

ANNUAL REPORT 2003

Greetings and welcome to the good news of Rainbow Hospice! There is so much to say about fiscal year 2003 that it is hard to summarize in this brief annual report. Of particular interest, we are proud to showcase these accomplishments:

- The fourth straight year of double digit growth in patient care days and a 205% increase in referrals from new communities in Chicago,
- Two Chicagoland end-of-life educational programs, sponsored by the new Rainbow LIFE Institute (Leading Innovators For end-of-life Education),
- Deepened relationships and increased service with our cosponsors Advocate Health Care and Resurrection Health Care,
- Creation and staffing of a music therapy program,
- Addition of a bilingual clinical team, and
- Completion of a research study, funded by the Retirement Research Foundation.



THOMAS CAPOBIANCO
CHAIRMAN OF
THE BOARD

In addition, we completed a multi-year strategic plan and initiated a plan to address our space needs. By this time next year we will be in new space with plenty more elbowroom for our staff, volunteers and clients.

Finally, we are working with all of our staff and volunteers on a revitalization program that we're calling *Good to Great*. We want to be sure that we will be well ahead of demand and expectations of communities and families soon to embark on end-of-life experiences. We hope to ensure that all of our associates understand our mission and commit to continual improvement in terms of service, expertise and responsiveness. We have the very best employees and volunteers and we want to keep them, recruit more like them and grow them for the future.

It's always an exciting time at Rainbow Hospice. Our annual report simply skims the surface of our amazing agency. We hope that it causes you to ask questions and offer advice and support. After all, we are here for you, your families, your friends, your community.

Thank you very much for your support of Rainbow Hospice.

Thomas Capobianco
Chairman of the Board

Patricia Ahern
President/Executive Director

Our Mission:

Rainbow Hospice enables people to live with dignity and hope while coping with loss and the end of life.

Our Vision:

Our vision is to be Chicagoland's foremost provider of palliative care, to be a vital resource for education, and to enrich the lives of those we serve.

There are many ways to support the mission of Rainbow Hospice. For information on making a gift to Rainbow Hospice, please call Dave Samson at 847-692-8882.

RAINBOW HOSPICE BOARD OF DIRECTORS

Thomas Capobianco (Chair)
Senior Vice President, Finance
Resurrection Health Care

Rev. Lee Joesten
Vice President, Religion and Health
Advocate Lutheran General Hospital

Donald E. Heidkamp (Vice Chair)
Vice President, Planning and
Development (Retired)
Westlake Community Hospital
Community Volunteer

Dr. Kenneth J. Printen
Surgeon
Resurrection Health Care
Evanston Northwestern Health Care

Michael E. Kerns (Secretary)
Associate General Counsel
Advocate Lutheran General Hospital

Dr. Harold Shafter
Medical Director, Inpatient Telemetry
(Cardiology) Units
Advocate Lutheran General Hospital

Marty Manning (Treasurer)
Vice President, Operations/Finance
Advocate Health Care

Kerry A. Shannon
National Director
PricewaterhouseCoopers LLP's
Healthcare Provider Planning
Practice

Patricia A. Ahern (President)
President/Executive Director
Rainbow Hospice

Ronald E. Struxness
Group Vice President and
Executive Vice President/CEO
St. Joseph Hospital
Resurrection Health Care

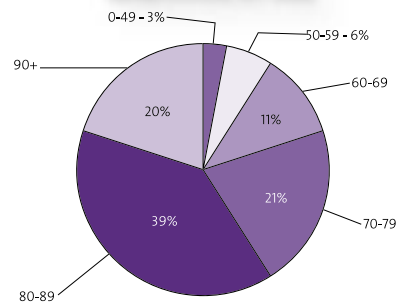
Marie Cleary-Fishman
Senior Vice President
Resurrection Home Health Services



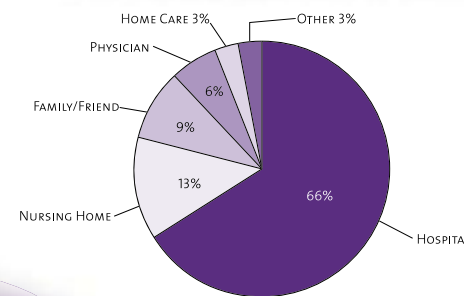
Rainbow Hospice patient, Marilyn Daemicke (second from right), poses with members of her care team. (l to r) Dana Russell, Social Worker; Cathy Biasi, Nurse; and Martha Williams, Home Health Aide.

