ProHealth Care, Inc. and Affiliates

Consolidated Financial Statements
with Consolidating Information
September 30, 2013

Contents

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Independent Auditor's Report

To the Board of Directors
ProHealth Care, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of ProHealth Care, Inc. and Affiliates (the "Corporation"), which comprise the consolidated balance sheet as of September 30, 2013 and 2012 and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Directors
ProHealth Care, Inc. and Affiliates

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ProHealth Care, Inc. and Affiliates as of September 30, 2013 and 2012 and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the consolidated financial statements, ProHealth Care, Inc. and Affiliates adopted the provisions of Accounting Standards Update 2011-07, Health Care Entities (Topic 954), *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*, during 2013.

Plante & Moran, PLLC

December 18, 2013

ProHealth Care, Inc. and Affiliates

Consolidated Balance Sheet
(In thousands)

	September 30, 2013	September 30, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 57,622	$ 46,608
Patient accounts receivable - Net (Note 2)	81,072	78,824
Other receivables	8,397	8,248
Assets whose use is limited or restricted (Note 4)	7,592	7,311
Prepaid expenses and other	9,995	8,901
Inventory of supplies	12,426	9,757
Total current assets	177,104	159,649
Noncurrent Assets Whose Use is Limited or Restricted (Note 4)	465,013	446,564
Investments (Note 4)	51,303	19,785
Property and Equipment - Net (Note 5)	490,854	474,042
Interest in Net Assets of Charitable Foundation (Note 6)	-	7,330
Goodwill and Other Intangible Assets (Note 1)	5,921	5,311
Other Assets (Note 7)	42,553	41,775
Total assets	**$ 1,232,748**	**$ 1,154,456**

ProHealth Care, Inc. and Affiliates

Consolidated Balance Sheet (Continued)
(In thousands)

	September 30, 2013	September 30, 2012
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 9)	$ 10,145	$ 9,581
Accounts payable	29,082	27,963
Deferred revenue (Note 16)	712	903
Accrued liabilities and other (Note 8)	41,508	43,435
Total current liabilities	81,447	81,882
Long-term Debt - Net of current portion (Note 9)	390,208	400,359
Fair Value of Interest Rate Swap Agreement (Note 9)	23,695	35,054
Other Liabilities		
Postretirement liability (Note 11)	168	132
Deferred revenue (Note 16)	5,008	5,482
Pension liability (Note 11)	50,437	101,121
Other long-term liabilities	25,001	22,948
Total liabilities	575,964	646,978
Net Assets		
Unrestricted	634,664	480,127
Temporarily restricted (Note 13)	12,024	17,338
Permanently restricted (Note 13)	7,236	7,045
Noncontrolling interest in consolidated subsidiaries (Note 1)	2,860	2,968
Total net assets	656,784	507,478
Total liabilities and net assets	**$ 1,232,748**	**$ 1,154,456**

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Operations and Changes in Net Assets
(In thousands)

	Year Ended September 30, 2013	Year Ended September 30, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	$ 641,313	$ 641,790
Provision for bad debts	(19,407)	(23,596)
Net patient service revenue less provision for bad debts	621,906	618,194
Other operating revenue	57,968	51,217
Total unrestricted revenue, gains, and other support	679,874	669,411
Expenses		
Salaries and wages	272,790	264,219
Employee benefits and payroll taxes	78,990	69,989
Operating supplies and expenses	106,031	103,559
Depreciation and amortization	49,727	53,460
Interest	21,792	22,848
Contracted services and other	121,762	122,093
Total expenses	651,092	636,168
Operating Income	28,782	33,243
Other Income (Loss)		
Investment income	37,743	16,613
Impairment on property and other	-	(76)
Contributions	377	-
Loss on defeasance	-	(2,811)
Unrealized investment gain	21,781	37,923
Change in interest rate swap value	11,202	(2,729)
Other	(4,101)	1,401
Total other income	67,002	50,321
Excess of Revenue Over Expenses	95,784	83,564

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Operations and Changes in Net Assets (Continued) (In thousands)

	Year Ended September 30, 2013	Year Ended September 30, 2012
Unrestricted Net Assets		
Excess of revenue over expenses	$ 95,784	$ 83,564
Amortization of transition deferral on interest rate swap	157	157
Restructuring of foundation	6,675	-
Pension-related changes other than net periodic benefit cost	47,383	(27,470)
Net assets released from restriction for plant and equipment additions	3,430	289
Other	1,000	1,108
Increase in Unrestricted Net Assets	154,429	57,648
Temporarily Restricted Net Assets		
Restricted contributions	5,165	3,147
Restricted investment income	345	969
Unrealized gain on investments	-	1,974
Change in interest of net assets of charitable foundation	-	973
Restructuring of foundation	(6,734)	-
Net assets released from restriction	(3,430)	(4,103)
Other	(660)	(3,164)
Decrease in Temporarily Restricted Net Assets	(5,314)	(204)
Permanently Restricted Net Assets		
Contributions	71	133
Net unrealized gains on investments	18	-
Restricted investment income	43	-
Restructuring of foundation	59	-
Increase in Permanently Restricted Net Assets	191	133
Increase in Net Assets	149,306	57,577
Net Assets - Beginning of year	507,478	449,901
Net Assets - End of year	**$ 656,784**	**$ 507,478**

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Cash Flows
(In thousands)

