

ECMC CORPORATION
ANNUAL REPORT AS REQUIRED BY
NEW YORK PUBLIC AUTHORITIES LAW SECTIONS 2800 AND 3642

ANNUAL REPORT:

New York State Governor Elliott Spitzer
Senate Finance Committee Chairman Owen H. Johnson
Senate Finance Committee Ranking Minority Member William Stachowski
Assembly Ways and Means Committee Chairman Herman D. Farrell, Jr.
Assembly Ways and Means Committee Ranking Minority Member James Hayes
New York State Comptroller Thomas P. DiNapoli
Erie County Legislature Lynn M. Marinelli, Chair
Erie County Executive Joel A. Giambra
Erie County Comptroller Mark C. Poloncarz
Erie County Audit Committee John Schiavone, Chairman
Erie County Legislature Clerk Robert Graber
Erie County Clerk Kathleen Hochul, Acting

REPORT OF SUBSIDIARIES / PROCUREMENT CONTRACTS:

New York State Governor Eliot Spitzer
New York State Temporary President of the Senate Joseph L. Bruno
New York State Speaker of the Assembly Sheldon Silver
New York State Comptroller Thomas P. DiNapoli
Erie County Executive Joel A. Giambra
Clerk of the Erie County Legislature Robert Graber
Copies available to the public upon reasonable request

BOND SALE REPORT:

New York State Comptroller Thomas P. DiNapoli
New York Sate Senate Finance Committee - Owen H. Johnson, Chair
New York Sate Assembly Ways and Means Committee – Herman D. Farrell, Jr. Chair
Copies available to the public upon reasonable request

FINANCIAL MEASURES DISCLOSURE STATEMENT:

Erie County Executive Joel A. Giambra
Erie County Legislature Chair Lynn M. Marinelli
Erie County Attorney Laurence K. Rubin

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A Message from the Leadership of ECMC

As we enter the year 2007 and new discussions on the future of healthcare in Western New York continue, it is important that the community is aware of the status of ECMC, Western New York's only Level 1 Trauma Center with New York State's best trauma survival rate. Approaching the completion of the first decade of the new millennium, the New York State Commission for Healthcare in the 21st Century has publicly recognized ECMC's quality of care, financial turnaround, and service to underserved populations. In 2006, ECMC made significant financial and clinical progress. In fact, we attained a positive operating margin before the support from Erie County in 2006!

We would like to share with you ECMC's achievements in several areas during this remarkable year. In performance quality, new technology, program expansion, and financial stability, ECMC has exceeded expectations, set new standards, and continued to fulfill its mission as a leader in local and regional healthcare. Here are some compelling facts and statistics:

Quality:

ECMC measures itself against national class hospitals. Our medical center was better than two nationally-recognized hospital centers on all quality measures for congestive heart failure and five out of six quality measures for pneumonia care. In emergency cardiac care, ECMC's 'door to balloon' time is 14 minutes faster than the highest guidelines set by the American Heart Association and the American College of Cardiology. The New York State Department of Health reported that ECMC has the best Level 1 trauma survival rate in New York State and the best open heart surgery survival rates from 2001-2004 in Western New York. In addition, our kidney transplant program's survival rates meet the national average while wait times are well below the national average: ECMC is 21 months while the national average wait is 38 months.

New Technology:

ECMC has installed a new digital radiology system called Picture Archiving Computer System (PACS) that enables x-ray films to be read from computer screens by physicians anywhere, including home or the office. We installed a Siemens 64-slice CT fast scanner with cardiac capability, and a PeriOptimum system that allows family members to track patient progress and enables staff to measure efficiency. We created a second EP lab; acquired Compass, a navigation system for neurosurgery; and added new surgical lights, surgical instruments, and new ventilators. In addition, 450 IV pumps in the hospital have been replaced with new state-of-the-art Alaris pumps. We have created a physician portal that allows doctors to see patient information at home or in the office, and implemented an electronic signature so physicians can electronically sign their documents to improve convenience and compliance. We have expanded the electronic medical record to include stress tests, pathology, radiology, and EKG (electrocardiogram) reports, and installed a new computerized GE EKG system that utilizes bar code technology to identify patients and integrates with the electronic medical record.

Program Expansion:

To create a more modern, efficient, and patient-focused medical environment, ECMC has renovated the emergency room waiting area and developed the InstaCare program in the Emergency Room to reduce waiting time for ambulatory patients. We have also expanded the Non-invasive Cardiology Department, built two new Gastroenterology suites, created a new six bed Cardiothoracic Intensive Care Unit, expanded our Pain Management program, added a new cardiac interventionalist, and built a third Cardiac Catheterization Laboratory.

Financial:

In 2004, ECMC was losing nearly \$30 million. In two years, we have eliminated losses and invested nearly \$20 million in necessary capital improvements. Our operating margin has improved from a \$28 million operational loss in 2004 to an \$18 million operational loss in 2005, to a \$3 million profit in 2006! This was accomplished by controlling costs and increasing patient volumes in a region experiencing a population decline. From 2005 to 2006, net revenue per discharge increased by 11% and cost per discharge only increased by 2%. This created a positive gain per discharge of \$1,370. Moreover, days in accounts receivable dropped from 62 to 52, fulltime equivalent employees (FTEs) were reduced without layoffs, and patient volumes improved significantly. In other significant measurements of hospital health, acute discharges and emergency room visits both increased by 4%, operating room cases went up by 9%, outpatient cases increased by 19%, occupancy grew, and FTEs per adjusted occupied bed held steady in 2006 despite increasing volumes.

These are some highlights of the many changes at ECMC that have enabled us to increase our patient volume, care for you more efficiently, and combine a high quality of care with the best technology to the benefit of patients from all over Western New York and Canada. As the discussions for the restructuring of healthcare for our region move forward, ECMC will be an integral part of that solution. For, in addition to all our strengths, ECMC is conveniently located between the Buffalo research corridor and the State University of New York at Buffalo.

Our 67-acre medical center campus is just minutes from downtown Buffalo and the central and northern suburbs and only seconds from the Route 33 expressway. This acreage allows for both significant building expansion and plenty of safe and secure surface parking. In fact, ECMC is the only site in Western New York with easy highway access and 40 acres of readily available development space. For all these reasons, ECMC can truly bring outstanding value to the imminent restructuring of the region's healthcare system. ECMC is here and will remain here for this community. We're here for life!

