

***Audited Consolidated Financial Statements
and Other Financial Information***

The Waterbury Hospital

Years ended September 30, 2005 and 2004

The Waterbury Hospital
Audited Consolidated Financial Statements
and Other Financial Statements

Years ended September 30, 2005 and 2004

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Report of Independent Auditors

Board of Trustees
The Waterbury Hospital

We have audited the accompanying consolidated balance sheets of The Waterbury Hospital (the “Hospital”) as of September 30, 2005 and 2004, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Hospital’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Waterbury Hospital at September 30, 2005 and 2004, and the consolidated results of its operations, changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.



December 9, 2005

The Waterbury Hospital
Consolidated Balance Sheets

	September 30	
	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,391,305	\$ 25,742,772
Short-term investments		4,169,491
Other assets required for current liabilities	4,486,086	4,294,954
Patient accounts receivable, less allowance (2005--\$7,576,000; 2004--\$7,020,000)	25,455,550	21,071,716
Grants and other receivables	2,193,061	87,665
Inventories of supplies	530,782	467,278
Prepaid insurance and other expenses	1,594,063	1,248,939
Due from affiliates	3,672,393	3,317,985
Total current assets	61,323,240	60,400,800
Other assets:		
Funds held by trustee:		
Certificates of deposit and money market funds	487,488	492,156
U.S. Government obligations and other bonds	10,742,761	11,432,201
	11,230,249	11,924,357
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:		
Debt service fund	529,667	668,213
Debt service reserve fund	1,991,138	1,991,138
	2,520,805	2,659,351
	13,751,054	14,583,708
Less other assets that are required for current liabilities	4,486,086	4,294,954
	9,264,968	10,288,754
Funds held in trust by others	41,596,510	39,218,954
Long-term investments	13,084,728	16,032,192
Other receivables	1,921,087	1,281,530
Prepaid pension and other investments	5,510,493	4,809,835
CHEFA obligations issue expense, less amortization	729,070	759,768
	62,841,888	62,102,279
Property, plant and equipment:		
Land	287,549	287,549
Buildings and improvements	79,180,185	75,829,964
Equipment	143,356,047	136,016,742
Construction in progress (estimated additional cost to complete: 2005--\$3,510,591)	8,794,504	4,978,713
	231,618,285	217,112,968
Less accumulated depreciation	(166,056,924)	(156,958,525)
	65,561,361	60,154,443
	\$ 198,991,457	\$ 192,946,276

	September 30	
	2005	2004
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,389,179	\$ 13,240,807
Salaries, wages, payroll taxes and amounts withheld from employees	7,327,836	8,517,354
Due to third-party reimbursement agencies	3,164,390	3,914,939
Current portion of CHEFA obligations	680,000	645,000
Current portion of notes payable	2,891,865	2,816,746
Total current liabilities	<u>26,453,270</u>	29,134,846
Other noncurrent liabilities	9,805,615	9,738,055
CHEFA obligations, less current portion and discount	21,963,774	22,620,986
Notes payable, less current portion	6,896,435	5,234,817
Minority interest in net assets of consolidated affiliates	2,439,407	2,268,432
Net assets:		
Unrestricted	74,645,154	71,377,078
Temporarily restricted	12,462,977	10,649,793
Permanently restricted	44,324,825	41,922,269
	<u>131,432,956</u>	123,949,140

<u>\$ 198,991,457</u>	<u>\$ 192,946,276</u>
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See accompanying notes.

The Waterbury Hospital
Consolidated Statements of Operations

	Year ended September 30	
	2005	2004
Net revenues from services to patients	\$ 208,568,827	\$ 196,388,688
Other operating revenues	3,147,080	2,654,936
Net assets released from restrictions	5,294,816	3,869,708
	217,010,723	202,913,332
Operating expenses:		
Salaries	100,067,133	93,121,847
Employee benefits	25,703,814	24,630,763
Supplies and other	65,695,408	56,978,380
Bad debts	12,536,414	13,015,682
Depreciation	9,182,167	9,878,389
Interest and amortization	1,658,259	1,622,357
	214,843,195	199,247,418
Income from operations before minority interest	2,167,528	3,665,914
Minority interest in income of consolidated affiliates	(1,562,891)	(1,393,567)
Income from operations	604,637	2,272,347
Nonoperating revenues (losses):		
Unrestricted gifts and bequests	115,671	728,009
Investment income	2,220,694	2,060,681
Realized gains (losses) on sales of securities	66,841	(305,261)
Other		240,411
	2,403,206	2,723,840
Excess of revenues over expenses	\$ 3,007,843	\$ 4,996,187

See accompanying notes.

The Waterbury Hospital

Consolidated Statements of Changes in Net Assets

	Year ended September 30	
	2005	2004
Unrestricted net assets:		
Excess of revenues over expenses	\$ 3,007,843	\$ 4,996,187
Net unrealized gains and losses on investments	(79,127)	(151,921)
Decrease in additional minimum pension liability		4,100,353
Net assets released from restrictions used for purchase of property and equipment	339,360	114,415
Increase in unrestricted net assets	3,268,076	9,059,034
Temporarily restricted net assets:		
Gifts and bequests	1,723,270	565,301
Income from investments	159,967	320,217
Net realized and unrealized gains and losses on investments	964,114	598,809
Psychiatric service grants	4,600,009	3,045,575
Net assets released from restrictions	(5,634,176)	(3,984,123)
Increase in temporarily restricted net assets	1,813,184	545,779
Permanently restricted net assets:		
Gifts and bequests	25,000	100
Increase in fair value of funds held in trust by others	2,377,556	896,602
Increase in permanently restricted net assets	2,402,556	896,702
Increase in net assets	7,483,816	10,501,515
Net assets at beginning of year	123,949,140	113,447,625
Net assets at end of year	\$ 131,432,956	\$ 123,949,140

See accompanying notes.

