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public support and contribution</td>
<td>$22,610</td>
<td>$</td>
<td>$22,610</td>
</tr>
<tr>
<td>Program service revenue</td>
<td>$370,397</td>
<td>$</td>
<td>370,397</td>
</tr>
<tr>
<td>Special events</td>
<td>$66,646</td>
<td>$</td>
<td>66,646</td>
</tr>
<tr>
<td>In-kind contributions and support</td>
<td>$123,574</td>
<td>$</td>
<td>123,574</td>
</tr>
<tr>
<td>Interest income</td>
<td>$9</td>
<td>$56</td>
<td>65</td>
</tr>
<tr>
<td>Other income</td>
<td>$510</td>
<td>$</td>
<td>510</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$3,000</td>
<td>$(3,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td><strong>586,746</strong></td>
<td><strong>(2,944)</strong></td>
<td><strong>583,802</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>$425,582</td>
<td>$</td>
<td>425,582</td>
</tr>
<tr>
<td>Management and general</td>
<td>$56,748</td>
<td>$</td>
<td>56,748</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$85,119</td>
<td>$</td>
<td>85,119</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>567,449</strong></td>
<td>$</td>
<td><strong>567,449</strong></td>
</tr>
</tbody>
</table>

| Change in net assets                       | $19,297      | $(2,944)                | 16,353 |

| Net assets - beginning of year             | $71,367      | $1,081,922              | 1,153,289 |

| Net assets - end of year                   | $90,664      | $1,078,978              | $1,169,642 |

The accompanying notes are an integral part of this statement.
IMD GUEST HOUSE FOUNDATION
STATEMENT OF CASH FLOWS

Year Ended December 31, 2012

Cash flows from operating activities
  Change in net assets $ 16,353
  Adjustments to reconcile change in net assets to net cash provided by operating activities
    Depreciation 7,049
    Increase in
      Accounts receivable (4,927)
      Prepaid insurance (3,479)
    Increase (decrease) in
      Accounts payable (7,623)
    Deferred revenue 116,000
    Net cash provided by operating activities 123,373

Cash flows from investing activities
  Purchase of property and equipment (39,280)
  Increase in restricted cash - escrow (30)
  Net cash used for investing activities (39,310)

Net increase in cash and cash equivalents 84,063

Cash and cash equivalents - beginning of year 106,952

Cash and cash equivalents - end of year $ 191,015

The accompanying notes are an integral part of this statement.
Note A - Nature of Organization

IMD Guest House Foundation (the “Foundation”) is an Illinois non-profit organization. The Foundation was created in 1999 by representatives of the Illinois Medical District (“IMD”) Commission, the governing body of IMD, and the IMD hospitals. The Foundation’s purpose is to meet a recognized need to provide a comfortable, secure, temporary residence that serves as a “home-away-from-home” providing a supportive environment for Chicago area medical patients and their families and friends. The Foundation currently offers a “home-away-from-home” by providing leased apartments to families and friends of patients at the University of Illinois Medical Center, the John H. Stroger, Jr. Hospital of Cook County, American Cancer Society, and Rush University Medical Center.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Foundation does not have any permanently restricted net assets at December 31, 2012.

Restricted and Unrestricted Revenue and Support

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support, if any, is reported as an increase in temporarily restricted net 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 to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Program Service Revenue

The Foundation has institutional rent sponsorship agreements with various hospitals to lease rooms to their patients and their family and friends. Revenue from these arrangements is recognized ratably over the term of the agreement. In addition, guests leasing the rooms pay daily rental rates which are determined by the respective institution.

Cash and Cash Equivalents

The Foundation considers non-interest bearing checking accounts and interest bearing money market accounts on deposit with a bank to be cash equivalents.
Note B - Summary of Significant Accounting Policies (Cont'd)

Promises to Give / Receivables
Unconditional promises to give are recognized as receivables and revenues in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The receivables are due under terms established by the donors.

The carrying amount of receivables is reduced by an allowance for uncollectible promises receivable that reflects management’s estimate of the amounts that will not be collected. Management reviews individual receivable balances periodically and determines the adequacy of its estimate for the valuation allowance. At December 31, 2012, no allowance for uncollectible promises was considered necessary.