Michael A. Young, M.H.A., F.A.C.H.E.
President and Chief Executive Officer

James T. Evans, M.D., F.A.C.S.
President, Medical/Dental Staff

Kevin E. Cichocki, B.A., B.S., D.C.
Chairman, Board of Directors

I-1.) Operations and Accomplishments

Public Authorities Law §3642(1); Public Authorities Law §2800; and the Sale Purchase and Operation Agreement, §6.8

Why our lifesaving trauma care means expert care for all our patients.

As the area's only Level 1 (adult) Trauma Center, ECMC brings a special expertise and a high level of medical and surgical skill to every patient care department in the hospital. From our Burn Treatment Center to our Spinal Cord Injury Unit to our 24/7 Angioplasty Program, ECMC is a leader in virtually every medical specialty. Although ECMC has long been renowned for its trauma center and the national importance of its research and teaching, the depth of our medical departments and high quality of care throughout the hospital are also of vital importance to our patients and the community.

Recent research has provided the hard data to prove what we have known all along. A study at Johns Hopkins confirmed that hospitals with trauma centers have 25% higher survival rates than those of other hospitals. Because we have the facilities, resources, and special care necessary to diagnose and treat victims of multiple critical injuries and severe burns, we also have a surgical team that specializes in major surgeries. Because we are a leader in kidney research and transplantation, we have the best kidney transplant outcomes in Western New York. In every department, on every floor, ECMC provides expert care and advanced treatments to all our patients.

Best trauma survival rate in New York State.

In a July 2006 report, the New York State Department of Health (NYSDOH) ranked ECMC first out of 50 trauma hospitals in the state evaluated for trauma survival rates. The data released by the NYSDOH clearly demonstrates that trauma patients admitted to ECMC are more likely to survive here than in any other hospital in New York State. But the success of our program is also due to our philosophy of patient care. The expertise and dedication of multiple specialty services and personnel support the medical center's trauma program.

ECMC's clinical centers of excellence, including those for surgery, emergency, renal, orthopaedic, and cardiac care provide top quality medical services to the community.

These nationally competitive trauma outcomes are the result of our clinical expertise and provide further support for the firm foundation around which to build the ideal medical care delivery system for our region. ECMC's top ranking reflects the skill and dedication of our professional team of physicians, nurses and other staff members who have established standards of quality and excellence and are committed to a continual improvement of the compassionate care they deliver to a very special population of patients.

Since the early 1960s, ECMC has continued to create breakthroughs in trauma and emergency care by developing practices, procedures and devices that have since become standards of care now used in hospitals throughout the nation and the world. For example, the lifesaving 'crash cart' was developed by a registered nurse here at ECMC in 1967. Today the cart is an essential component of cardiopulmonary resuscitation at every hospital and can be modified and customized to meet the specifications of each medical facility.

The only burn center in Western New York.

Established in 1989, ECMC's Regional Burn Treatment Center is the only unit of its kind in Western New York. With 24-hour-a-day burn care by a specially trained burn healthcare team, extensive rehabilitation programs, and comprehensive psychosocial support, the Burn Center is an integral part of ECMC's trauma care services. The medical center also offers an Advanced Burn Life Support course to teach doctors and other healthcare professionals how to assess and care for burn victims within 24 hours after injury in the event of a catastrophic emergency.

Best cardiac surgery survival rates in WNY.

In a June 2006 publication, the New York State Department of Health reported that—of the 39 hospitals in New York State that are approved to perform heart surgeries on adult patients—ECMC has the best survival rates in Western New York. The survival rates were compiled from data on coronary artery bypass graft surgeries and for combined procedures including heart valve replacement or repair.

The cardiac surgery report is another outstanding example of the caliber of ECMC's centers of excellence including those for surgery, emergency, renal, orthopaedic and cardiac care. ECMC's positive performance is driven by our quality initiatives as well as the expertise of our surgical teams of nurses, perfusionists, anesthesiologists and physicians. The most important news about this report is that our cardiac surgery patients are the beneficiaries of our success.

ECMC's Heart Care Center is staffed by many of the finest cardiac physicians and clinical personnel in the state. In addition to our top-notch cardiac surgery program, ECMC offers comprehensive cardiac services, including cardiology care for evaluation and management of patients with heart conditions, electrophysiology laboratories (EP labs) with the latest technology to study and correct irregular electrical activities of the heart, and advanced cardiac catheterization laboratories (cath labs) to perform such procedures as angioplasties to open blocked arteries. ECMC operates the area's first 24/7 emergency cardiac care program.

National recognition for implementing quality cardiac care.

ECMC was one of 118 U.S. hospitals recognized in November at Scientific Sessions 2006 by the American Heart Association/American Stroke Association's Get With the GuidelinesSM (GWTG) program in Chicago. The recognition event honored the performance achievement in cardiac and stroke patient care at ECMC. The GWTG program is a quality-improvement program that helps hospitals insure that patients consistently receive cardiac and stroke care in accordance with the most up-to-date guidelines and recommendations.

Get With the Guidelines has three modules to help hospitals use evidence-based guidelines to treat patients with coronary artery disease, stroke, or heart failure. Hospitals that continually meet or exceed the nationally accepted standards improve their patient care quality by turning guidelines into lifelines. The Association recognized ECMC's commitment to quality care and success in performance achievement at the largest meeting of cardiac professionals. ECMC continues its dedication to making our care for heart patients among the best in the country, and the GWTG program helps by making it easier for our professionals to improve the quality of care and long-term outcomes of our cardiac patients.

The largest emergency department in WNY.

As the medical emergency response system for the entire county, ECMC has the largest emergency department in Western New York, with 29 exams rooms, including four for trauma, and a 'fast track' program available for less critical emergencies. The department is completely staffed by physicians who are board certified or board eligible in emergency medicine, and all registered nurses are trained in emergency care. In addition to outstanding care, a newly remodeled waiting room makes wait time more pleasant for both family members and patients.

ECMC has one of the country's most active telemedicine programs, linking healthcare professionals in outlying hospitals to consult with our physician experts. In fact, in 1994, ECMC was home to the first computer-based telemedicine system in the world. Currently, it is one of the leading emergency telemedicine systems in New York State, with 21 emergency telemedicine sites. ECMC is also designated a SAFE Center for victims of sexual assault and, as the region's only Level 1 (adult) Trauma Center, we offer the only Burn Center in the area.