	Year Ended September 30, 2013	Year Ended September 30, 2012
Cash Flows from Operating Activities		
Increase in net assets	$ 149,306	$ 57,577
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	49,727	53,460
Unrealized investment gains	(21,799)	(39,864)
Realized investment gains	(27,940)	(13,238)
Change in interest in net assets of charitable foundation	7,330	(973)
Restricted contribution revenue and investment income	(5,236)	(3,280)
Pension-related change other than net periodic benefit costs	(47,383)	27,470
Change in fair value of interest rate swaps	(11,359)	2,571
Loss (gain) on sale of fixed assets and impairment	408	(124)
Provision for bad debts	19,407	23,596
Loss on defeasance	-	2,811
Changes in assets and liabilities which (used) provided cash:		
Patient accounts receivable	(21,655)	(30,600)
Inventory	(2,669)	475
Prepaid expenses and other current assets	(1,263)	(2,845)
Deferred revenue	(665)	(530)
Other assets	(851)	(1,606)
Accounts payable	1,142	7,105
Accrued liabilities and other current liabilities	(1,123)	(4,107)
Other liabilities	(2,016)	(6,024)
Net cash provided by operating activities	83,361	71,874
Cash Flows from Investing Activities		
Purchase of property and equipment	(67,371)	(46,110)
Proceeds from sale of property and equipment and assets held for sale	503	4,069
Purchase of investments and assets whose use is limited	(293,339)	(319,019)
Proceeds from sale of investments and assets whose use is limited	292,830	311,077
Other investing activities	(652)	-
Net cash used in investing activities	(68,029)	(49,983)
Cash Flows from Financing Activities		
Payments on long-term debt and capital lease obligations	(9,554)	(56,758)
Proceeds from issuance of long-term debt	-	47,007
Incurrence of bond financing costs	-	(298)
Net change in notes payable to bank	-	(6,500)
Restricted contribution revenue and investment income	5,236	3,280
Net cash used in financing activities	(4,318)	(13,269)
Net Increase in Cash and Cash Equivalents	11,014	8,622
Cash and Cash Equivalents - Beginning of year	46,608	37,986
Cash and Cash Equivalents - End of year	**$ 57,622**	**$ 46,608**
Supplemental Cash Flow Information - Cash paid for		
Interest	$ 21,759	$ 22,939
Income taxes	20	52

Note 1 - Nature of Business and Significant Accounting Policies

ProHealth Care, Inc. (PHC) is a Wisconsin, not-for-profit corporation organized to provide and deliver a variety of high quality healthcare services in Waukesha County, Wisconsin and surrounding areas. The accompanying consolidated financial statements include the accounts of PHC and its affiliates (collectively referred to as the "Corporation"):

Waukesha Memorial Hospital, Inc. (WMH) - A not-for-profit acute-care hospital whose sole corporate member is PHC. WMH has 268 beds available and serves Waukesha, Wisconsin and surrounding communities. WMH also owns 51 percent of ProHealth Aligned, LLC, which owns and operates an ambulatory surgery center. The operating results of the ambulatory surgery center are consolidated with WMH.

Oconomowoc Memorial Hospital, Inc. (OMH) - A not-for-profit acute-care hospital whose sole corporate member is PHC. OMH has 58 available beds and provides general acute care and support activities in Oconomowoc, Wisconsin and surrounding communities.

WMH and OMH are collectively referred to as the "Hospitals."

ProHealth Care Medical Associates (PHCMA) - A not-for-profit corporation that owns and manages primary and specialty care practices located throughout Waukesha County.

Waukesha Health System, Inc. (WHS) - A for-profit Wisconsin corporation whose sole stockholder is PHC. WHS and its subsidiaries provide selected health services to the community, including employee assistance services, a counseling center that provides outpatient counseling and psychiatric services, and a health and fitness center. WHS also provides a variety of support services to healthcare providers.

National Regency of New Berlin, Inc. (National Regency) - A not-for-profit corporation whose sole corporate member is PHC. National Regency owns and operates assisted and independent living facilities in Waukesha County, Wisconsin and a medical office building located adjacent to WMH.

ProHealth Home Care, Inc. (PHHC) - A not-for-profit home health nursing and hospice agency which provides skilled nursing, therapy, and hospice services in patients' homes. PHHC also operates an inpatient and residential hospice facility, AngelsGrace Hospice.

ProHealth Care Foundation (PHCF) - A not-for-profit corporation whose sole corporate member is PHC. PHCF operates for charitable, educational, and scientific purposes exclusively for the benefit of PHC and its affiliates. Distribution of PHCF's assets to or for the benefit of PHC and its affiliates are made at the discretion of PHCF's board of directors.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The significant accounting policies of PHC and its affiliates are as follows:

Basis of Consolidation - All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less. Cash balances held in bank accounts exceed the federal depository insurance limit. The Corporation's cash is only insured up to the federal depository insurance limit.

Accounts Receivable - Accounts receivable from patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and are adjusted for economic conditions and other trends affecting the Corporation's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Net accounts receivable is based on expected payment rates from payors based on current reimbursement methodologies.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in nonoperating income. Unrealized gains or losses on investments are excluded from income from operations and are included in nonoperating income (loss) on the consolidated statement of operations and changes in net assets.

The Corporation has designated all investments as trading securities.

The Corporation's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated balance sheet and the consolidated statement of operations and changes in net assets.

Assets Whose Use is Limited - Assets whose use is limited include assets designated by the board of directors for future capital improvement over which the board retains control and may, at its discretion, subsequently use for other purposes. Assets whose use is limited also includes assets held by a trustee under bond indenture agreements. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheet. Assets whose use is limited also include assets temporarily restricted or permanently restricted by donor.

Inventories - Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at cost, determined on a first-in, first-out basis, or market.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statement of operations and changes in net assets. Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs of maintenance and repairs are charged to expense as incurred.

Goodwill and Other Intangible Assets - The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Annually, the Corporation assesses goodwill for impairment. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments in Affiliated Organizations - Investments in affiliated organizations in which less than a majority interest is held are accounted for using the equity method.

Derivative Instruments - The Corporation has entered into derivative instruments to manage its investments and capitalization, including risks associated with changes in interest rates. The Corporation records its interest rate swaps as either assets or liabilities on the accompanying consolidated balance sheet at fair value. None of the Corporation's current swaps are designated as hedges. Accordingly, both the unrealized and realized gains or losses related to the interest rate swaps are included in nonoperating gain (loss) on the consolidated statement of operations and changes in net assets.

