

FINANCIAL STATEMENTS

A complete copy of ACHE audited financial statements and auditor's report is available upon request.

For questions, comments or additional information please contact: Vice President of Finance; (312) 424-9330; finance@ache.org.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the Fiscal Years Ended December 31

| | 2008 | 2007 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$6,240,054 | \$4,773,851 |
| Accounts receivable, less allowance for doubtful accounts (2008 - \$54,942; 2007 - \$68,956) | 757,513 | 1,185,598 |
| Pledges receivable | 57,721 | 35,350 |
| Investments available for general purposes | 7,823,046 | 7,904,506 |
| Interest receivable | 116,825 | 124,093 |
| Inventories | 430,917 | 386,450 |
| Prepaid expenses and other | 246,729 | 374,866 |
| Total current assets | 15,672,805 | 14,784,714 |
| Investments: | | |
| Investments available for general purposes | 19,699,127 | 26,151,769 |
| Investments designated for specific purposes | 3,343,268 | 5,296,026 |
| Total investments | 23,042,395 | 31,447,795 |
| Equipment, furniture and leasehold improvements, at cost | 4,813,533 | 4,417,593 |
| Less: Accumulated depreciation | 3,808,336 | 3,425,390 |
| Total equipment, furniture and leasehold improvements, net | 1,005,197 | 992,203 |
| Other noncurrent assets: | | |
| Other assets | 244,597 | 369,120 |
| Pledges receivable | 133,802 | |
| Deferred compensation funds | 1,798,897 | 2,299,039 |
| Total other noncurrent assets | 2,177,296 | 2,668,159 |
| Total assets | \$41,897,693 | \$49,892,871 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$3,795,605 | \$3,675,071 |
| Deferred revenue: | | |
| Membership dues | 4,547,111 | 4,497,442 |
| Education | 1,083,101 | 1,194,771 |
| Journal subscriptions | 58,651 | 69,782 |
| Total current liabilities | 9,484,468 | 9,437,066 |
| Noncurrent liabilities: | | |
| Deferred compensation | 1,798,897 | 2,299,039 |
| Deferred rent | 1,133,139 | 1,220,095 |
| Total Noncurrent liabilities | 2,932,036 | 3,519,134 |

| | 2008 | 2007 |
|---|---------------------|---------------------|
| <i>Liabilities and Net Assets continued</i> | | |
| Net assets: | | |
| Unrestricted | 25,921,823 | 31,991,607 |
| Temporarily restricted | 2,249,466 | 3,635,064 |
| Permanently restricted | 1,310,000 | 1,310,000 |
| Total net assets | 29,481,289 | 36,936,671 |
| Total liabilities and net assets | \$41,897,793 | \$49,892,871 |

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Fiscal Years Ended December 31

| | 2008 | 2007 |
|---|----------------------|--------------------|
| Revenues | | |
| Membership dues and fees | \$6,806,160 | \$6,732,098 |
| Educational programs | 7,777,059 | 7,226,384 |
| Publications | 5,125,095 | 5,280,345 |
| Contributions, grants and net assets released from restrictions | 3,136,807 | 2,972,887 |
| Royalties and fees for service | 264,828 | 246,099 |
| Total revenues | 23,109,949 | 22,457,813 |
| Functional Expenses | | |
| Program Expenses: | | |
| Educational programs | 5,819,536 | 5,914,556 |
| Books and journals | 5,661,372 | 5,538,741 |
| Professional development and other | 5,470,363 | 5,232,260 |
| Total program expenses | 16,951,271 | 16,685,557 |
| Supporting services: | | |
| Support activities | 3,990,990 | 3,966,236 |
| Fundraising activities | 429,314 | 380,854 |
| Total supporting services | 4,420,304 | 4,347,090 |
| Total expenses | 21,371,575 | 21,032,647 |
| Revenues in Excess of Expenses from Operations | 1,738,374 | 1,425,166 |
| Non-Operating: | | |
| Net investment income | (7,808,158) | 2,882,233 |
| Revenues (Less Than) in Excess of Expenses | \$(6,069,784) | \$4,307,399 |



American College of
Healthcare Executives

for leaders who care®

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To our auditors:

We confirm, to the best of our knowledge and belief, as of May 12, 2009, the following representations made to you during your audits.

1. The financial statements referred to above have been prepared and are fairly presented in conformity with U.S. GAAP.
2. We have made available to you all:
 - a. Financial records, documentation of internal control over financial reporting and related data.
 - b. Minutes of the meetings of boards of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
3. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The adjusting journal entries for the period ended December 31, 2008, which have been proposed by you, are approved by us and will be recorded on the books of the Company.
5. We believe that the effects of the uncorrected financial statement misstatements in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We have disclosed to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting of which we are aware. We understand that a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
7. We have no knowledge of fraud or suspected fraud affecting the Company involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, analysts, regulators or others.
9. The Company's assets and liabilities are appropriately classified and releases from restriction and reclassifications between net asset categories are appropriate.