Other Emergency Department services unique to ECMC include a 24/7 Smart Team (Specialized Medical Assistance Response Team) of Emergency Department residents who respond to special situations in the field; comprehensive cardiac care, including emergency angioplasty; a full-service ER, including the Comprehensive Psychiatric Emergency Program and drug counseling; and a free, one-day Camp 911 Program that teaches children ages 10-13 life-saving techniques. Emergency Department staff members are also major national contributors to transportation research. Each year, over 50,000 people receive their emergency care at ECMC.

The best place for major surgery.

Because ECMC is the area's only adult trauma center, our surgeons are routinely called upon to save the lives of people who have been injured in a car accident or fall. That's one reason why, unlike other hospitals, the surgeons at ECMC specialize in major surgeries—major vascular surgeries, neurosurgery, hip replacement, shoulder reconstruction, spine surgeries and other complex procedures.

ECMC's skill, experience, technology, and professional resources make the medical center the best choice for major surgery. A new, minimally invasive surgical suite features advanced video technology that lets surgeons perform robotic and laparoscopic surgery, procedures performed through small incisions, with minimal scarring and faster recovery time.

One example of our advanced technology is Compass, a navigation system for neurosurgery that isolates and identifies tumor location during surgery, providing a map for surgeons even before they make their first incision. ECMC's new ambulatory recovery area puts all services in one central location, with dedicated nurses and staff for pre- and post-operative care.

ECMC ranks first in Upstate New York kidney transplants.

According to the Hospital Comparison Tool from Health Share Technology, Inc. used to evaluate the latest New York Medicare data, ECMC ranked first of all Upstate New York hospitals performing kidney transplantation. The overall ranking reflected the combined performance of the ECMC Transplant Program in a number of categories, including mortality rate, number of complications, average length of stay, and relative cost for treatment. The ranking also reflects the success of our quality initiatives and an outstanding kidney/pancreas transplantation team of surgeons, nephrologists, physicians, nurses, anesthesiologists, clinicians, and support staff.

In November 2006, ECMC was the setting for a National Kidney Foundation of Western New York ceremony honoring and bringing together those who have given the gift of life through organ and tissue donation, organ transplant recipients, and those waiting for a life saving organ. ECMC manages a leading Western New York End Stage Renal Disease program and services provided include hemodialysis, peritoneal dialysis, and kidney transplantation. Renal/hypertension clinical services are conducted weekly and specialty services are provided for individuals with high blood pressure, blood or protein in urine, kidney stones or infections, and poor kidney function.

ECMC is a primary University at Buffalo site for the training of future nephrologists. The Renal Services Unit at ECMC is nationally recognized for research with particular concentration in the causes and consequences of high blood pressure in pregnancy, the causes of progressive kidney failure, the management of viral illness in kidney transplants, and the metabolism of drugs in patients with impaired kidney function and post-transplant patients.

Excellent outcomes for cardiothoracic surgery.

Whether a patient needs heart valve replacement, bypass surgery or nearly any other cardiothoracic (open heart) surgery, ECMC is the best choice. Our board-certified open heart surgeons are renowned for their expertise and skill. All nurses on the open heart team are registered nurses, and all of the perfusionists who run the heart-lung machines are certified. These are just a few reasons ECMC has the best heart surgery outcomes in Western New York.

Exceptionally skilled orthopaedic care and surgery.

ECMC orthopedic surgeons treat victims of major traumas every day, making them exceptionally skilled and highly experienced. We have dedicated, specialized nurses on a brand new unit, and specialists and surgeons on site and on call 24/7. All surgeons are affiliated with the University at Buffalo, conversant with the latest studies and techniques and with access to state-of-the-art technology and facilities available at a teaching hospital like ECMC.

The Department of Orthopaedic Surgery provides comprehensive care in the management of severe disorders and injuries of the musculoskeletal system. Areas of expertise include arthritis surgery and total joint replacement, treatment of fractures and severe musculoskeletal trauma, reconstructive surgery, sports medicine, and foot-ankle, shoulder and hand surgery

The rehabilitation experts.

ECMC offers an exceptional continuum of care for rehabilitation patients through clinical treatment, outstanding functional restoration, compassionate care, and a steadfast commitment to patients and their families. While each patient brings unique challenges to a therapy program, our Rehab Team works to help all patients achieve their expectations and aspirations for a normal life. In a recent survey, 96% of our patients were satisfied with the care they received and would highly recommend our services to their families and friends.

Dedicated to providing the highest quality of comprehensive services, the mission of our team is to assist all patients in regaining their maximum functional potential for successful community re-entry. The Acute Neuro Rehab unit was the area's first all-inclusive Acute Medical Rehab for neurogenic disorders. Acute Rehab addresses multiple problems associated with acquired disorders and injuries including traumatic brain injury, spinal cord injury, stroke, amputation, burn and wound care, coma management, multiple trauma, multiple sclerosis, Guillain-Barré Syndrome, and complex medical conditions.

Our Rehab Team provides care and therapy, helps overcome barriers, and provides the retraining skills to increase independence in daily living, communication, mobility, and safe swallowing. The team is directed by board certified physiatrists (physicians who specialize in physical medicine and rehabilitation) and includes experts in physical and occupational therapy, nutrition, psychology, speech/language therapy, swallowing rehabilitation, and social work

ECMC creates new center for multidisciplinary pain management.

Pain affects as many as 40 to 75 million people each year. Back pain accounts for 9 million visits to physicians each year and low back pain is the most common cause of missed workdays, often leading to workers' compensation claims. Total annual cost of medications, physician visits, and lost productivity due to back pain alone approaches \$50 billion.

The ECMC Center for Comprehensive Multidisciplinary Pain Management addresses the complexities surrounding most chronic neuromusculoskeletal, non-malignant pain. The goal of the program is to give our patients the opportunity to achieve the highest quality of life possible by significantly improving their physical functions.

The physicians and staff of CCMPM meet regularly to explore pain management options that provide the greatest amount of relief with the least amount of risk. Patients are referred from their primary care doctor or a consulting physician who collaborate prior to referral. Upon reaching maximum physical functioning and optimum pain control, patients are referred back to their primary physicians for continued care. Under a single umbrella of services, CCMPM offers a multidisciplinary approach to pain treatment that addresses the various aspects and complexities of chronic pain syndrome.

Specialty services include nerve conduction studies and electromyography, chiropractic evaluation and management, physical and occupational therapy, acupuncture, yoga and Tai-Chi classes, therapeutic ballroom dancing, therapeutic and recreational activities such as painting and pottery, massage therapy, and therapeutic volunteer work and other important community activities that promote an active lifestyle and a sense of connection and self-esteem.