Fair Value of Financial Instruments - The carrying values of financial instruments, including cash, accounts receivable, accounts payable, and debt, approximate fair value. Investments are recorded at fair value under generally accepted accounting principles. The fair value of the Corporation's debt obligations is determined by applying the yield of openly marketed bonds that have substantially the same characteristics as the Corporation's debt instruments. The interest rate swaps are recorded at fair value on the Corporation's consolidated balance sheet.

Classification of Net Assets - Net assets of the Corporation are classified as permanently restricted, temporarily restricted, noncontrolling interest in consolidated subsidiaries, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Corporation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Net Patient Service Revenue - The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

The Corporation recognizes patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources in total was $641,313,000 for the year ended September 30, 2013. In 2013, this amount is made up of amounts from third-party payors of $627,489,000 and amounts from self-pay payors of $13,824,000.

Charity Care - The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenues received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Corporation's total expenses divided by gross patient service revenue. The Corporation estimates that it provided $6,737,000 and $5,123,000 of services to indigent patients during 2013 and 2012, respectively.

Contributions - The Corporation reports gifts of cash and other assets as restricted support 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 to unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Corporation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports the expiration of donor restrictions when the assets are placed in service.

Federal Income Tax - PHC, WMH, OMH, National Regency, PHCMA, PHCF, and PHHC are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes pursuant to Section 501(a) of the Code. All of these entities are, however, subject to federal and state income taxes on any unrelated business income under the provisions of Section 511 of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Corporation and has concluded that as of September 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to September 30, 2010.

Excess of Revenue Over Expenses - The consolidated statement of operations and changes in net assets includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses consistent with industry practice, include recognition of accumulated derivative loss for extinguished interest rate swaps, pension-related changes other than net periodic benefit cost, distributions to members, and net assets released from restrictions for plant and equipment additions.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including December 18, 2013, which is the date the consolidated financial statements were available to be issued.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Corporation may receive an incentive payment for up to four years for the hospitals and up to six years for physicians, provided the Corporation demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Corporation will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenue as the incentive payments are related to the Corporation's ongoing and central activities yet not critical to the delivery of patient service.

New Accounting Pronouncements - During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, establishing accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU changed the presentation of the consolidated statement of operations and added new disclosures that were not previously required under GAAP for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the consolidated statement of operations. The ASU is effective for the Corporation for the year ended September 30, 2013 and was retrospectively applied to the year ended September 30, 2012.

Note 2 - Patient Accounts Receivable - Net

The details of patient accounts receivable are set forth below (in thousands):

	2013	2012
Patient accounts receivable	$ 97,983	$ 93,027
Less allowance for uncollectible accounts	(16,911)	(14,203)
Patient accounts receivable - Net	$ 81,072	$ 78,824

Note 2 - Patient Accounts Receivable - Net (Continued)

The Corporation grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	2013	2012
Medicare	31 %	31 %
Medicaid	5	6
Commercial	40	43
Self-pay	24	20
Total	100 %	100 %

Note 3 - Net Patient Service Revenue and Cost Report Settlements

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. A significant portion of the Corporation's net patient service revenue is received from the Medicare and Medicaid programs.

- **Medicare** - Inpatient acute and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Certain inpatient nonacute and outpatient services and medical education costs related to Medicare beneficiaries are paid based upon cost reimbursement methodologies.
- **Medicaid** - Inpatient and outpatient acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates.
- **Managed Care** - The Corporation has entered into reimbursement agreements with managed care and commercial organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and established fee schedules.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Corporation is unable to determine the extent of liability for overpayments, if any. The potential exists for significant overpayment of claims liability for the Corporation at a future date.

Note 4 - Assets Whose Use is Limited or Restricted and Investments

The composition of assets whose use is limited or restricted and investments at September 30, 2013 and 2012 is set forth in the following tables (in thousands). Investments are stated at fair value.

	2013	2012
Limited by the board:		
For plant replacement and expansion	$ 459,332	$ 420,741
Designated for PHC Foundation	12,842	8,340
Reserved for unemployment compensation and other	198	105
Limited by trustee under bond indenture	12,331	12,327
Restricted by donors	15,003	12,362
General investments	24,202	19,785
Total assets whose use is limited or restricted and investments	$ 523,908	$ 473,660

	2013	2012
Cash, money market funds, certificates of deposit, plus accrued interest	$ 42,206	$ 43,823
Private equities and hedge funds	36,437	38,658
Corporate bonds	104,776	88,055
Common stocks and equity securities	326,229	273,014
Mortgage-backed securities	-	-
U.S. Treasury obligations	13,379	28,197
Other	881	1,913
Total	$ 523,908	$ 473,660

The Corporation has made commitments to fund several alternative investments. The remaining commitment at September 30, 2013 is approximately $3,608,000.

The composition of investment returns on the Corporation's assets whose use is limited or restricted and investments for the years ended September 30, 2013 and 2012 is as follows (in thousands):

	2013	2012
Investment income	$ 10,191	$ 5,399
Unrealized gains on investments	21,799	39,864
Net realized gains	27,940	11,686
Total	$ 59,930	$ 56,949

Note 4 - Assets Whose Use is Limited or Restricted and Investments (Continued)

Investment returns included in the accompanying consolidated statement of operations and changes in net assets for the years ended September 30, 2013 and 2012 are as follows (in thousands):

	2013	2012
Consolidated statement of operations and changes in net assets:		
Nonoperating gains - Net - Unrestricted net assets	$ 59,524	$ 54,006
Restricted investment income	388	969
Restricted unrealized gains on investments	18	1,974
Total investment return - Restricted net assets	406	2,943
Total investment return	$ 59,930	$ 56,949

Note 5 - Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows (in thousands):

	2013	2012	Depreciable Life - Years
Land	$ 39,668	$ 33,060	-
Land improvements	11,944	11,938	5-20
Buildings	504,601	488,674	20-40
Building improvements	6,769	6,877	10-40
Equipment	430,430	408,573	3-10
Capital leased equipment and buildings	61,943	45,536	15
Construction in progress	15,507	13,088	-
Total cost	1,070,862	1,007,746	
Accumulated depreciation and amortization	(580,008)	(533,704)	
Net property and equipment	$ 490,854	$ 474,042	

Note 5 - Property and Equipment (Continued)

Depreciation and amortization expense on property and equipment totaled $49,727,000 and $53,460,000 in 2013 and 2012, respectively. Accumulated amortization on leased buildings and equipment under capital leases was $18,910,000 and $12,353,000 in 2013 and 2012, respectively, which is included in accumulated depreciation and amortization in the above table.