Property and Equipment
Furniture, fixtures and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets of three to five years.

Deferred Revenue
Receipts of institutional rent sponsorships are deferred and reported as income in the year to which they apply.

Income Taxes
The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, exempt organizations may be subject to income tax on any unrelated business income. At December 31, 2012, no provision or liability for income taxes has been recorded.

The Foundation evaluates tax positions taken in the course of preparing its tax returns to determine whether tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year.

In-kind Contributions and Support
In-kind contributions consist of donated goods and services, including legal services, Guest House apartment items, and special event goods and services. The Foundation has requested providers of goods and services to submit documentation in support of their contributions. The value of in-kind contributions is reflected in the financial statements to the extent that the providers of the contributions submitted proper support to quantify the donation’s value.
Note B - Summary of Significant Accounting Policies (Cont'd)

In-kind Contributions and Support (Cont’d)
Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. These contributions have been presented in the financial statements as support with a like amount shown as expense.

Subsequent Events
The Foundation has evaluated subsequent events for possible adjustment to, or disclosure in, the 2012 financial statements, through June 14, 2013, the date which the financial statements were available to be issued.

Estimates and Assumptions
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note C - Concentration of Credit Risk
Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents. The Foundation places its cash and cash equivalents with high credit quality financial institutions. From time to time, the Foundation has balances in excess of the federally insured deposit limits.

Note D - Promises to Give
Included in promises to give at December 31, 2012, is a $500,000 grant from the Illinois Department of Commerce and Economic Opportunity (IDCEO).
A total of $1,000,000 was pledged by the IDCEO of which $500,000 was received in a prior year. The collection of the remaining $500,000 is dependent upon incurring qualified expenditures and fulfilling reporting requirements by December 31, 2013.

Note E - Temporarily Restricted Net Assets
Temporarily restricted net assets at December 31, 2012 aggregate $1,078,978 and are restricted for the following purposes:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDCEO Grant and interest earned</td>
<td>$1,073,400</td>
</tr>
<tr>
<td>TLC Meals Program</td>
<td>4,146</td>
</tr>
<tr>
<td>Other</td>
<td>1,432</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,078,978</td>
</tr>
</tbody>
</table>
Note E - Temporarily Restricted Net Assets (Cont’d)

Included in temporarily restricted net assets is a $1,000,000 grant from the IDCEO. The grant expires December 31, 2013. The funds can only be used for construction costs on a guest house facility. The funds cannot be accessed until construction begins on such facility. Accordingly, the $500,000 of grant funds received in a prior year remains deposited in an escrow account. The IDCEO agreement also requires that any unexpended grant funds and interest earned thereon, aggregating $1,073,400 at December 31, 2012, remaining at the agreement expiration date are to be returned to the IDCEO.

The Nathan Cummings Foundation grant from 2004 was fully released from restrictions in 2012 by approval from the donors and the Foundation’s Board of Directors for the purchase of furniture and furnishings for the apartments leased at the UIC building.

Note F - Program Service Revenue

The Foundation leased their rooms to guests for 2,858 nights of service during 2012. The non-hardship rate for each room per night is $55. The gross room revenue potential in 2012 is $157,190, of which $115,397 was earned, has been reflected in program service revenue. The difference of $41,793 represents the discount given for guests with a hardship need. The daily rental rates for guests with hardships are determined by the respective institutional rent sponsor.

Note G - In-kind Contributions and Support

The in-kind contributions and support recognized for 2012 comprise:

| Legal services | $ 123,574 |

Note H - Special Events Revenue

Each year the Foundation raises money through special events. During 2012, revenues from special events comprise:

<table>
<thead>
<tr>
<th>Event</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf outing</td>
<td>$ 41,611</td>
</tr>
<tr>
<td>Third party events</td>
<td>5,025</td>
</tr>
<tr>
<td>Wine tasting</td>
<td>20,010</td>
</tr>
</tbody>
</table>

Total $ 66,646
Note I - Operating Lease

The Foundation has an operating lease for ten housing units, an office space, and two parking spaces. The lease, which expires in July 2013, has renewal options of one and two year terms at mutually agreed upon rental rates. The lease also allows for additional housing units to be leased at previously agreed upon rental rates. The Foundation added four housing units in September 2012 and an additional two housing units in December of 2012 to the operating lease agreement, for a total of sixteen leased housing units as of December 31, 2012.