Excellent clinical and teaching environment at ECMC continues to attract outstanding nurses.

While other hospitals throughout the nation experience a nursing shortage, ECMC continues to attract more recent nursing graduates and experienced nurses. During the past year alone, the hospital has recruited 130 outstanding new nurses. The ability to effectively recruit and retain nurses has allowed ECMC to maintain the best nurse to patient staffing ratios in Western New York. This was dramatically illustrated during the surprise ice storm last October when, thanks to the dedication and staffing of nurses at the medical center, ECMC may have been the only hospital in the area that did not need to put out a call for nurses.

Nurses (in record numbers) in Western New York are choosing ECMC for our extraordinary clinical environment and professional development opportunities. Area nurses also recognize that ECMC management is committed to quality initiatives that help them provide the kind of care they believe in. Nurses perceive ECMC as well organized and professional, with excellent opportunities for growth and advancement and a friendly environment for both staff and patients.

Nurses are choosing ECMC because we are both a teaching hospital and a Level I Trauma Center and because of the excellent organization and focus of our Precepting Program. Through their clinical experiences on site as student nurses and from discussions with other colleagues, they are aware that the training provided at ECMC is exceptional and the institution is truly committed to providing the highest quality of care. The mentoring from expert clinicians as well as the exposure to complex cases and progressive standards of care have placed ECMC at the top of the list for those seeking rewarding and dynamic nursing careers.

Nurses are also impressed with ECMC during their clinical rotations here and cite the fact that our nursing staff took the time to teach every aspect of quality nursing care. Physicians and administrators foresee that the current levels of nursing recruitment and hiring at ECMC will continue as a result of a greater awareness of ECMC's unsurpassed nursing program.

ECMC and UB partnerships produce nationally recognized research.

ECMC has long been a pioneer in basic and clinical research, conducting approximately \$10 million dollars in research in 2006. As one of the first trauma centers in the nation, ECMC has been a leader in trauma research and in the establishment of national trauma care standards, introducing the first intensive care unit (ICU) in Western New York. More recently, ECMC researchers have collaborated with investigators at the University at Buffalo in a series of clinical pharmacology studies that led to the implementation of novel treatment protocols that became national models for the treatment of CAPD-related bacterial peritonitis. Through a research grant from the National Institute for Drug Abuse (NIDA), researchers have also investigated drug interactions and therapeutic drug monitoring of antiretrovirals in patients with HIV/AIDS.

Steven L. Dubovsky, MD, is currently conducting a number of important studies at ECMC in the field of psychiatric research. Dr. Dubovsky, chair of the Department of Psychiatry in the University at Buffalo School of Medicine and

Biomedical Sciences, is a specialist in the pathophysiology and treatment of mood disorders, and in interactions between medical and psychiatric illnesses. Dr. Dubovsky's current research comprises several projects, each of which involves a number of different studies. One project includes a series of clinical trials for a variety of illnesses such as Alzheimer's disease, bipolar illness, depression, and schizophrenia. Some of the trials are using experimental medications while others involve new indications for medicines already on the market. ECMC is the primary site for most of these clinical trials.

The Department of Nephrology has a long-standing reputation for clinical research. The research involves all areas of the specialty, but transplantation-related studies have had the highest profile both in the number of reports and national recognitions. We currently have active grants from the Health Resources and Services Administrations, the National Institutes of Health, pharmaceutical manufacturers, and the State University of New York at Buffalo.

Members of the ECMC Renal Division are also involved in the CKD Task Force of Western New York, formed to improve the quality and cost effectiveness of kidney disease treatment. The project was based on the fact that, until recently, kidney disease was very difficult to diagnose early. In February 2002, the National Kidney Foundation issued new guidelines for chronic kidney disease evaluation based upon the Glomerular Filtration Rate (GFR). This new measurement factors serum creatinine, gender, race, age, and weight into blood test results and allows for detection of disease when a kidney has lost a fraction of its function.

Using these new criteria, it is estimated that about 20 million people in the US now have kidney disease and some 20,000 people in WNY are likely to get it during the next decade. Through the cooperation of the area's three major health insurers and the coordination of the Niagara Health Quality Coalition, the CKD Task Force secured the agreement of all the major labs in Western New York to report estimated GFRs. The cooperation of Quest Diagnostics, the area's largest lab, was a pivotal step in the process. Quest not only agreed to participate, but to participate on a system-wide basis. As a result, Quest labs outside the area will also add GFR to their reports, extending the influence of the project nationwide.

There is no other community in the US with this level of cooperation among insurers, physicians, and labs in the management of chronic kidney disease. The CKD Task Force of Western New York is the only community-wide effort to make it the standard test for kidney health and function. The ultimate goal is to develop a uniform, region-wide treatment model for current and at-risk kidney patients that will lead to measurable improvements in the quality and cost of kidney disease.

How ECMC works with the community to improve life in WNY.

Each year, ECMC invests over \$600 million into the Western New York community through capital spending, purchases, and payroll. At the medical center, we serve over 350 patients each day and also provide excellent care for residents at the 586-bed Erie County Home, the largest skilled nursing facility in Western New York. Through the ECMC Lifeline Foundation, donors support the mission of the medical center through the underwriting of services and facilities and the continuing support of high quality patient care.

New computer training center opened at Erie County Home.

A ribbon cutting celebration was held in September at the Erie County Home to mark the official opening of a new computer training center, the result of a collaborative project between WNY Workforce Development and ECMC Corporation. Impetus for the training center began in 2004 when the Margaret L. Wendt Foundation awarded a grant providing the Erie County Home with the necessary funds to purchase computer equipment. ECH residents were taught how to use the computers and set up email accounts to correspond with family and friends around the country.

This quality of life improvement for residents was enhanced with a second grant from the Wendt Foundation for improvements, new technology, and expanded service. High speed broadband Internet by Time Warner Cable and the addition of a wireless network system to the Erie County Public Library branch at the Home all added value to the program. The creation of the training center was made possible through funding from the WNY Workforce Development Center.

Heal Grant will assist an expanded mission for Home.

The New York State Department of Health has approved a Heal Grant of \$433,000 to convert 24 nursing home beds to 24 assisted living program beds at the Erie County Home. Through this 'rightsizing' initiative, the Home will expand its mission to convert one unit into an assisted living program. The grant will cover half of the estimated cost while ECMC is funding the remainder. This conversion became feasible as a result of community need and financial viability.