Construction in progress at September 30, 2013 consists principally of costs associated with the construction, renovation, and remodeling of existing facilities. Contractual commitments related to construction in progress total approximately $750,000 at September 30, 2013.

During 2011, the Corporation recorded a reduction in the carrying amount of certain buildings to the estimated fair market value, as the Corporation is pursuing sale of these properties. The estimated fair values of these properties are classified as assets held for sale in the amount of approximately $9,354,000 and $9,391,000 at September 30, 2013 and 2012, respectively. These assets held for sale are included in other assets on the consolidated balance sheet. The Corporation is not recognizing any depreciation expense on these buildings.

Note 6 - Restructuring of Foundations

Prior to October 1, 2013, the net assets of the Corporation included the accounts of the Waukesha Memorial Hospital Foundation, Inc. (the "WMH Foundation"). The WMH Foundation was a not-for-profit corporation organized to operate for the maintenance and benefit of WMH and its programs and activities.

The Oconomowoc Memorial Hospital Foundation, Inc. (the "OMH Foundation") was a separate not-for-profit corporation organized to operate for the maintenance and benefit of OMH and its programs and activities. The Corporation's interest in the net assets of the OMH Foundation totaled approximately $7,330,000 as of September 30, 2012.

On October 1, 2012, the boards of the foundations and the Corporation's board ratified a restructuring of the foundations, which led to the merger of the WMH Foundation and the OMH Foundation under the new name of ProHealth Care Foundation, Inc. PHC is the only member of the PHC Foundation. As part of the restructuring on October 1, 2012, $6,675,000 of net assets that were reported as temporarily restricted net assets by OMH, due to accounting for interest in net assets in the Foundation, was transferred to unrestricted, and $59,000 was identified as permanently restricted.

Note 7 - Other Assets

The detail of other assets is given below (in thousands):

	2013	2012
Investments in joint ventures	$ 4,638	$ 5,303
Deferred compensation (Note 12)	22,182	20,634
Assets held for sale	9,354	9,391
Other	6,379	6,447
Total other assets	$ 42,553	$ 41,775

In 2008, the Corporation entered into a real estate put agreement with Investors Associated, LLP. The put agreement required the Corporation to purchase the properties or find a third-party buyer upon receipt of notification from Investors Associated, LLP.

During 2011, Investors Associated, LLP informed the Corporation that it was exercising the put agreement on the five facilities. In accordance with the put agreement, a purchase price of the buildings was determined to be $46.4 million. The Corporation financed a portion of the acquisition costs with a note payable (see Note 9).

The Corporation evaluated the ongoing need for the facilities and determined that four of the facilities would be immediately put up for sale. One facility was sold during 2012, and the Corporation is pursuing sales of the remaining three properties. Fair value of the related remaining fixed assets is based on the independent third-party appraisals, less real estate commissions.

The Corporation has entered into a number of joint venture arrangements, including a 49 percent ownership interest in the Rehabilitation Hospital of Wisconsin, a 50 percent ownership interest in the Lake Country Endoscopy Center, a 30 percent ownership interest in the Orthopedic Surgery Center, and a 45 percent ownership interest in a medical office building.

Note 8 - Accrued Liabilities and Other

The details of accrued liabilities and other at September 30, 2013 and 2012 are as follows (in thousands):

	2013	2012
Payroll and related items	$ 24,408	$ 26,595
Paid time off	10,630	10,554
Interest	1,765	1,815
Accrued postretirement liability	-	395
Other	4,705	4,076
Total accrued liabilities and other	$ 41,508	$ 43,435

Note 9 - Long-term Debt

A summary of long-term debt obligations at September 30, 2013 and 2012 is as follows (in thousands):

	2013	2012
Revenue Refunding Bonds, Series 2012, at interest rates ranging from 2.00 percent to 5.00 percent, maturing in 2032	$ 43,650	$ 44,285
Revenue Refunding Bonds, Series 2011, at interest rates ranging from 3.00 percent to 5.00 percent, maturing in 2019	23,600	28,030
Revenue Bonds, Series 2009, at interest rates ranging from 6.00 percent to 6.63 percent, maturing in 2039	126,855	126,855
Adjustable Rate Revenue Bonds, Series 2008A, variable interest rates based on market conditions (0.08 percent at September 30, 2013), maturing in 2030	50,515	51,615
Adjustable Rate Revenue Bonds, Series 2008B, variable interest rates based on market conditions (0.08 percent at September 30, 2013), maturing in 2034	64,045	65,070

Note 9 - Long-term Debt (Continued)

	2013	2012
Adjustable Demand Revenue Bond, Series 2005, variable interest rates based on market conditions (0.08 percent at September 30, 2013), maturing in 2034	$ 22,515	$ 23,570
Capital leases	39,656	40,996
Note payable to bank, interest rate of 1.43 percent at September 30, 2012	31,400	31,400
Total	402,236	411,821
Less current portion	10,145	9,581
Less unamortized bond discount	1,883	1,881
Long-term portion	$ 390,208	$ 400,359

The revenue bonds were issued on behalf of the Corporation by the Wisconsin Health and Educational Facilities Authority (WHEFA) and provide for a security interest in substantially all revenue of the Obligated Group except for certain restricted contributions and grants.

PHC, WMH, and OMH formed an Obligated Group (the "Obligated Group"). As members of the Obligated Group, the Hospitals and PHC jointly and severally have guaranteed the payment of any and all amounts due on the revenue bonds issued by WHEFA to the Obligated Group, which aggregates to $331,180,000 at September 30, 2013.