The Waterbury Hospital
Consolidated Statements of Cash Flows

	Year ended September 30	
	2005	2004
Operating activities and nonoperating gains		
Change in net assets	\$ 7,483,816	\$ 10,501,515
Adjustments to reconcile change in net assets to net cash provided by operating activities and nonoperating gains:		
Provision for bad debts	12,536,414	13,015,682
Depreciation and amortization	9,235,653	9,931,875
Decrease in additional minimum pension liability		(4,100,353)
Net realized and unrealized gains and losses	(3,329,384)	(1,038,229)
Restricted gifts, bequests and investment income	(1,908,237)	(885,618)
Increase (decrease) in other noncurrent liabilities	67,560	(2,543,225)
Increase (decrease) in minority interest in net assets of consolidated affiliates	170,975	(42,709)
	24,256,797	24,838,938
 Changes in operating working capital other than cash and cash equivalents and short-term investments:		
Other assets	(191,132)	(279,778)
Patient accounts receivable, net	(16,920,248)	(13,693,200)
Grants and other receivables	(2,105,396)	(72,843)
Inventories of supplies	(63,504)	(60,986)
Prepaid insurance and other expenses	(345,124)	(223,866)
Accounts payable and accrued expenses	(851,628)	3,751,102
Salaries, wages, payroll taxes and amounts withheld from employees	(1,189,518)	(74,346)
Due to third party reimbursement agencies	(750,549)	(1,429,933)
	(22,417,099)	(12,083,850)
 Net cash provided by operating activities and nonoperating gains	 1,839,698	 12,755,088
 Investing activities		
Decrease (increase) in short-term investments	4,169,491	(1,551,751)
Decrease (increase) in long-term investments	3,978,419	(3,675,545)
Increase in due from affiliates	(354,408)	(2,518,038)
(Increase) decrease in other assets	(418,344)	2,396,256
Additions to property, plant and equipment, net	(14,589,085)	(7,752,336)
Net cash used by investing activities	(7,213,927)	(13,101,414)

The Waterbury Hospital

Consolidated Statements of Cash Flows (continued)

	Year ended September 30	
	2005	2004
Financing activities		
Proceeds from restricted gifts, bequests and investment income	\$ 1,908,237	\$ 885,618
Proceeds from issuance of debt	4,463,461	3,743,730
Principal payments on debt obligations	(3,348,936)	(2,596,865)
Net cash provided by financing activities	3,022,762	2,032,483
Net (decrease) increase in cash and cash equivalents	(2,351,467)	1,686,157
Cash and cash equivalents at beginning of year	25,742,772	24,056,615
Cash and cash equivalents at end of year	\$ 23,391,305	\$ 25,742,772

Cash paid during the year for interest on borrowings was \$1,434,713 and \$1,459,532 for the years ended September 30, 2005 and 2004, respectively.

See accompanying notes.

The Waterbury Hospital

Notes to Consolidated Financial Statements

September 30, 2005

1. Significant Accounting Policies and Organization

The Hospital's major accounting policies are as summarized below and in Note 2.

Organization

The Waterbury Hospital (the "Hospital"), a voluntary association incorporated under the General Statutes of the State of Connecticut, is a wholly-owned subsidiary of Greater Waterbury Health Network, Inc. (sole member) (the "Network"). The Board of the Hospital, appointed by the Network, controls the operations of the Hospital. In addition to the Hospital, the accompanying financial statements include Access Rehab Centers LLC ("Access"), Greater Waterbury Imaging Center Limited Partnership ("GWIC") and Imaging Partners, LLC to the extent of the Hospital's ownership interest in these affiliated entities.

The Hospital entered into a members' agreement, making it an equal member with St. Mary's Hospital, located in Waterbury, Connecticut, in a joint venture to form The Harold Leever Regional Cancer Center, Inc. (the "Cancer Center"). The Cancer Center is a Connecticut non-stock corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture is to develop, construct, own and operate the Cancer Center. Both member hospitals transferred the revenue and related expenses of their respective radiation oncology services to the Cancer Center in October 2002. Both member hospitals had working capital advances to the Cancer Center. The total amount of advances of \$1,277,492 was converted into a promissory note which bears interest at the prime rate adjusted every six months. The principal repayments begin no later than March 1, 2009 and the total unpaid balance is due on August 1, 2011. This promissory note is included in other noncurrent receivables in the balance sheet at September 30, 2004 and 2005. The Cancer Center is not included in the Hospital's consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and the affiliated entities. Recognition has been given to minority ownership interest in the affiliates. All significant intercompany accounts and transactions are eliminated in consolidation.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies and Organization (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Regulatory Matters

The Hospital is required to file annual operating information with the State of Connecticut Office of Health Care Access (“OHCA”).