Founded in 1829, the Erie County Home, a division of the ECMC Corporation, is the largest skilled nursing facility in Western New York with 586 beds, 600 employees, and 400 volunteers. It is the fourth largest nursing home in New York State, and the largest outside the New York City area. The mission of the Erie County Home is to provide the highest level of health, safety, and quality of life for all residents. The Erie County Home has been a Medicare/Medicaid Certified Skilled Nursing Facility since 1978.

I-2.) Receipts and Disbursements -or- Revenues and Expenses during such Fiscal Year in accordance with the categories or classifications established by the Corporation for its own operating and capital outlay purposes

ERIE COUNTY MEDICAL CENTER CORPORATION

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended December 31,

	<u>2006</u>	<u>2005</u>
Operating revenue:		
Net patient service revenue	\$ 301,940,748	\$ 265,839,509
Intergovernmental transfer revenue – net	15,952,280	1,981,643
Other operating revenue	<u>19,833,612</u>	<u>23,042,976</u>
Total operating revenue	<u>337,726,640</u>	<u>290,864,128</u>
Operating expenses:		
Salaries and fringe benefits	171,132,690	162,319,711
Other professional and temporary services	55,860,532	49,459,740
Supplies	47,870,547	50,637,343
Utilities and telephone	9,857,827	9,703,999
Other operating expenses	8,986,300	5,944,235
Services purchased from Erie County	1,619,881	1,401,229
Provision for bad debts	18,538,457	13,100,000
Depreciation and amortization	10,807,452	10,825,992
Interest expense	<u>5,563,035</u>	<u>5,561,531</u>
Total operating expenses	<u>330,236,721</u>	<u>308,953,780</u>
Operating income (loss)	<u>7,489,919</u>	<u>(18,089,652)</u>
Non-operating revenue (expense):		
Investment income	2,927,256	578,466
Erie County contribution – operations	20,000,000	19,000,000
Contribution to Erie County	<u>(3,000,000)</u>	<u>-</u>
Net non-operating revenue	<u>19,927,256</u>	<u>19,578,466</u>
Excess of revenues over expenses before capital grants and contributions	27,417,175	1,488,814
Capital contributions – Erie County	34,716,613	776,456
Capital contributions – other	<u>-</u>	<u>936,860</u>
Change in net assets	62,133,788	3,202,130
Net assets – beginning of year	<u>3,650,636</u>	<u>448,506</u>
Net assets – end of year	<u>\$ 65,784,424</u>	<u>\$ 3,650.63</u>

I-3.) Assets and Liabilities for Fiscal Year End including the Status of Reserve,
 Depreciation, Special or Other Funds and including the Receipts and Payments of
 these Funds

ERIE COUNTY MEDICAL CENTER CORPORATION
STATEMENT OF NET ASSETS
 December 31,

ASSETS	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 40,813,618	\$ 28,774,168
Investments	26,693,817	1,574,199
Assets whose use is limited	7,009,117	2,073,155
Patient accounts receivable, net of estimated uncollectibles of \$28,182,000 in 2006 and \$15,087,000 in 2005	40,069,438	36,397,691
Due from Erie County	4,405,575	13,215,204
Capital appropriations due from Erie County	6,354,496	9,288,067
Other receivables	11,071,221	7,098,303
Inventories	4,924,361	4,947,630
Prepays and other	464,956	601,883
Total current assets	<u>141,806,599</u>	<u>103,970,300</u>
Non-current assets:		
Other assets	2,707,409	2,397,666
Assets whose use is limited	34,561,513	7,857,224
Land improvements, buildings and equipment – net	74,531,352	72,064,279
Deferred financing costs, net	2,856,530	2,954,278
Total non-current assets	<u>114,656,804</u>	<u>85,273,447</u>
Total	<u>\$ 256,463,403</u>	<u>\$ 189,243,747</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 15,227,073	\$ 15,247,251
Due to Erie County	13,602,766	25,733,464
Accrued salaries, wages and payroll taxes	6,244,449	4,087,585
Accrued vacation, sick pay and retirement benefits	18,517,351	19,228,739
Accrued other liabilities	11,669,603	8,219,237
Funds held in custody for others	1,078,444	1,126,003
Interest payable	929,460	929,462
Estimated third-party payer settlements	9,121,390	3,446,370
Total current liabilities	<u>76,390,536</u>	<u>78,018,111</u>
Non-current liabilities:		
Long-term debt	101,375,000	101,375,000
Self-insured obligations	12,913,443	6,200,000
Total non-current liabilities	<u>114,288,443</u>	<u>107,575,000</u>
Total liabilities	<u>190,678,979</u>	<u>185,593,111</u>
Net assets:		
Invested in capital, net of related debt	(6,344,559)	(8,811,632)
Restricted:		
For debt service	9,138,133	8,804,377
Expendable for capital	32,706,246	9,288,067
Nonexpendable	673,480	685,661
Unrestricted	29,611,124	(6,315,837)
Total net assets	<u>65,784,424</u>	<u>3,650,636</u>
Total	<u>\$ 256,463,403</u>	<u>\$ 189,243,747</u>

I-4.) Schedule of Bonds and Notes Outstanding at Fiscal Year End, together with Statement of the Amounts Redeemed and Incurred during such Fiscal Year as part of a Schedule of Debt Issuance including Date of Issuance, Term, Amount, Interest Rate, Means of Repayment, Refinancings, Calls, Refundings, Defeasements and Interest Rate Exchange or Other such agreements, and for any debt issued during the reporting year, a Detailed List of Costs for any Debt Issued for such debt

Schedule of Bonds and Notes Outstanding at Fiscal Year End

\$101,375 Senior Revenue Bonds, Series 2004

No bonds were issued, redeemed, called, or re-financed during 2006

I-5.) Compensation Schedule including, by position, title and name of persons holding such position or title, salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary exceeds \$100,000