Minimum future rental commitments under the terms of the operating lease are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$120,050</td>
</tr>
</tbody>
</table>

Rent expense for 2012 amounted to $148,750.

Note J - Income Taxes

The Foundation files its exempt organization income tax returns in the U.S. federal jurisdiction and the state of Illinois. The Foundation is no longer subject to income tax examinations by taxing authorities for years prior to 2009.
SUPPLEMENTARY INFORMATION
## SCHEDULE 1

### IMD GUEST HOUSE FOUNDATION

**SCHEDULE OF EXPENSES**

Year Ended December 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$3,621</td>
<td>$483</td>
<td>$724</td>
<td>$4,828</td>
</tr>
<tr>
<td>Auditing fees</td>
<td>3,761</td>
<td>502</td>
<td>752</td>
<td>5,015</td>
</tr>
<tr>
<td>Bank service charges</td>
<td>3,132</td>
<td>418</td>
<td>627</td>
<td>4,177</td>
</tr>
<tr>
<td>Conferences</td>
<td>7,077</td>
<td>944</td>
<td>1,415</td>
<td>9,436</td>
</tr>
<tr>
<td>Copying</td>
<td>1,927</td>
<td>257</td>
<td>385</td>
<td>2,569</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,287</td>
<td>705</td>
<td>1,057</td>
<td>7,049</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>170</td>
<td>23</td>
<td>34</td>
<td>227</td>
</tr>
<tr>
<td>In-kind contributions - legal</td>
<td>92,681</td>
<td>12,357</td>
<td>18,536</td>
<td>123,574</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,489</td>
<td>599</td>
<td>898</td>
<td>5,986</td>
</tr>
<tr>
<td>Marketing</td>
<td>3,746</td>
<td>499</td>
<td>749</td>
<td>4,994</td>
</tr>
<tr>
<td>Membership dues</td>
<td>1,093</td>
<td>146</td>
<td>219</td>
<td>1,458</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,453</td>
<td>327</td>
<td>492</td>
<td>3,272</td>
</tr>
<tr>
<td>Officer compensation</td>
<td>78,750</td>
<td>10,500</td>
<td>15,750</td>
<td>105,000</td>
</tr>
<tr>
<td>Outside computer services</td>
<td>3,499</td>
<td>467</td>
<td>700</td>
<td>4,666</td>
</tr>
<tr>
<td>Payroll fees</td>
<td>859</td>
<td>115</td>
<td>172</td>
<td>1,146</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>9,140</td>
<td>1,219</td>
<td>1,828</td>
<td>12,187</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>1,078</td>
<td>144</td>
<td>216</td>
<td>1,438</td>
</tr>
<tr>
<td>Professional fees</td>
<td>12,618</td>
<td>1,683</td>
<td>2,524</td>
<td>16,825</td>
</tr>
<tr>
<td>Rent, parking, or other occupancy</td>
<td>111,562</td>
<td>14,875</td>
<td>22,313</td>
<td>148,750</td>
</tr>
<tr>
<td>Salaries - other</td>
<td>40,728</td>
<td>5,431</td>
<td>8,146</td>
<td>54,305</td>
</tr>
<tr>
<td>Special events</td>
<td>26,612</td>
<td>3,548</td>
<td>5,322</td>
<td>35,482</td>
</tr>
<tr>
<td>Supplies</td>
<td>8,073</td>
<td>1,076</td>
<td>1,615</td>
<td>10,764</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,226</td>
<td>430</td>
<td>645</td>
<td>4,301</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$ 425,582</strong></td>
<td><strong>$ 56,748</strong></td>
<td><strong>$ 85,119</strong></td>
<td><strong>$ 567,449</strong></td>
</tr>
</tbody>
</table>

Reference is made to the accompanying Independent Auditor's Report relating to the data contained in this schedule.