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited to providing psychiatric services, free care, and educational seminars, as well as maintaining the purchasing power of Endowment Funds. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity or in funds held in trust by others.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated 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 as unrestricted net assets.

Promise to Give

Unconditional promises to give 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 to give are received. Amortization of the discounts is included in contribution revenue.

As of September 30, 2005, net pledges receivable due in less than one year is \$280,421 and due in one to five years is \$620,394.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies and Organization (continued)

Cash Equivalents

The Hospital considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. The Hospital values its inventories using the first in first out method.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Fair value is generally determined based on quoted market prices. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. Unrealized losses on investments meeting specific criteria for other than temporary impairment are included in the excess of revenues over expenses. The cost basis of the impaired investment is reduced and not changed for subsequent recoveries in fair value. No declines in investments were considered other than temporary in 2005 or 2004.

Unrealized gains and losses on restricted investments (non-trading securities) are included in temporarily restricted net assets under State law which allows the Board to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Other Assets

Other assets include assets set aside by the Board of Trustees to fund the deductible portion of malpractice insurance coverage and workers' compensation claims, for the established purpose of providing for future improvement, expansion and replacement of plant and equipment and assets held by trustees under indenture agreements relating to financing activities with the State of Connecticut Health and Education Facilities Authority. The portion of these amounts required for funding current liabilities is included in current assets.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies and Organization (continued)

Property, Plant and Equipment

Property, plant and equipment are recorded on the basis of cost. The Hospital provides for depreciation of property, plant and equipment and amortization of assets recorded under capital leases using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives.

Impairment of Long-Lived Assets

In accordance with FASB Statement No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, the Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Nonoperating Revenues

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating revenues consist primarily of income on invested funds, gains on sales of securities and unrestricted gifts and bequests.

Excess of Revenues over Expenses

The statement of operations includes the excess of revenues over expenses. Changes in unrestricted net assets which are excluded from the excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, except for those considered to be other than temporary and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

1. Significant Accounting Policies and Organization (continued)

Fair Value of Financial Instruments

Reference is made to Note 3 (Investments) and Note 5 (Debt), for other assets and liabilities, the carrying amount approximates fair value based on current market conditions.

Medical Malpractice and Workers' Compensation Self-Insurance

The Hospital has a policy of self-insuring the deductible portion of its malpractice insurance coverage and workers' compensation claims. The deductible limits are \$1,000,000 per claim and \$4,500,000 annually for the malpractice insurance coverage and \$400,000 per claim for workers' compensation. The Hospital established an irrevocable trust for the purpose of setting aside assets based on actuarial funding recommendations and has established separate funds for malpractice and workers' compensation purposes. Under the trust agreement, the trust fund assets can only be used for payment of malpractice losses, workers' compensation claims, related expenses, and the cost of administering the trust from the respective funds. The assets of, and contributions to, the trust funds are reported in the balance sheet; income from the trust fund assets and administrative costs are reported in the statement of operations. Management accrues its best estimate of losses as they occur. The accrued medical malpractice and workers' compensation self-insurance liabilities, which comprise substantially all of the other noncurrent liabilities in the balance sheets, have been discounted at 4% at September 30, 2005 and 2004.

Retirement Benefit Plans

The Hospital maintains a defined benefit pension plan for eligible individuals. Reference is made to Note 7.

Reclassifications

Certain 2004 amounts have been reclassified to conform with the 2005 presentation.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

2. Revenues from Services to Patients and Charity Care

The following table summarizes net revenues from services to patients:

	Year ended September 30	
	2005	2004
Gross revenues from services to patients	\$ 583,055,993	\$ 513,727,404
Deductions (additions):		
Allowances	376,030,763	318,691,984
Free care	2,160,362	2,059,074
Regulatory	(3,703,959)	(3,412,342)
	374,487,166	317,338,716
	\$ 208,568,827	\$ 196,388,688

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from most payors are different from established billing rates of the Hospital, and these differences are accounted for as allowances. Gross revenues have been affected by the State of Connecticut Disproportionate Share program in 2005 and 2004.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For the year ended September 30, 2005, the Hospital recorded approximately \$933,000 as an increase to net patient service revenue as changes in estimate related to third-party payor settlements and adjustments to accruals recorded in the prior year.

During 2005 and 2004, approximately 42% of net patient service revenue was received under the Medicare program, 10% and 11%, respectively, under the state Medicaid program, and 42% from contracts with other third parties. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

The significant concentrations of net accounts receivable for services to patients include 32% from Medicare, 11% from Medicaid, 33% from commercial insurance carriers and 24% from others at September 30, 2005 (34%, 12%, 34% and 20%, respectively, in 2004).

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

2. Revenues from Services to Patients and Charity Care (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital. Cost reports for the Hospital, which serve as a basis for final settlement with government payors, have been settled by final settlement through 2002 for Medicare and 1995 for Medicaid. Other years remain open for settlement.

The Hospital has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the HMOs make fee-for-service payments to the Hospital for certain covered services based upon discounted fee schedules.