ERIE COUNTY MEDICAL CENTER CORPORATION

Compensation

Schedule

Year 2006

Last Name	First Name	MI	Position	Compensation
Young	Michael		CHIEF EXECUTIVE OFFICER	510,490
McCarthy	Sue		CHIEF FINANCIAL OFFICER	296,989
Fudyma	John	R	MEDICAL DIRECTOR	201,200
Richmond	Kenneth		SENIOR VICE PRESIDENT OPERATIONS	188,557
Maricle	Karen	M	SENIOR VICE PRESIDENT OPERATIONS	184,999
Murray	Brian	M	ASSISTANT MEDICAL DIRECTOR	148,990
Seibel	Roger	W	DIRECTOR OF BURN TREATMENT	146,601
Amsterdam	Daniel		DIRECTOR OF LABORATORY	140,679
Czyrny	James	J	CLINICAL DIRECTOR	128,929
Cancilla	Deborah	A	CHIEF INFORMATION OFFICER	124,551
Dewey	Scott	L	DIRECTOR OF PATIENT FINANCIAL SERVICES	121,353
Saltzman	Alan	R	CLINICAL DIRECTOR OF MEDICINE	118,748
Stegeman	Philip	M	CHIEF OF ORTHOPEDIC SURGERY	117,448
	Bonnie			
Glica	Ann		DIRECTOR OF NURSING SERVICES	112,308
Lehman	Leorosa	O	ASSISTANT DIRECTOR, CLINICAL PATHOLOGY	112,267
Huefner	Paul	H	DIRECTOR OF FINANCE	111,775
Gerwitz	Randy		DIRECTOR OF PHARMACY	109,032
Quatroche	Thomas		EXECUTIVE DIRECTOR OF INSTITUTIONAL ADV	108,103
O'Hara	Kathleen	E	VICE PRESIDENT OF HUMAN RESOURCES	102,681

I-6.) Projects Undertaken by ECMC Corporation during the past year

<u>Project</u>	<u>Amount</u>
PACS	\$1,500,000
Cardiac Cath Lab	2,300,000
4 th Floor Renovation	450,000
Non-Invasive Cardiology	500,000
7 th Floor Renovation	200,000

We're adding new technology and upgrading services to meet our patient needs.

More than ever, the people of Western New York are designating ECMC as their hospital of choice. The number of acute patients discharged from ECMC continues to grow each year, reflecting an increasing recognition of the importance of our medical center and the professionalism of our staff. ECMC is responding with improvement, expansion, and a dazzling array of new medical technology to provide our patients with the most up-to-date diagnostic and treatment services.

PACS system provides digital imaging accuracy for diagnosis and treatment.

The Picture Archiving and Communications System (PACS) from AMICAS, Inc., provides state-of-the-art technology and seamless integration with the existing hospital information system. The combination of PACS with direct digital radiography improves patient care and efficiency and makes our system the most advanced in Western New York.

Using PACS software, radiologists are moving from film-based radiology to digital imaging, diagnosing radiology exams at diagnostic workstations. Clinicians access images on special PCs and share images with colleagues through secure connections on the Internet. PACS helps streamline the imaging workflow process, cuts film-based operating expenses, improves operational and clinical efficiency, and realizes significant return on investment.

New electrophysiology lab provides expanded cardiac services.

With two labs and a state-of-the-art mapping system, ECMC's electrophysiology (EP) lab sets the standard in Western New York. Our specialized staff works only in the EP lab, and all nurses and technicians have been specifically trained in the placement of pacemakers, defibrillators and other cardiac implants. The EP Lab provides physicians with the environment necessary to efficiently evaluate and manage patient heart rhythm disorders. One method is through an ablation, a procedure that helps stop arrhythmia. As the advancement of electrophysiology technology and practice continues, and the patient population ages, the number of electrophysiology procedures performed is projected to continue to rise.

ECMC opens third cardiac catheterization laboratory.

With two EP labs and a third Cath Lab, ECMC continues to respond to the healthcare needs of the community. Coronary artery disease is the number one killer in America, and the Buffalo region has consistently held one of the highest rates of cardiovascular disease in the country. Angioplasty (conducted in a cardiac catheterization laboratory) is a procedure that opens clogged vessels to the heart. The sooner such a clogged vessel is opened, the more heart muscle is saved, and the better the chances for patient survival. The number of angioplasty procedures performed continues to rise, due in part to improvements in technology.

In 2000, ECMC was one of the first facilities to introduce digital, state-of-the-art cardiac catheterization laboratories to Western New York. The Heart Center at ECMC also features a modernized heart-related diagnostic suite and a private consultation room for patients. ECMC's 24/7 trauma care, rooftop heliport accessibility, the region's first 24/7 emergency angioplasty service, and a teamwork approach to emergency care create the foundation for an efficient and timely cardiac transfer system.

Non-invasive cardiac lab offers an excellent diagnostic resource.

ECMC's newly renovated and expanded Non-invasive Cardiac Lab allows us to diagnose various aspects of cardiac disease without having to perform surgery. The lab's services include echocardiography, EKG, stress testing, and transesophageal echocardiography (TEE), a semi-non-invasive test of the heart and great vessels. High-quality diagnostic echocardiograms enable physicians to see the heart, great vessels, and valves and evaluate the size, thickness and movement of the heart's chambers and valves using ultrasound waves.

Echocardiograms are safe and painless, with no known risks from the clinical use of the ultrasound. Our digital echo and EKG management systems make it easy for the physician to view results. Since we perform tens of thousands of these tests each year, our nurses, technicians, and specialists are experts in diagnosing cardiac conditions.

New PeriOptimum system tracks patient progress.

Imagine taking a family member to the hospital and sitting in the waiting room wondering and worrying what's happening to the patient. If this sounds familiar, you'll be pleased to discover ECMC's new PeriOptimum system, the only one of its kind in New York State. In the first step of the process, the patient registers and receives an electronic sensor. This sensor enables family members to identify the patient by recognizing a confidential patient number on a large plasma screen in the waiting room. The viewing screen is updated as the patient passes through various stages of a procedure. As a bonus, the system shows the efficiency of the care delivery process and tracks the turnaround time of operating rooms.

Innovative wireless technology at ECMC is first in the region.

ECMC is among the first hospitals in the nation to implant a CONTAK RENEWAL® 3 RF cardiac resynchronization therapy device (CRT-D). ECMC is also the first to bring this technology to the Buffalo community, and among the first in New York State to perform an implant using this device. This new cardiac resynchronization device enables physicians and patients to partner in healthcare via the Internet. The device, manufactured by Guidant Corporation, is similar to a pacemaker in design but slightly larger. It is implanted under the skin near the collarbone and is connected to leads that are fixed to specific areas within the heart. The implant procedure usually takes about two hours and is done under anesthesia.

The wireless device can be used with the LATITUDE® Patient Management system, which now allows patients and physicians to conduct wireless, automatic device data uploads from the comfort and convenience of the patient's home. These uploads are designed to make the device and patient follow-up process easy for patients and more efficient and effective for physicians.

New software system helps clinicians identify unfamiliar health threats.

