

The McLean Hospital Corporation

BALANCE SHEETS September 30, 2005 and 2004

<i>(in thousands)</i>	2005	2004
Assets		
Current assets		
Cash and equivalents	\$ 4,084	\$ 719
Investments	11,325	13,493
Current portion of investments limited as to use	15,800	9,157
Patient accounts receivable, net of allowance for bad debts: 2005 - \$1,719; 2004 - \$1,626	5,920	7,321
Due from affiliates	-	213
Other current assets	8,615	4,940
Total current assets	<u>45,744</u>	<u>35,843</u>
Investments limited as to use, less current portion	19,464	14,468
Long-term investments	7,306	6,791
Pledges receivable, net, less current portion	3,547	3,033
Interest in the net assets of The Massachusetts General Hospital	66,317	49,773
Property and equipment, net	47,287	52,961
Total assets	<u>\$189,665</u>	<u>\$162,869</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term obligations	\$ 2,231	\$ 2,127
Accounts payable and accrued expenses	5,332	3,964
Accrued compensation and benefits	5,950	5,871
Current portion of accrual for settlements with third-party payers	4,667	4,604
Unexpended funds on research grants	8,588	6,158
Due to affiliates	81	-
Total current liabilities	<u>26,849</u>	<u>22,724</u>
Other liabilities		
Accrual for settlements with third-party payers, less current portion	6,879	7,014
Accrued professional liability	774	722
Accrued employee benefits	1,937	1,659
	<u>9,590</u>	<u>9,395</u>
Long-term obligations, less current portion	<u>21,451</u>	<u>23,683</u>
Total liabilities	<u>57,890</u>	<u>55,802</u>
Commitments and contingencies		
Net assets		
Unrestricted	63,973	47,141
Temporarily restricted	41,506	33,683
Permanently restricted	26,296	26,243
Total net assets	<u>131,775</u>	<u>107,067</u>
Total liabilities and net assets	<u>\$189,665</u>	<u>\$162,869</u>

Reclassifications: Certain amounts in the 2004 financial statements have been reclassified to conform with the 2005 presentation. McLean no longer reports certain investment income as a component of other revenue. All unrestricted investment income (including realized gains and losses), except for trust-related income and certain endowment distributions, is reported as non-operating revenue.

The McLean Hospital Corporation

STATEMENTS OF OPERATIONS Years Ended September 30, 2005 and 2004

<i>(in thousands)</i>	2005	2004
Operating revenue		
Net patient service revenue	\$ 74,139	\$ 69,342
Direct academic and research revenue	34,443	31,769
Indirect academic and research revenue	11,737	10,832
Other revenue	9,212	9,298
Total operating revenue	<u>129,531</u>	<u>121,241</u>
Operating expenses		
Employee compensation and benefits	59,306	56,298
Supplies and other expenses	26,718	23,160
Direct academic and research expenses	34,443	31,769
Depreciation and amortization	5,623	6,061
Provision for bad debts	1,513	2,508
Interest	1,118	1,163
Total operating expenses	<u>128,721</u>	<u>120,959</u>
Income from operations	<u>810</u>	<u>282</u>
Nonoperating gains (expenses)		
Income (loss) from investments	1,224	815
Change in net unrealized gains on equity method investments	2,246	-
Gain on land sale	10,567	-
Gifts, academic and research gifts, net of expenses	3,067	2,470
System development funding	(2,588)	(2,416)
Total nonoperating gains, net	<u>14,516</u>	<u>869</u>
Excess of revenues over expenses	15,326	1,151
Other changes in net assets		
Change in net unrealized gains on marketable investments	-	1,752
Funds utilized for property and equipment	1,505	1,201
Transfers from (to) affiliates, net	1	(25)
Increase in unrestricted net assets	<u>\$ 16,832</u>	<u>\$ 4,079</u>

Facts and Figures 2005 *(10.1.04 to 9.30.05)*

Average Beds in Service:	169
Admissions:	5,486
Inpatient Days:	53,210
Partial Hospital Days:	70,879
Partial Hospital Visits:	248,075
Outpatient Visits:	33,728
Residential Days:	38,421

Staffing

Physicians and Psychologists:	83
Residents:	27
Psychology Trainees:	19
Nurses:	141
Clinical Social Workers (MSWs):	86
Mental Health/Community Residence Specialists:	226
Other:	289
Employees Supported by Research and Special Funds:	337
TOTAL (FTEs):	1,208