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is possible. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized poverty income levels for the State, but also includes certain cases where incurred charges are significant when compared to incomes. These charges are not included in net patient service revenues for financial reporting purposes.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments

The composition of investments, including other assets and funds held in escrow is set forth in the following table. Investments are stated at fair value:

	September 30			
	2005		2004	
	Cost	Market	Cost	Market
Short-term investments:				
Certificates of deposit and money market funds			\$ 4,169,491	\$ 4,169,491
			\$ 4,169,491	\$ 4,169,491
Funds held by trustee:				
Certificates of deposit and money market funds	\$ 487,488	\$ 487,488	\$ 492,156	\$ 492,156
U.S. Government obligations and other bonds	10,810,208	10,742,761	11,342,701	11,432,201
	\$ 11,297,696	\$ 11,230,249	\$ 11,834,857	\$ 11,924,357
Escrow funds for long-term debt:				
U.S. Government obligations	\$ 527,442	\$ 527,811	\$ 668,350	\$ 667,372
Corporate bonds	1,991,138	1,991,138	1,991,138	1,991,138
Cash and money market funds	1,856	1,856	841	841
	\$ 2,520,436	\$ 2,520,805	\$ 2,660,329	\$ 2,659,351
Investments of funds held in trust by others	\$ 36,957,917	\$ 41,596,510	\$ 37,410,781	\$ 39,218,954
Long-term investments:				
Certificates of deposit and money market funds	\$ 636,120	\$ 636,120	\$ 451,532	\$ 451,532
Marketable equity securities	23,570	85,644		
U.S. Government obligations	1,403,611	1,447,884	6,252,013	6,324,283
Corporate bonds	1,781,553	1,789,391	1,443,070	1,487,898
Mutual funds	7,750,899	9,125,689	7,373,650	7,768,479
	\$ 11,595,753	\$ 13,084,728	\$ 15,520,265	\$ 16,032,192
Other investments	\$ 218,552	\$ 218,552	\$ 238,745	\$ 238,745

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

The following tables summarize the unrealized losses on unrestricted investments, including assets held in trust for self insurance and assets held by trustee per bond indenture, held at September 30, 2005 and 2004, respectively:

Description of Securities	September 30, 2005			
	Less than Twelve Months		Twelve Months Or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government obligations and other bonds	\$ 8,397,801	\$ (92,411)	\$ 571,657	\$ (5,010)
Mutual funds	35,138	(162)		
Total	\$ 8,432,939	\$ (92,573)		

Description of Securities	September 30, 2004			
	Less than Twelve Months		Twelve Months or Longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government obligations and other bonds	\$ 1,272,648	\$ (2,845)	\$ 73,641	\$ (913)

At September 30, 2005, the investments that had a cost greater than fair value for twelve months or longer consist principally of U.S. government obligations and other bonds whose prices have fluctuated with general market conditions. Management believes the current economic improvement will enable the Hospital to recover the unrealized losses.

Unrestricted investment income, including income on funds held in trust by others, and gains and (losses) are comprised of the following for the years ended September 30, 2005 and 2004:

	2005	2004
Income:		
Interest and dividend income	\$ 2,220,694	\$ 2,060,681
Realized gains (losses) on sales of securities	66,841	(305,261)
	\$ 2,287,535	\$ 1,755,420
Other changes in unrestricted net assets—net unrealized losses on investments	\$ (79,127)	\$ (151,921)

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

3. Investments (continued)

A summary of interest cost and investment income on borrowed funds held by the trustee under revenue bond indentures during the years ended September 30, 2005 and 2004 follows:

	<u>2005</u>	<u>2004</u>
Interest cost charged to operations	<u>\$ 1,332,090</u>	<u>\$ 1,361,685</u>
Investment income credited to other operating revenues	<u>\$ 127,120</u>	<u>\$ 103,469</u>

4. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available to provide psychiatric services, free care and educational seminars.

Permanently restricted net assets at September 30, 2005 and 2004, are restricted amounts which are to be held in perpetuity, the income from which is expendable to provide free care, scholarships for Waterbury Hospital employee's children, and for the operations of the Hospital. Also included in permanently restricted net assets are funds held in trust by others. The Hospital is the restricted income beneficiary of funds held in trust by others. The total trust assets, as reported by the trustee, had an aggregate quoted market value at September 30, 2005 and 2004 of \$41,596,510 and \$39,218,954, respectively. Income of \$1,970,275 and \$2,034,547 earned on these assets for the years ended September 30, 2005 and 2004, respectively, is included in investment income.

During 2005, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing psychiatric services, free care, and various miscellaneous services in the amounts of \$4,600,009, \$541,661 and \$153,146, respectively. In addition, \$339,360 was released for the purchase of property and equipment.

During 2004, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing psychiatric services, free care, and various miscellaneous services in the amounts of \$3,045,575, \$478,822 and \$345,311, respectively. In addition, \$114,415 was released for the purchase of property and equipment.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

5. Debt

Series C Bond Financing

On December 1, 1999, the Hospital entered into Series C financing arrangements with CHEFA under a Master Indenture for the financing of, among other things, renovations, equipment purchases or replacements, and the defeasance of the Series B Bonds. To finance the above, CHEFA sold \$27,140,000 of Series C revenue bonds, maturing serially from 2000 through 2029, with interest at a net average annual rate of approximately 5.48%. The scheduled payment of principal and interest on the Series C Bonds when due is guaranteed by an insurance policy issued by a commercial insurer. This noncancelable insurance policy has been paid for by the Hospital and is included in bond issuance costs.