On May 4, 2012, the Obligated Group issued Revenue Refunding Bonds, Series 2012 for $44,650,000 to refund the remaining Series 1999 bonds, refund the 2001A bonds, and advance refund a portion of the Series 2009 bonds. The bonds consist of fixed rate serial bonds, payable in annual installments ranging from $645,000 in 2014 to $3,795,000 in 2028, and fixed rate term bonds, payable in annual installments ranging from $2,770,000 in 2030 to $8,830,000 in 2032. In connection with the refunding of the existing indebtedness, a loss on extinguishment of debt was recognized in the amount of $2,811,000 in 2012.

On January 1, 2011, the Obligated Group issued Revenue Refunding Bonds, Series 2011 for $35,060,000 to refund all of the Series 1995 bonds and refund a portion of the Series 1999 bonds. The bonds consist of fixed rate term bonds, payable in annual installments ranging from $1,815,000 to $4,790,000, and mature in 2019.

Note 9 - Long-term Debt (Continued)

On April 30, 2009, the Obligated Group issued Revenue Bonds, Series 2009 for $139,060,000 to finance various construction projects at WMH and OMH, as well as repay funds borrowed under a revolving line of credit. The bonds were partially refunded in 2012 in the amount of $12,205,000.

On August 14, 2008, the Obligated Group issued Adjustable Rate Revenue Bonds, Series 2008A and 2008B which are collateralized by two irrevocable bank letters of credit that expire on August 1, 2016 and May 31, 2016, respectively. The proceeds from the 2008 bonds were used to pay off the 2004A and 2001B bonds. The 2004A and 2001B bonds were legally defeased. The Series 2008 bonds are currently operating in a daily mode with the variable interest rate set each business day of each calendar week by the remarketing agent at a rate which would enable the bonds to be remarketed at a principal amount plus accrued interest each day. The Series 2008 bonds shall continue to bear interest at a daily rate until and unless converted to a different mode as provided in the bond indenture (other possible modes include weekly, adjustable, long, commercial paper, and fixed). All of the Series 2008 bonds must operate in the same mode at the same time. In the event the remarketing agent is unable to remarket the bonds, the bonds would remain outstanding and would be owned by the letter of credit banks. Repayment of any draws under the letter of credit would be payable in 12 equal quarterly installments of principal plus interest at the bank rate, commencing 367 days after the date of the draw, in accordance with the term specified in the letter of credit and reimbursement agreement with the bank.

On May 11, 2005, National Regency issued Adjustable Demand Revenue Bonds, Series 2005, for $29,990,000. The bonds are currently operating in a daily mode with the variable interest rate set each business day by the remarketing agent at a rate that would enable the bonds to be remarketed at the principal amount plus accrued interest. The bonds are collateralized by an irrevocable letter of credit that expires on May 31, 2016.

In the event that the remarketing agent is unable to remarket the bonds, the bonds would remain outstanding and would be owned by the letter of credit bank. Repayment of any draws under the letter of credit would be payable in 12 equal quarterly installments of principal plus interest at the bank rate, commencing 367 days after the date of the draw, in accordance with the term specified in the letter of credit and reimbursement agreement with the bank.

The loan agreements contain various covenants and restrictions, including the maintenance of certain financial ratios and the establishment and maintenance of debt service funds under the control of the bond trustee.

Note 9 - Long-term Debt (Continued)

The Corporation has unsecured credit agreements that provide up to $10 million to the Corporation under revolving credit facilities. Under the revolving credit facilities, the Corporation has the ability to borrow funds under three options: interest at the prime rate, interest at various LIBOR rates, or commercial paper obligations. There was no outstanding balance as of September 30, 2013 or 2012.

As described in Note 7, a put option was exercised during 2011. The Corporation purchased the facilities outright as a result of the put option being exercised. The Corporation signed a note payable totaling $31,400,000 related to the purchase of these facilities. The note is payable in annual installments commencing in 2017. Interest on the note is calculated as a fluctuating annual interest rate based on LIBOR plus 125 basis points.

Scheduled future maturities of long-term debt and minimum payments of capital lease obligations as of September 30, 2013 are as follows (in thousands):

Year Ending September 30		Long-term Debt	Capital Lease Obligations
2014		$ 8,575	$ 4,489
2015		8,830	4,624
2016		8,110	4,762
2017		9,288	4,905
2018		9,626	5,052
Thereafter		318,151	37,245
	Subtotal	362,580	61,077
	Less amount representing interest under capital lease obligations	-	(21,421)
	Total	$ 362,580	$ 39,656

Based on borrowing rates currently available to the Corporation for similar financing with similar terms and average maturities, the fair value of long-term debt, excluding capital leases, is approximately $377,451,000 and $400,384,000 at September 30, 2013 and 2012, respectively. The determination of fair value of the debt obligations is consistent with a Level 2 measurement under the fair value hierarchy.

Note 9 - Long-term Debt (Continued)

Derivative Instruments and Hedging Activities

The derivative instruments used by the Corporation are interest rate swap agreements that are used to manage variability in cash flows and to essentially convert variable rate interest on long-term debt to fixed rate interest. The variable interest rate on the debt generally exposes the Corporation to variability in cash flows in rising or declining interest rate environments. The interest rate swaps reduce the variability of the cash flow of the debt.

(a) Objectives and Strategies

Debt obligations expose the Corporation to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

By using derivative financial instruments to hedge exposure to changes in interest rates, the Corporation exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Corporation, which creates credit risk for the Corporation. When the fair value of a derivative contract is negative, the Corporation owes the counterparty and, therefore, it does not pose credit risk. The Corporation minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

(b) Risk Management Policies

The Corporation assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Corporation maintains risk management control systems to monitor interest rate risk attributable to both the Corporation's outstanding or forecasted debt obligations, as well as the Corporation's offsetting hedge positions. The risk management control system involves the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on the Corporation's future cash flows.

The Corporation does not use derivative instruments for speculative investment purposes.

Note 9 - Long-term Debt (Continued)

(c) Transactions

Effective May 11, 2005, the Corporation entered into an interest rate swap matched to its Series 2005 bonds. Under the terms of this interest rate swap, the Corporation pays a fixed rate of 3.6 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly. The Corporation received no net cash under the interest rate swap agreements in 2013 or 2012.