To further enhance Western New York's disaster preparedness, ECMC implemented the region's first disease recognition software system to assist front-line physicians in the early detection of illnesses and conditions resulting from bioterrorism or chemical warfare incidents, radiation exposure, and emerging infectious diseases such as avian flu and severe acute respiratory syndrome (SARS). Funded by the Center for Disease Control public health bioterrorism preparedness grants, the technology, called VisualDx, also helps clinicians identify common ailments with external visual symptoms on a day-to-day basis.

ECMC is one of eight designated Regional Resource Centers for Bioterrorism Preparedness in New York State charged with leading regional efforts to enhance and refine response to bioterrorism, outbreaks of infectious diseases, and other public health threats and emergencies. ECMC's region encompasses all eight WNY counties (Erie, Niagara, Orleans, Genesee, Wyoming, Chautauqua, Cattaraugus, and Allegheny) as well as the international border between the United States and Canada.

The image-based VisualDx software system is already helping ECMC's doctors make a proper diagnosis when faced with a patient with an unusual fever and rash, acute lower respiratory infection, variation of a common skin condition, or a potential adverse reaction to a medication. Available in the Infectious Disease and Emergency Departments, the system helps clinicians by providing immediate access to more than 12,500 medical photographs and critical diagnosis and treatment information for over 700 diseases. These include respiratory infections like avian influenza and conditions potentially linked to terrorism. To use the technology, ECMC clinicians enter their patient's symptoms, signs, and other

clinical findings such as lesion type, body location, medical history and medications, and the technology displays photographs and key clinical information on all relevant diagnoses for quick, side-by-side comparison to their patient.

In addition to infectious disease and emergency doctors, medical students and residents use the system as a learning and reference tool in the medical center library. While ECMC is the first to implement VisualDx in Western New York, the system is used in other hospitals throughout the United States. VisualDx is produced by Logical Images, Inc., a developer of image-intensive recognition and visual knowledge software. Because VisualDx helps fulfill several federal preparedness requirements, ECMC was able to implement the technology using CDC Bioterrorism Preparedness grant funds.

ECMC doctors now access medical records quickly and easily from any location.

Today's medical clinicians need quick and easy access to complete, updated electronic medical records throughout the continuum of care. The ECMC Physician Portal enables doctors to access the most current information on their ECMC patients. The portal is a secure direct link to ECMC electronic medical records and now allows physicians to view up-to-the-minute patient data from the hospital, office, home, or any other remote and private location.

Physicians can view medical charts, lab data, x-rays, scans, vital signs, orders, reports, and other documents critical to patient conditions and outcomes. The portal also offers access to all current care and clinical information including test results, diagnostic imaging, appointments, medications, and other important data such as patient history, scheduling information, discharge summaries, physician notes, and electronic signatures. Immediate access to patient information from any site enables physicians to quickly make critical evaluations and decisions for optimum patient care 24 hours a day.

I-7.) (i) All Corporation Real Property with Fair Market Value greater than \$15,000 that ECMC Corporation intends to dispose of:

None

(ii) All Real Property held by ECMC Corporation at the end of the period covered by the report:

The Corporation has no real property.

(iii) All Real Property disposed of during the past year, including sale prices and names of purchasers:

None.

I-8.) ECMC Corporation Code of Ethics

ECMC Corporation Code of Ethics

ARTICLE XVII CODE OF ETHICS AND CONFLICTS OF INTEREST

Section 1. Compliance: The members of the Board agree to comply with all applicable local and state regulations and laws regarding conflicts of interest.

Section 2. No Forfeit of Office or Employment: Except as provided by law, no officer, member, or employee of the state or of any public corporation shall forfeit his or her office or employment by reason of his or her acceptance of appointment as a director, nonvoting representative, officer, or employee of the Corporation, nor shall such service as such a director, nonvoting representative, officer or employee be deemed incompatible or in conflict with such office or employment; and provided further, however, that no public officer elected to his or her office pursuant to the laws of the state or any municipality thereof may serve as a member of the governing body of the Corporation during his or her term of office.

Section 3. Influence of Decision-Makers: No member of the Board shall use his or her position to influence the judgment or any decision of any Corporation employee concerning the procurement of goods or services on behalf of the Corporation.

Section 4. Disclosure of Personal Interest and Abstention: It is the responsibility of every Board member to disclose to the Chairperson of the Board any personal or business interest in any matter that comes before the Board for consideration. Each member of the Board shall abstain from voting on any matter in which he or she has a personal or business interest.

Section 5. Self-Dealing: The Corporation shall not engage in any transaction with a person, firm, or other business entity in which one or more of the Board members has a financial interest in such person, firm or other business entity, unless such interest is disclosed in good faith to the Board, and the Board authorizes such transaction by a vote sufficient for such purpose, without counting the vote of the interested Board member.

I-9.) Assessment of the Effectiveness of the ECMC Corporation Internal Control Structure and Procedures

Independent auditors identified a material weakness which constitutes a significant deficiency in internal controls pertaining to accounts receivable evaluation and cut-off. Furthermore, another significant deficiency was identified pertaining to accounts payable evaluation and cut-off. As a result, management has established appropriate internal controls and procedures to correct these deficiencies.

I-10.) ECMC Corporation Internet Web Site: www.ecmc.edu

II. REPORT OF SUBSIDIARIES / PROCUREMENT CONTRACTS:

Public Authorities Law §3642(2); Contract Procurement Guidelines, Article X; and the Sale, Purchase and Operation Agreement, §6.9

II-1.) Name, Principal Business Address, Principal Business Activities of Each Subsidiary of the Corporation

1.) PRIMARY CORPORATION: Public Benefit Corporation

ECMC Corporation, 462 Grider Street, Buffalo, New York 14215; 716-898-3000; www.ecmc.edu

The ECMC Corporation includes an advanced academic medical center (ECMC) with 550 inpatient beds and 136 skilled-nursing-home beds, on- and off-campus health centers, over 40 outpatient specialty care clinics and the Erie County Home, a 586-bed skilled nursing facility. ECMC is the regional center for trauma, burn care, rehabilitation and is a major teaching facility for the State University of New York at Buffalo. Most ECMC physicians, dentists and pharmacists are dedicated faculty members of the University. Exceptional patient care and customer service make ECMC Western New York's Hospital of Choice.

ECMC Corporation Mission Statement: The ECMC Corporation is dedicated to being the hospital of choice through excellence in patient care and customer service.