Under the terms of the financing arrangements between the Hospital and CHEFA, the proceeds of the revenue bonds were loaned to the Hospital. Pursuant to the loan agreement, the Hospital is obligated to provide amounts which will be sufficient to enable CHEFA to pay the principal of and interest on the proceeds of the Series C Bonds.

Concurrently with the issuance and delivery of the Series C Bonds, the Hospital and First Union National Bank as Trustee entered into the Master Indenture and Supplemental Master Indenture Number 1, pursuant to which the Hospital is obligated to pay the amount due under the loan agreement with CHEFA. The Master Indenture and Supplemental Master Indenture provide for, among other things, the establishment and maintenance of a Debt Service Reserve Fund and a pledge of the gross receipts, as defined, of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital and provide for covenants regarding the Hospital's debt service coverage ratios, minimum levels of cash on hand, the ratio of long term debt to total capitalization, sale and lease of assets and other covenants similar in financings of this type.

Future minimum payments by year and in the aggregate, subject to early redemption provisions discussed above, under the Series C bond financing are as follows at September 30, 2005:

2006	\$ 680,000
2007	710,000
2008	750,000
2009	790,000
2010	820,000
Aggregate thereafter	18,893,774
	<u>\$ 22,643,774</u>

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

5. Debt (continued)

The Hospital has two \$5,500,000 lines of credit with two banks. There were no borrowings under these two lines of credit at September 30, 2005.

Access has a \$100,000 line of credit with a bank. There were no borrowings under this line of credit at September 30, 2005.

In 2002, the Hospital assumed two purchase money notes payable to a bank. The first is a purchase money promissory note which was used to partially fund the construction of the Reed Ambulatory Surgery Center. The original amount of the note was \$3,300,000 and is repayable in monthly installments of principal plus interest at the LIBOR rate plus 1.50% or the prime rate minus 0.25% through January 31, 2008 (5.14% at September 30, 2005). The balance of this note was \$2,260,764 and \$2,564,931 at September 30, 2005 and 2004, respectively, and is collateralized by unrestricted marketable securities. The second is a purchase money equipment line note which was used to partially fund equipment purchases for the Reed Ambulatory Surgery Center. The original amount of the note was \$2,700,000 and is repayable in monthly installments of principal plus interest at the LIBOR rate plus 2.00% or the prime rate through January 31, 2008 (5.39% at September 30, 2005). The balance of this note was \$1,676,311 and \$1,950,060 at September 30, 2005 and 2004, respectively.

The Hospital obtained an equipment loan through CHEFA during 2004. The total loan commitment is \$9,361,036 and will be drawn in unequal periodic amounts through January 2006. The loan is repayable in installments of principal plus interest at a fixed rate of 4.446% totaling \$170,745 per month through March 2009. During 2005, the Hospital capitalized \$165,140 of interest related to this loan. The balance of this loan at September 30, 2005 was \$5,166,661. The loan is collateralized by the equipment.

GWIC obtained an equipment loan through a bank during 2003. The original amount of the loan was \$1,325,000 and is repayable in monthly installments of principal plus interest at the 30-day LIBOR rate plus 1.00% (4.69% at September 30, 2005) through April 2008. The balance of this loan at September 30, 2005 was \$684,564.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

5. Debt (continued)

Future minimum payments by year and in the aggregate for all obligations other than the CHEFA Series C bonds were as follows at September 30, 2005:

2006	\$ 2,891,865
2007	2,891,865
2008	1,801,246
2009	577,917
2010	577,917
Thereafter	<u>1,047,490</u>
	<u>\$ 9,788,300</u>

The fair value of the debt, using the discounted cash flow analyses, was approximately \$35,798,490 at September 30, 2005.

6. Rental Expense and Lease Commitments

The Hospital has entered into operating leases for office space and office equipment. Rental expense for the years ended September 30, 2005 and 2004 was \$1,650,084 and \$1,561,865, respectively. The minimum rental commitments under all noncancellable operating leases with initial or remaining terms of more than one year are as follows:

2006	\$ 660,230
2007	537,354
2008	449,786
2009	435,308
2010	401,049
Thereafter	<u>2,164,219</u>
	<u>\$ 4,647,946</u>

7. Employee Benefit Plans

The Hospital has a noncontributory defined benefit cash balance plan. Under the cash balance plan, each participant who elected to transfer their balances to the cash balance plan from the former defined contribution plan receives a credit of 6% of compensation allocated to their cash balance accounts. All other participants receive a 3% credit. Additionally, each participant receives an interest credit to their cash balance account based on the yield to maturity on three-year treasury bills. The plan covers substantially all non-union employees age 21 and older with one year of service. It is the Hospital's policy to make contributions to this plan sufficient to meet the minimum funding requirements of applicable laws and regulations.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

Following is a summary of the defined benefit cash balance plan's funded status as of the measurement date (June 30) and amounts recognized in the Hospital's financial statements:

	September 30	
	2005	2004
Change in benefit obligation		
Benefit obligation beginning of year	\$ (30,185,868)	\$ (29,232,870)
Service cost	(1,049,426)	(1,024,114)
Interest cost	(1,858,841)	(1,748,414)
Actuarial (loss) gain	(133,588)	930,697
Benefits paid	1,631,524	888,833
Benefit obligation, end of year	\$ (31,596,199)	\$ (30,185,868)
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 30,531,442	\$ 25,756,178
Actual return on plan assets	1,915,692	3,476,597
Employer contributions	312,500	2,187,500
Benefits paid	(1,631,524)	(888,833)
Fair value of plan assets, end of year	\$ 31,128,110	\$ 30,531,442
Funded status	\$ (468,089)	\$ 345,574
Unrecognized prior service cost	(169,306)	(441,126)
Employer contribution	500,000	312,500
Unrecognized net actuarial losses	5,429,336	4,354,142
Accrued pension benefit	\$ 5,291,941	\$ 4,571,090
Components of net periodic pension cost		
Service cost	\$ 1,049,426	\$ 1,024,114
Interest cost	1,858,841	1,748,414
Expected return on plan assets	(2,857,298)	(2,785,819)
Amortization of prior service cost	(271,820)	(271,820)
Net periodic pension credit	\$ (220,851)	\$ (285,111)
Accumulated benefit obligation	\$ 30,066,028	\$ 29,038,568

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

Assumptions

The weighted-average assumptions used to determine benefit obligations at September 30 are as follows:

	2005	2004
Discount rate	5.50%	6.25%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	3.50%	3.50%

The weighted-average assumptions used to determine net periodic benefit cost for years ended September 30 are as follows:

	2005	2004
Discount rate	6.25%	6.00%
Expected return on assets	8.50%	8.50%
Rate of compensation increase	3.50%	4.00%

Expected Long-Term Return on Plan Assets

To develop the expected long-term rate of return on assets assumptions, the Hospital considered the historical returns and the future expectations of returns for each asset class, as well as target asset allocations of the pension portfolio. This resulted in the selection of the 8.5% long-term rate of return.

Investment Policy

The Waterbury Hospital Cash Balance Retirement Plan's weighted-average asset allocation at September 30, 2005 and September 30, 2004, by asset category are as follows:

Asset Category	Plan Assets at September 30		Asset Allocation Policy	
	2005	2004	Target	Range
Equity securities	60%	69%	70%	67% - 73%
Debt securities	30%	22%	30%	27% - 33%
Cash and cash equivalents	10%	9%		

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

The Pension Committee of the Board of Directors is responsible for employee benefit program policies with respect to investments and the retention of qualified managers, consultants and trustee/custodians. The purpose of the fund is accumulate monies required to meet the anticipated benefit payments of the plan; contributions are made by the Hospital on a basis determined by the Plan's actuary to be adequate to fund the benefits. The investment objective of the Fund is to maximize total return after inflation within the limits of prudent risk taking by diversifying across asset classes and multiple managers. The Committee has established an asset allocation policy that sets a target and range for each asset class, as shown in the table above.

Cash Flows

Contributions

The Hospital does not expect to contribute to its pension plan in 2006.

Estimated Future Benefit Payments

The following benefit payments which reflect expected future service are expected to be paid as follows:

Fiscal Year	Benefit Payments
2006	\$ 2,067,000
2007	1,503,000
2008	1,492,000
2009	1,477,000
2010	1,488,000
2011-2015	9,700,000

The Hospital also makes contributions for substantially all union employees to pension plans sponsored by the union. Contributions are based on a percentage of each participant's total salary. Total pension expense charged to operations during the years ended September 30, 2005 and 2004 was \$2,472,715 and \$2,116,888, respectively.

In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a total benefit and is partially funded. As of September 30, 2005, a liability of \$351,138 has been reflected in the consolidated balance sheets.

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

8. Self-Insurance Funds

There have been malpractice and workers' compensation claims that fall within the Hospital's partially self-insured program (see Significant Accounting Policies and Organization), which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2005 that may result in the assertion of claims. Hospital management has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidences in the past. Hospital management has provided reserves for these contingent liabilities.

9. Contingencies

The Hospital is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on its financial position.

10. Due from Affiliates

The amounts due from affiliates of \$3,672,393 and \$3,317,985 at September 30, 2005 and 2004, respectively, represent receivables from and (payables) to affiliates that do not eliminate in consolidation. These balances are comprised of the following:

	September 30	
	2005	2004
Greater Waterbury Health Network, Inc.	\$ 3,541,460	\$ 2,686,996
Alliance Medical Group of Greater Waterbury, P.C.	128,242	628,733
The Harold Leever Regional Cancer Center, Inc.	(269)	(704)
The Children's Center of Greater Waterbury Health Network, Inc.	2,960	2,960
	\$ 3,672,393	\$ 3,317,985

The Waterbury Hospital

Notes to Consolidated Financial Statements (continued)

11. Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	Year ended September 30	
	2005	2004
Health care services	\$ 170,515,054	\$ 158,427,806
General and administrative	44,005,954	40,564,052
Fundraising	322,187	255,560
	<u>\$ 214,843,195</u>	<u>\$ 199,247,418</u>