Under the terms of the interest rate swap agreement related to the Series 2008A bonds, the Corporation pays a fixed rate of 3.52 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly. Under the terms of the interest rate swap agreement related to the Series 2008B bonds, the Corporation pays a fixed rate of 4.12 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly.

The Corporation does not record the interest rate swaps using hedge accounting; therefore, all changes in fair value are included in nonoperating losses in the consolidated statement of operations and changes in net assets.

The fair value of the interest rate swaps of $23,695,000 and $35,054,000 is included in the consolidated balance sheet at September 30, 2013 and 2012, respectively. During the years ended September 30, 2013 and 2012, the change in fair value of the interest rate swaps was $11,202,000 and ($2,729,000), respectively, and was included in the nonoperating income reported in the consolidated statement of operations and changes in net assets. Included in unrestricted net assets are $157,000 of unrealized gains related to the amortization of transition deferral of interest rate swaps during 2013 and 2012, respectively.

Activity relating to the Series 2005 adjustable demand revenue bonds was recorded using hedge accounting through December 2008. As of March 2009, it was determined that the swap was ineffective and no longer qualified for hedge accounting treatment. The accumulated change in fair value of $2,598,000 through December 2008 was not included in the consolidated statement of operations and changes in net assets. The amount is being amortized into the statement of operations and changes in net assets as a component of nonoperating gains (losses) through 2034.

Net cash paid under the interest rate swap agreements was $5,072,000 and $5,138,000 during 2013 and 2012, respectively. Cash received under the interest rate swap agreements was $0 in both 2013 and 2012.

Note 9 - Long-term Debt (Continued)

The interest rate swap agreements at September 30, 2013 are as follows:

Type	Notional Amount (in thousands)	Maturity Date	Fixed Pay Rate (%)
2005 bonds	$ 22,515	August 15, 2034	3.60 %
2008A bonds	50,515	August 23, 2023	3.52
2008B bonds	64,045	February 1, 2034	4.12

Note 10 - Operating Leases

PHC, WMH, OMH, PHHC, PHCMA, and WHS are obligated under certain facility and equipment operating leases. Total rent expense under these leases was $6,235,000 and $8,802,000 for September 30, 2013 and 2012, respectively.

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year (in thousands):

Years Ending September 30	Rental Commitments
2014	$ 4,497
2015	3,998
2016	3,816
2017	3,413
2018	3,483
Thereafter	11,917
Total	$ 31,124

Note 11 - Pension and Other Postretirement Benefit Plans

Certain affiliates of the Corporation participate in the PHC defined benefit contributory group pension plan (the pension plan) covering certain full-time and regularly scheduled part-time employees who meet defined age and length-of-service requirements. The Corporation funds the amount calculated by the pension plan's consulting actuaries to meet the minimum Employee Retirement Income Security Act of 1974 (ERISA) funding requirements after consideration of employee contributions.

As of January 1, 2006, the pension plan was curtailed, allowing participants the option of remaining in the pension plan or becoming participants in a defined contribution retirement savings plan.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Certain affiliates of the Corporation participate in the PHC postretirement benefit plan (the PHC postretirement plan) covering all full-time and regularly scheduled part-time employees who meet defined length-of-service requirements. The PHC postretirement plan provides health, vision, and pharmacy benefits to eligible retirees based on cumulative years of service.

During 2010, the Corporation modified the PHC postretirement plan to eliminate the postretirement benefit for participants who retire after December 31, 2010. In addition, the benefit for participants who retire prior to December 31, 2010 will expire as of December 31, 2013. The plan amendment had a significant impact on the projected benefit obligation of the PHC postretirement plan, as reflected in the table below.

The Corporation also has deferred compensation agreements with certain employees and executives.

Obligations and funded status at September 30, 2013 and 2012 are as follows (in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	$ 275,432	$ 226,844	$ 526	$ 994
Service cost	8,765	7,574	-	-
Interest cost	10,848	11,130	14	36
Plan participants' contributions	-	-	-	282
Amendments	-	317	-	-
Actuarial (gain) loss	(32,092)	39,531	(9)	686
Benefits and expenses paid	(8,431)	(9,964)	(363)	(1,472)
Projected benefit obligation at end of year	254,522	275,432	168	526
Change in Plan Assets				
Fair value of plan assets at beginning of year	174,311	142,454	-	-
Actual gain on plan assets	26,175	25,733	-	-
Employer contributions	11,752	15,166	363	1,190
Plan participants' contributions	-	-	-	282
Benefits and expenses paid	(8,153)	(9,042)	(363)	(1,472)
Fair value of plan assets at end of year	204,085	174,311	-	-
Funded status at end of year	$ (50,437)	$ (101,121)	$ (168)	$ (526)

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

The accumulated benefit obligation for the defined benefit pension plans was $234,741,000 and $249,299,000 at September 30, 2013 and 2012, respectively. The accumulated benefit obligation for the postretirement benefit plan was $168,000 and $526,000 at September 30, 2013 and 2012, respectively. At September 30, 2013 and 2012, $0 and $394,000, respectively, of the liability is classified as accrued liabilities and other and the remainder as other liabilities on the accompanying consolidated balance sheet.

Components of net periodic benefit cost and other changes in plan assets and benefit obligations are as follows (in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Net Periodic Benefit Cost				
Service cost	$ 8,765	$ 7,574	$ -	$ -
Interest cost	10,848	11,130	13	36
Return on plan assets	(26,175)	(25,733)	-	-
Amortization of prior service cost and asset loss (gain)	22,698	19,030	(6,387)	(7,120)
Net periodic benefit cost	16,136	12,001	(6,374)	(7,084)
Other Changes in Plan Assets and Benefit Obligations				
Net (gain) loss	(52,320)	20,258	(989)	439
Prior service credit	(1,441)	(594)	7,367	7,367
Other changes in plan assets and benefit obligations	(53,761)	19,664	6,378	7,806
Total net periodic benefit cost and other changes in plan assets and benefit obligations	$ (37,625)	$ 31,665	$ 4	$ 722

Weighted-average Assumptions Used to Determine Benefit Obligation at September 30

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate	4.75 %	4.00 %	4.75 %	4.00 %
Rate of compensation increase	3.20	3.20	-	-

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Weighted-average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended September 30

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate	4.00 %	5.00 %	4.00 %	5.00 %
Rate of compensation increase	3.20	3.80	-	-

The overall expected rate of return on plan assets represents a weighted-average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements. The determination is influenced by the asset allocation, as well as the PHC investment policy. PHC's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk.