ECMC Corporation Affiliation Statement: The ECMC Corporation is affiliated with the University at Buffalo School of Medicine and Biomedical Sciences.

2.) ECMCC Strategic Services LLC

The Corporation is the sole owner of this enterprise, which was established to enable the Corporation to enter into various other business relationships. The accounts of ECMCC Strategic Services, LLC are fully consolidated into the accounts of the Corporation as of and for the years ending December 31, 2006 and 2005, respectively. The assets of ECMCC Strategic Services LLC consist substantially of cash of approximately \$600,000 at both December 31, 2006 and 2005. Net assets of this entity are approximately \$600,000 at both December 31, 2006 and 2005. ECMCC Strategic Services LLC owns approximately 40% of Greater Buffalo Niagara SC Venture, LLC. That ownership interest is accounted for by ECMCC Strategic Services LLC utilizing the equity method of accounting.

3.) Grider Community Gardens, LLC

This entity is wholly owned and controlled by the Corporation. The purpose of the entity is to purchase real property adjacent or near the ECMCC Grider Street campus for the purposes of future expansion and/or reconfiguration of the campus. The Corporation's net investment as of December 31, 2006 and 2005 is approximately \$57,000 and \$35,000, respectively, and is reflected in other non-current assets of the accompanying financial statements.

II-2.) Name of all Board Members and Officers of Each Subsidiary

1-a.) ECMC Corporation Board of Directors

OFFICERS

Kevin E. Cichocki, D.C.
Chairman

Sharon L. Hanson
Vice-Chairperson

Jody L. Lomeo
Vice-Chairperson

Samuel L. Shapiro, Esq.
Vice-Chairperson and Treasurer

Ronald A. Chapin
Secretary

Michael A. Young, M.H.A., F.A.C.H.E.
President and Chief Executive Officer

Joseph A. Zizzi, Sr., M.D.
Immediate Past Chairman

MEMBERS

Pastor Michael A. Badger

Douglas H. Baker

Richard F. Brox, R.L.A.

Kevin M. Hogan, Esq.

Anthony M. Iacono

NON-VOTING MEMBERS

Ronald P. Bennett, Esq.

Michael W. Mullins

Kevin Pranikoff, M.D.

1-b.) ECMC Corporation Executive Administration

Michael A. Young, M.H.A., F.A.C.H.E.
President and Chief Executive Officer

Sue J. McCarthy
Chief Financial Officer

Mark C. Barabas, C.H.E.
Chief Operating Officer

Karen M. Maricle, R.N., M.S., C.N.A.A.
Senior Vice President of Operations

Kenneth A. Richmond, M.H.A.
Senior Vice President of Operations

John R. Fudyma, M.D.
Chief Medical Officer

Debbie Cancilla
Chief Information Officer

Richard Cleland, M.P.A.
Director of Post-Acute Care and Erie County Home

Thomas J. Quatroche Jr., Ph.D.
Senior Vice President of Marketing and Planning

William Gajewski
Executive Director of Physician Relations / Physician Liaison

1-c.) ECMC Corporation Medical-Dental Staff

OFFICERS

James T. Evans, M.D.
President

Yogesh Bakhai, M.D.
President-elect

David G. Ellis, M.D.
Immediate Past-president

Pamela D. Reed, M.D.
Secretary

Erik Jensen, M.D.
Treasurer

Ali El-Sohl, M.D.
Full-time Faculty Staff Representative

Robert Whitney, M.D.
Full-time Faculty Staff Representative

George Blessios, M.D.
Voluntary Faculty Staff Representative

Lakshmanan Rajendran, M.D.
Alternate Volunteer Faculty Staff Representative

2.) ECMCC Strategic Services LLC

OFFICERS

Michael A. Young, M.H.A., F.A.C.H.E.

Sue J. McCarthy

3.) Grider Community Gardens, LLC

OFFICERS

Michael A. Young, M.H.A., F.A.C.H.E.

Sue J. McCarthy

II-3.) Number of Employees of Each Subsidiary

1.) ECMC Corporation:

During 2006, ECMC Corporation employed approximately 2,400 staff members.

2.) ECMCC Strategic Services LLC:

Not Applicable

3.) Grider Community Gardens, LLC:

Not Applicable

II-4.) List of All Contracts in excess of \$100,000 entered into by the Corporation and its subsidiaries, including the amount, purpose and duration of each such contract

Eagle Claims Service

Claims adjusting services for worker's compensation

\$198,000

12/21/06 to 12/20/09

American Healthcare Solutions

Productivity, Benchmarking, Implementation, Monitoring

\$450,000

10/06 to 10/08

SSI

Claims processing

\$147,147 license fee, \$65,750 implementation, \$52,298 annual service, perpetual license.

Quantros

Risk management incident and near-miss reporting

\$154,000 license fee, \$92,400 annual service

12/06 to 12/09

Yanni Partners

Investment banking

\$105,000

11/06 to 11/08

II-5.) Financial Statement

See I-2 and 3 above

II-6.) Income Statement

See I-2 above

II-7.) Balance Sheet

See I-3 above

II-4-7.)

2.) ECMCC Strategic Services LLC: The Corporation is the sole owner of this enterprise, which was established to enable the Corporation to enter into various other business relationships. The accounts of ECMCC Strategic Services, LLC are fully consolidated into the accounts of the Corporation as of and for the years ending December 31, 2006 and 2005, respectively. The assets of ECMCC Strategic Services LLC consist substantially of cash of approximately \$600,000 at both December 31, 2006 and 2005. Net assets of this entity are approximately \$600,000 at both December 31, 2006 and 2005. ECMCC Strategic Services LLC owns approximately 40% of Greater Buffalo Niagara SC Venture, LLC. That ownership interest is accounted for by ECMCC Strategic Services LLC utilizing the equity method of accounting.

3.) Grider Community Gardens, LLC: This entity is wholly owned and controlled by the Corporation. The purpose of the entity is to purchase real property adjacent or near the ECMCC Grider Street campus for the purposes of future expansion and/or reconfiguration of the campus. The Corporation's net investment as of December 31, 2006 and 2005 is approximately \$57,000 and \$35,000, respectively, and is reflected in other non-current assets of the accompanying financial statements.

III. BOND SALE REPORT:

Public Authorities Law §3633(4)(f), (g) and (h)

1-5.) Schedule of Bonds and Notes Outstanding at Fiscal Year End

\$101,375 Senior Revenue Bonds, Series 2004

No bonds were issued, redeemed, called, or re-financed during 2006