Report of Independent Auditors on Other Financial Information

Board of Trustees
The Waterbury Hospital

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



December 9, 2005

The Waterbury Hospital
 Consolidating Balance Sheet

September 30, 2005

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$ 18,483,086	\$ 3,241,537	\$ 957,867	\$ 708,815		\$ 23,391,305
Other assets required for current liabilities	4,486,086					4,486,086
Patient accounts receivable, net	23,666,860	788,630	899,129	100,931		25,455,550
Grants and other receivables	2,278,102				\$ (85,041)	2,193,061
Inventories of supplies	530,782					530,782
Prepaid insurance and other expenses	1,531,755		59,037	3,271		1,594,063
Due from affiliates	3,672,393					3,672,393
Total current assets	54,649,064	4,030,167	1,916,033	813,017	(85,041)	61,323,240
Other assets:						
Certificates of deposit and money market funds	487,488					487,488
U.S. Treasury notes and other bonds	10,742,761					10,742,761
	11,230,249					11,230,249
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:						
Debt service fund	529,667					529,667
Debt service reserve fund	1,991,138					1,991,138
Total other assets	13,751,054					13,751,054
Less assets that are required for current liabilities						
	4,486,086					4,486,086
	9,264,968					9,264,968
Funds held in trust by others						
Long-term investments	41,596,510					41,596,510
Other receivables	13,084,728					13,084,728
Prepaid pension and other investments	1,921,087					1,921,087
CHEFA obligations issue expense, less amortization	5,385,846	124,647				5,510,493
	729,070					729,070
	62,717,241	124,647				62,841,888
Property, plant and equipment:						
Land	287,549					287,549
Buildings and improvements	78,349,092	708,509	110,145	12,439		79,180,185
Equipment	136,888,054	5,637,410	376,126	454,457		143,356,047
Construction in progress	8,794,504					8,794,504
Accumulated depreciation	(160,707,470)	(4,768,848)	(207,462)	(373,144)		(166,056,924)
	63,611,729	1,577,071	278,809	93,752		65,561,361
	\$ 190,243,002	\$ 5,731,885	\$ 2,194,842	\$ 906,769	\$ (85,041)	\$ 198,991,457

The Waterbury Hospital
Consolidating Balance Sheet

September 30, 2005

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Liabilities and net assets						
Current liabilities:						
Accounts payable and accrued expenses	\$ 11,810,446	\$ 392,455	\$ 239,026	\$ 32,293	\$ (85,041)	\$ 12,389,179
Salaries, wages, payroll taxes and amounts withheld from employees	7,179,116		148,720			7,327,836
Due to third-party reimbursement agencies	3,164,390					3,164,390
Current portion of CHEFA obligations	680,000					680,000
Current portion of notes payable	2,626,857	265,008				2,891,865
Total current liabilities	25,460,809	657,463	387,746	32,293	(85,041)	26,453,270
Other noncurrent liabilities	9,805,615					9,805,615
CHEFA obligations, less current portion and discount	21,963,774					21,963,774
Notes payable, less current portion	6,476,879	419,556				6,896,435
Minority interest in net assets of consolidated affiliates					2,439,407	2,439,407
Net assets:						
Unrestricted	69,748,123	4,654,866	1,807,096	874,476	(2,439,407)	74,645,154
Temporarily restricted	12,462,977					12,462,977
Permanently restricted	44,324,825					44,324,825
	126,535,925	4,654,866	1,807,096	874,476	(2,439,407)	131,432,956
	\$ 190,243,002	\$ 5,731,885	\$ 2,194,842	\$ 906,769	\$ (85,041)	\$ 198,991,457

The Waterbury Hospital

Consolidating Balance Sheet

September 30, 2004

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$ 21,016,739	\$ 3,376,553	\$ 960,467	\$ 389,013		\$ 25,742,772
Short-term investments	4,169,491					4,169,491
Other assets required for current liabilities	4,294,954					4,294,954
Accounts receivable - patients, net	19,628,182	618,644	750,569	74,321		21,071,716
Accounts receivable - grants and other	172,442				\$ (84,777)	87,665
Inventories of supplies	467,278					467,278
Prepaid insurance and other expenses	1,220,228		26,069	2,642		1,248,939
Due from affiliates	3,317,985					3,317,985
Total current assets	54,287,299	3,995,197	1,737,105	465,976	(84,777)	60,400,800
Other assets:						
Certificates of deposit and money market funds	492,156					492,156
U.S. Treasury notes and other bonds	11,432,201					11,432,201
	11,924,357					11,924,357
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:						
Debt service fund	668,213					668,213
Debt service reserve fund	1,991,138					1,991,138
Total other assets	2,659,351					2,659,351
	14,583,708					14,583,708
Less assets that are required for current liabilities						
	4,294,954					4,294,954
	10,288,754					10,288,754
Funds held in trust by others						
Long-term investments	39,218,954					39,218,954
Other receivables	16,032,192					16,032,192
Prepaid pension and other investments	1,281,530					1,281,530
CHEFA obligations issue expense, less amortization	4,664,994	144,841				4,809,835
	759,768					759,768
	61,957,438	144,841				62,102,279
Property, plant and equipment:						
Land	287,549					287,549
Buildings and improvements	75,004,546	708,509	104,470	12,439		75,829,964
Equipment	129,697,454	5,594,880	269,951	454,457		136,016,742
Construction in progress	4,978,713					4,978,713
Accumulated depreciation	(151,998,156)	(4,526,856)	(161,263)	(272,250)		(156,958,525)
	57,970,106	1,776,533	213,158	194,646		60,154,443
	\$ 184,503,597	\$ 5,916,571	\$ 1,950,263	\$ 660,622	\$ (84,777)	\$ 192,946,276