	September 30	
Plan Assets	2013	2012
Asset category:		
Equity securities	77 %	71 %
Debt securities	11	14
Cash equivalents	6	7
Other	6	8
Total	100 %	100 %

The goals of the investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Corporation, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and ensure timely payment of retirement benefits. The target allocation range of percentages for each major category of plan assets is as follows:

Equity securities	80%
Fixed-income securities	15%
Other	5%

Contributions

The Corporation contributed $12,115,000 to its pension and postretirement benefit plans in 2013.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

Years Ending September 30	Pension Benefits	Postretirement Benefits
2014	$ 9,663	$ 91
2015	8,654	8
2016	9,564	8
2017	10,586	7
2018	17,572	7
2019-2023	73,432	31

The Corporation also sponsors a defined contribution retirement savings plan. The Corporation matches each participant's contribution based on two different matching plans. The first plan is available to employees hired after November 1, 2004 and those employees hired prior to November 1, 2004 who elected to freeze their benefit accruals in the PHC pension plan effective January 1, 2006. Under this matching plan, employees receive between 40 percent and 120 percent of employee contributions up to 6 percent of pay, based on years of service. The second matching plan is available to those employees hired prior to November 1, 2004 who elected to continue their benefit accruals in the PHC pension plan effective January 1, 2006. These employees receive a fixed amount equal to 50 percent of their salary deferrals that do not exceed 4 percent of their compensation. The Corporation's expense for the defined contribution retirement savings plan was $10,123,000 and $9,795,000 in 2013 and 2012, respectively.

The Corporation's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during 2013 and 2012.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the Corporation's pension plan assets at September 30, 2013 and 2012 by major asset class are as follows (in thousands):

Fair Value Measurements at September 30, 2013

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Classes				
Money market funds	$ 11,684	$ 11,684	$ -	$ -
Equity securities - Common stock	135,343	135,343	-	-
Equity securities - Preferred stock	929	929	-	-
Mutual funds - Equity	20,914	20,914	-	-
Mutual funds - Fixed income	11,899	11,899	-	-
U.S. Treasury securities	6,619	-	6,619	-
U.S. government agencies	5,067	-	5,067	-
Insurance contracts	1,189	-	-	1,189
Private equity funds	10,441	-	-	10,441
Total	$ 204,085	$ 180,769	$ 11,686	$ 11,630

Fair Value Measurements at September 30, 2012

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Classes				
Money market funds	$ 12,783	$ 12,783	$ -	$ -
Common stock - Common stock	102,243	102,243	-	-
Mutual funds - Equity	21,872	21,872	-	-
U.S. Treasury securities	13,612	-	13,612	-
U.S. government agencies	1,723	-	1,723	-
Corporate bonds	8,187	-	8,187	-
Insurance contracts	1,297	-	-	1,297
Private equity funds	12,594	-	-	12,594
Total	$ 174,311	$ 136,898	$ 23,522	$ 13,891

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

The tables above present information about the pension plan assets measured at fair value at September 30, 2013 and 2012 and the valuation techniques used by the Corporation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the plan has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

Note 12 - Commitments and Contingencies

Deferred Compensation - Other long-term liabilities include $22,182,000 and $20,634,000 at September 30, 2013 and 2012, respectively, relating to employee deferred compensation agreements at PHCMA. Although these deferred compensation liabilities are unsecured, assets designated to fund these liabilities are reported in other assets (see Note 7). Such assets are subject to the claims of the general creditors of the Corporation.

Unemployment Compensation - The Corporation has elected the reimbursement method to finance the cost of unemployment compensation benefits. Unemployment compensation expense is charged to operating expense when the claims are incurred. The Corporation has obtained letters of credit of approximately $2,543,000 and $2,433,000 as of September 30, 2013 and 2012, respectively, as required by the State of Wisconsin, as collateral for payment of possible future unemployment claims.

Malpractice Insurance - The Corporation has professional liability insurance for claim losses less than $1 million per claim and $3 million per year for claims incurred during a policy year regardless of when the claim is reported (occurrence coverage). Losses in excess of these amounts are covered through the Corporation's mandatory participation in the Injured Patients and Families Compensation Fund of the State of Wisconsin.

Regulatory Investigations - The U.S. Department of Justice and other federal agencies are increasing resources dedicated to the regulatory investigations and compliance audits of healthcare providers. The Corporation is subject to these regulatory efforts. Management is currently unaware of any regulatory matters that may have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Note 12 - Commitments and Contingencies (Continued)

Litigation - The Corporation is subject to various legal proceedings and claims that are incidental to its normal business activities. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the consolidated financial position or results of operations of the Corporation.

Note 13 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at September 30, 2013 and 2012 (in thousands):

	2013	2012
Restricted for:		
Specific healthcare services and programs	$ 8,652	$ 6,347
AngelsGrace property, plant, and equipment	3,372	3,591
Purchase of property, plant, and equipment	-	70
Beneficial interest in OMH Foundation	-	7,330
Total temporarily restricted	$ 12,024	$ 17,338

Permanently restricted net assets are comprised of endowments and a beneficial interest in a perpetual charitable trust (the "Trust"). The Trust consists of funds invested and administered outside of the Corporation. The Corporation has the irrevocable right to receive a portion of the income earned on the Trust assets in perpetuity in accordance with the Trust agreement.