Thomas C. Dolan, PhD, FACHE, CAE
President and Chief Executive Officer

Edmund J. Dietrich, CPA, CAE
Chief Financial Officer and
VP of Finance and Administration

Deborah J. Bowen, FACHE, CAE
Executive Vice President and
Chief Operating Officer

May 12, 2009

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American College of
Healthcare Executives
for leaders who care[®]

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Dear Sir or Madam:

We are providing this letter in connection with your audit of the consolidated financial statements of the American College of Healthcare Executives and Subsidiary and the Foundation of the American College of Healthcare Executives (collectively, the “Company”) as of December 31, 2008 and for the year then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position and the changes in net assets and cash flows of the Company in conformity with accounting principles generally accepted in the United States of America (“US GAAP”). We confirm that we are responsible for the fair presentation in the consolidated financial statements of financial position, and changes in net assets and cash flows in conformity with US GAAP. We also acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting, including designing and implementing programs and controls to prevent, detect and correct fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of May 12, 2009, the following representations made to you during your audits.

1. The financial statements referred to above have been prepared and are fairly presented in conformity with US GAAP.
2. We have made available to you all:
 - a. Financial records, documentation of internal control over financial reporting, and related data.
 - b. Minutes of the meetings of boards of directors and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.

3. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. The adjusting journal entries for the period ended December 31, 2008, which have been proposed by you, are approved by us and will be recorded on the books of the Company.
5. We believe that the effects of the uncorrected financial statement misstatements in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We have disclosed to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting of which we are aware. We understand that a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
7. We have no knowledge of fraud or suspected fraud affecting the Company involving:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, former employees, analysts, regulators, or others.
9. The Company's assets and liabilities are appropriately classified and releases from restriction and reclassifications between net asset categories are appropriate.
10. The Company has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
11. The financial statements include all assets and liabilities under the Company's control.
12. Related party relationships and transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees have been properly recorded or disclosed in the financial statements.

For the purpose of this letter, we understand the following to be the definition of the term "related party:"

Affiliates of the enterprise; entities for which investments are accounted for by the equity method by the enterprise; trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; principal owners of the enterprise; its management; members of the immediate families of principal owners of the enterprise and its management; and other parties with which the enterprise may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

13. There are no guarantees, whether written or oral, under which the Company is contingently liable.
14. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with the AICPA Statement of Position 94-6, Disclosure of Certain Significant Risks and Uncertainties, are properly disclosed in the financial statements.

Significant estimates are estimates at the date of the statement of financial position which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur which would significantly disrupt normal finances within the next year.

15. There are no:
 - a. Violations or possible violations of laws, including charitable registration laws, regulations, or the provisions of contracts, grant agreements, or donor restrictions whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency. We have complied with all laws, including charitable registration laws, regulations, the provisions of contracts and grant agreements, and donor restrictions.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
16. The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
17. The Company has adequate controls over the receipt and recording of contributions.

18. An appropriate composition of assets needed to comply with all donor restrictions has been maintained.
19. We are not aware of any laws that place restrictions on net appreciation of donor-restricted endowments.
20. You provided a non-attest service by assisting us with related financial statement disclosures. In connection with this non-attest service, we confirm that we made all management decisions and performed all management functions, have the knowledge to review and evaluate the accuracy and completeness of the related disclosures, and accept responsibility for such disclosures.
21. The methods and significant assumptions used to determine fair values of financial instruments are as follows: investment valuations are determined based on quoted market prices in active markets or when observable prices are not available for these instruments, the Company uses one or more valuation techniques (i.e. market or income approach.) The methods and significant assumptions used have been consistently applied and result in a measure of fair value appropriate for financial measurement and disclosure purposes. In addition, to the best of our knowledge and belief, there have been no subsequent events through the date of this letter that would require adjustment to the fair value measurements and disclosures included in the financial statements.
22. The basis for the allocation of functional expenses is reasonable and complies with the requirements of the Company's various funding sources.
23. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
24. The Company is a tax-exempt organization under the Internal Revenue Code. In addition, the Company has maintained its tax-exempt status by conducting activities within the scope of its exemptions granted by the Internal Revenue Service.
25. Lobbying activities have been properly reported and we do not believe any of these activities will jeopardize the Company's tax exempt status.
26. As for the year ended December 31, 2008 revenues and net assets are properly classified as unrestricted, temporarily restricted and permanently restricted, according to donor-imposed restrictions.
27. The financial statements of the Company include all funds under the Company's control.
28. The Company had, for the year ended December 31, 2008, no known transactions or activities which are prohibited by the Internal Revenue Service Code with respect to self-dealing, with disqualified persons, investment holdings, influencing legislation or elections, discriminatory or unauthorized grants, or other activities, or other activities which would jeopardize our exempt status. Also, to the

best of our knowledge, we have complied with all other material provisions of the Internal Revenue Code.

29. To the best of our knowledge and belief, no events have occurred subsequent to the date of the statement of financial position and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements.

Very truly yours,

AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES AND SUBSIDIARY

AND FOUNDATION OF THE AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES



Thomas C. Dolan, PhD, FACHE, CAE
President and Chief Executive Officer



Deborah Bowen, FACHE, CAE
Executive Vice President and Chief Operating Officer



Edmund J. Dietrich, CPA, CAE
Vice President Finance and Administration, Chief Financial Officer