The Waterbury Hospital
Consolidating Balance Sheet

September 30, 2004

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Liabilities and net assets						
Current liabilities:						
Accounts payable and accrued expenses	\$ 12,561,224	\$ 551,605	\$ 179,310	\$ 33,445	\$ (84,777)	\$ 13,240,807
Salaries, wages, payroll taxes and amounts withheld from employees	8,417,297		100,057			8,517,354
Due to third-party reimbursement agencies	3,914,939					3,914,939
Current portion of CHEFA obligations	645,000					645,000
Current portion of notes payable	2,551,738	265,008				2,816,746
Total current liabilities	28,090,198	816,613	279,367	33,445	(84,777)	29,134,846
Other noncurrent liabilities	9,738,055					9,738,055
CHEFA obligations, less current portion and discount	22,620,986					22,620,986
Notes payable, less current portion	4,550,253	684,564				5,234,817
Minority interest in net assets of combined affiliates					2,268,432	2,268,432
Net assets:						
Unrestricted	66,932,043	4,415,394	1,670,896	627,177	(2,268,432)	71,377,078
Temporarily restricted	10,649,793					10,649,793
Permanently restricted	41,922,269					41,922,269
	119,504,105	4,415,394	1,670,896	627,177	(2,268,432)	123,949,140
	\$ 184,503,597	\$ 5,916,571	\$ 1,950,263	\$ 660,622	\$ (84,777)	\$ 192,946,276

The Waterbury Hospital
Consolidating Statement of Operations
Year ended September 30, 2005

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Revenues:						
Net revenues from services to patients	\$ 196,575,476	\$ 7,446,683	\$ 5,518,805	\$ 981,438	\$ (1,953,575)	\$ 208,568,827
Other operating revenues	3,274,925	32,446	1,056	7,267	(168,614)	3,147,080
Net assets released from restrictions	5,294,816					5,294,816
	<u>205,145,217</u>	<u>7,479,129</u>	<u>5,519,861</u>	<u>988,705</u>	<u>(2,122,189)</u>	<u>217,010,723</u>
Expenses:						
Salaries	96,342,410	766,063	2,958,660			100,067,133
Employee benefits	24,947,264	115,968	640,582			25,703,814
Supplies and other	63,437,531	2,385,077	1,527,476	467,513	(2,122,189)	65,695,408
Bad debts	12,447,806	50,485	38,123			12,536,414
Depreciation	8,773,671	262,186	53,038	93,272		9,182,167
Interest and amortization	1,628,380	29,879				1,658,259
	<u>207,577,062</u>	<u>3,609,658</u>	<u>5,217,879</u>	<u>560,785</u>	<u>(2,122,189)</u>	<u>214,843,195</u>
Income from operations before minority interest	(2,431,845)	3,869,471	301,982	427,920	(2,122,189)	2,167,528
Minority interest in income of consolidated affiliates					(1,562,891)	(1,562,891)
Income from operations	(2,431,845)	3,869,471	301,982	427,920	(1,562,891)	604,637
Nonoperating revenues:						
Unrestricted gifts and bequests	115,671					115,671
Investment income	2,218,885		1,809			2,220,694
Realized gains on sales of securities	66,841					66,841
Other	0					0
	<u>2,401,397</u>		<u>1,809</u>			<u>2,403,206</u>
Excess of revenues over expenses	\$ (30,448)	\$ 3,869,471	\$ 303,791	\$ 427,920	\$ (1,562,891)	\$ 3,007,843

The Waterbury Hospital
Consolidating Statement of Operations
Year ended September 30, 2004

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
Revenues:						
Net revenues from services to patients	\$ 185,229,177	\$ 7,220,128	\$ 4,744,810	\$ 935,798	\$ (1,741,225)	\$ 196,388,688
Other operating revenues	2,814,574	11,845	2,269	4,745	(178,497)	2,654,936
Net assets released from restrictions	3,869,708					3,869,708
	<u>191,913,459</u>	<u>7,231,973</u>	<u>4,747,079</u>	<u>940,543</u>	<u>(1,919,722)</u>	<u>202,913,332</u>
Expenses:						
Salaries	89,785,034	792,918	2,543,895			93,121,847
Employee benefits	23,937,199	137,733	555,831			24,630,763
Supplies and other	54,614,469	2,632,114	1,194,097	457,422	(1,919,722)	56,978,380
Bad debts	12,961,852	27,000	26,830			13,015,682
Depreciation	9,465,004	277,513	52,190	83,682		9,878,389
Interest and amortization	1,598,407	23,950				1,622,357
	<u>192,361,965</u>	<u>3,891,228</u>	<u>4,372,843</u>	<u>541,104</u>	<u>(1,919,722)</u>	<u>199,247,418</u>
Gain (loss) from operations before minority interest	(448,506)	3,340,745	374,236	399,439	0	3,665,914
Minority interest in income of combined affiliates					(1,393,567)	(1,393,567)
Gain (loss) from operations	(448,506)	3,340,745	374,236	399,439	(1,393,567)	2,272,347
Nonoperating revenues (losses):						
Unrestricted gifts and bequests	728,009					728,009
Investment income	2,060,681					2,060,681
Realized losses on sales of securities	(305,261)					(305,261)
Other	240,411					240,411
	<u>2,723,840</u>					<u>2,723,840</u>
Excess (deficiency) of revenues over expenses	<u>\$ 2,275,334</u>	<u>\$ 3,340,745</u>	<u>\$ 374,236</u>	<u>\$ 399,439</u>	<u>\$ (1,393,567)</u>	<u>\$ 4,996,187</u>