PROGRAM STATISTICS

ADMISSION BY AGE

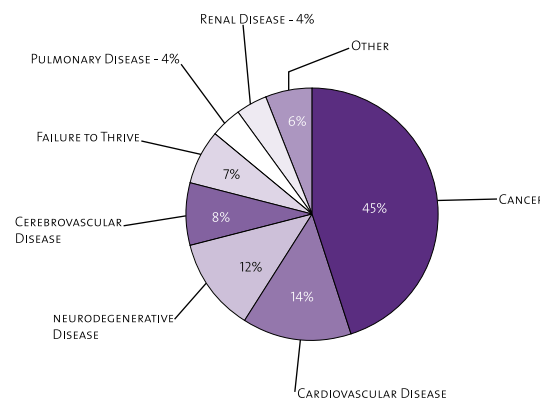


HOW OUR PATIENTS WERE REFERRED

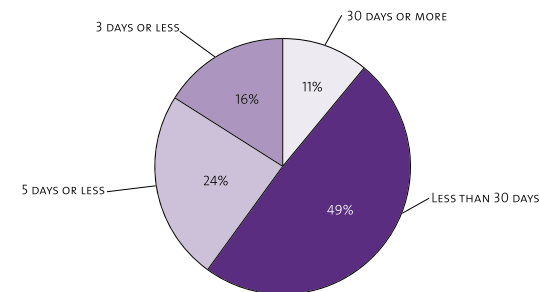


A TOTAL OF 1,427 PATIENTS WERE ADMITTED TO RAINBOW HOSPICE

DIAGNOSIS



LENGTH OF STAY



AVERAGE LENGTH OF STAY - 34 DAYS
MEDIAN LENGTH OF STAY - 8 DAYS

Statement of Financial Position

March 31, 2003

ASSETS

Current Assets

Cash and equivalents	\$1,544,999
Accounts receivable	1,276,884
Prepaid	114,514
Other	
Total Current Assets	2,936,397

Property and Equipment

Furniture and equipment	353,306
Less accumulated depreciation	(152,649)
Net	200,657

Security Deposit	10,165
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Total Assets **\$3,147,219**

LIABILITIES & NET ASSETS

Current Liabilities

Accounts payable	\$436,806
Due to nursing homes	27,716

Accrued expenses:

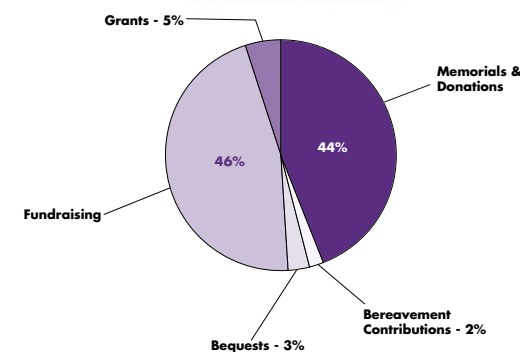
Compensation	374,411
Retirement plan	36,000
Other	26,840
Deferred revenue	12,500

Total Current Liabilities **914,273**

Net Assets **2,232,946**

Total Liabilities and Net Assets **\$3,147,219**

TOTAL DEVELOPMENT REVENUE



Statement of Activity

12 Months Ended March 31, 2003

REVENUE

Hospice	\$7,908,233
Bereavement	17,140
Total Service Revenue	7,925,373
Memorials and Donations	264,022
Bereavement Contributions	14,264
Bequests	16,000
Fundraising	275,688
Grants	31,950
Total Development Revenue	601,924
Interest and Dividend Income	28,800
Total Revenue	\$8,556,097

EXPENSE

Payroll	\$4,280,857
Payroll Taxes	306,036
Employee Benefits	511,747
Bad Debt	88,525
Bank Card Fees	1,311
Charitable Care Expense	15,171
Computer Expense	58,340
Consulting	108,773
Contract Services	400
Depreciation	67,398
Dues and Subscriptions	43,401
Durable Medical Equipment	496,326
Fundraising and Special Events	119,010
Good Mourning	8,424
Inpatient Contract Care	1,061,199
Insurance	25,346
Legal Fees	6,750
Medical Supplies	91,130
Medications	437,503
Office Expenses	57,408
Outpatient Care	7,822
Patient Transportation	51,076
Postage	29,991
Printing	100,818
Public Education	29,910
Public Relations	6,636
Recruiting	36,707
Rent	177,298
Repairs and Maintenance	22,370
Special Events	15,442
Staff Education	18,818
Telephone	79,211
Travel - General	24,177
Travel - Patient Care	121,716
Utilities	9,476
Volunteer Expense	7,050
Miscellaneous	24,233

Total Expense **\$8,547,806**

Increase in Total Net Assets **\$8,291**