Permanently restricted net assets at September 30, 2013 and 2012 are restricted to the following (in thousands):

	2013	2012
Investments to be held in perpetuity, the income from which is expendable to support healthcare services (reported as operating income)	$ 7,236	$ 6,710
Other	-	335
Total	$ 7,236	$ 7,045

Note 14 - Functional Expenses

Expenses related to providing services for the years ended September 30, 2013 and 2012 are as follows (in thousands):

	2013	2012
Healthcare services	$ 498,036	$ 497,781
Senior housing services	10,493	10,518
Counseling services	18,049	17,271
Medical office building services	1,044	943
Administrative and support services	123,470	109,655
Total	$ 651,092	$ 636,168

Note 15 - Fair Value Measurements

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Corporation's assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and 2012 and the valuation techniques used by the Corporation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 15 - Fair Value Measurements (Continued)

The fair values of the Corporation's investments by major asset classes are as follows (in thousands):

Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2013
Assets - Assets whose use is limited or restricted and investments				
Domestic corporate bonds	$ -	$ 74,938	$ -	$ 74,938
Foreign corporate bonds	-	29,838	-	29,838
United States government bonds	-	13,379	-	13,379
Domestic stock	184,915	-	-	184,915
Domestic exchange traded funds	45,574	-	-	45,574
Fixed income - Mutual funds	2,321	-	-	2,321
Foreign stock	78,186	-	-	78,186
Foreign exchange traded funds	15,233	-	-	15,233
Private equity investment agreements	-	-	36,437	36,437
Total assets	$ 326,229	$ 118,155	$ 36,437	$ 480,821
Liabilities - Fair value of interest rate swap agreements	$ -	$ 23,695	$ -	$ 23,695

Note 15 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2012
Assets - Assets whose use is limited or restricted and investments				
Domestic corporate bonds	$ -	$ 64,088	$ -	$ 64,088
Foreign corporate bonds	-	23,968	-	23,968
United States government bonds	-	28,197	-	28,197
Mortgage-backed securities	-	774	-	774
Domestic stock	169,514	-	-	169,514
Domestic exchange traded funds	31,388	-	-	31,388
Foreign stock	39,153	-	-	39,153
Foreign exchange traded funds	32,957	-	-	32,957
Private equity investment agreements	-	-	38,658	38,658
Total assets	$ 273,012	$ 117,027	$ 38,658	$ 428,697
Liabilities - Fair value of interest rate swap agreements	$ -	$ 35,054	$ -	$ 35,054

Assets whose use is limited or restricted and investments on the consolidated balance sheet, as further discussed in Note 4, at September 30, 2013 and 2012 included cash and money market funds, pledges receivable, certificates of deposit, and cost method equity securities of approximately $43,087,000 and $44,963,000, respectively. Cash, certificates of deposit, and money market funds are not measured at fair value on a recurring basis and therefore are not included in the table above.

The fair value of the various government and corporate bonds was determined primarily based on Level 2 inputs. The Corporation estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of these assets was determined primarily based on quoted market prices from the Corporation's custodial banks.

Note 15 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2013 and 2012 (in thousands) are as follows:

	Private Equity and Hedge Funds
Balance at October 1, 2012	$ 38,658
Net sales and maturities	(905)
Total unrealized losses	(1,316)
Balance at September 30, 2013	$ 36,437

	Private Equity and Hedge Funds
Balance at October 1, 2011	$ 40,521
Net sales and maturities	(1,243)
Total unrealized losses	(620)
Balance at September 30, 2012	$ 38,658

The fair value of the private equity and hedge fund agreements at September 30, 2013 and 2012 was determined primarily based on Level 3 inputs. The Corporation estimates the fair value of these investments based on the most recent investment statement provided for the respective funds.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share

The Corporation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Note 15 - Fair Value Measurements (Continued)

At year end, the fair value and unfunded commitments of those investments are as follows (in thousands):

Investments Held at September 30, 2013

	Fair Value	Unfunded Commitments
Funds of hedge funds	$ 12,522	$ -
Real estate funds	4,064	905
Private equity funds	19,851	2,703
Total	$ 36,437	$ 3,608

The fund of hedge funds class includes investments in hedge funds that include a strategy of generating return through investments in a number of different hedge funds. The fund makes allocations to various event-driven, relative value, and tactical hedge funds that are identified through a disciplined investment process. The allocation of assets amongst the underlying managers is subject to the discretion of the funds manager. Underlying funds include both single strategy and multi-strategy funds and the number of funds is also set at the discretion of the fund of funds manager. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The real estate funds class includes several limited partnership structures and are illiquid in nature. Private real estate encompasses a broad array of strategies and securities, including core, core plus, enhanced value, and opportunistic. Core and leveraged core strategies usually are based on investments in existing properties with a fairly stable income stream. Enhanced value investments are made in properties with low leasing levels, significant lease rollover activity, or are undergoing redevelopment. Opportunistic strategies include new construction, empty properties, or projects undergoing significant redevelopment. Other strategies such as mezzanine or special situations will invest in debt, preferred equity, or other parts of a company's capital structure. Some strategies will utilize leverage which can enhance returns as well as potential losses. Investments may be in any country, though funds will typically specialize in specific regions and countries. The fair values of the investments in this class have been estimated using the net asset value of the Corporation's ownership interest in partners' capital.

The private equity funds class includes several private equity funds that invest primarily in unlisted companies (companies that are not traded on public exchanges), or in some cases, listed companies are purchased and taken private. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 16 - Sale and Leaseback of Buildings

During 2010, the Corporation and its affiliates entered into an agreement to sell various facilities and then lease the facilities back under lease arrangements. The sale on certain facilities resulted in a gain on sale, which has been deferred and is being recognized over the period of the leases. The deferred revenue related to the sale and leaseback is presented as liabilities on the consolidated balance sheet.

Consolidating Information

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Independent Auditor's Report on Consolidating Information

To the Board of Directors
ProHealth Care, Inc. and Affiliates

We have audited the consolidated financial statements of ProHealth Care, Inc. and Affiliates (the "Corporation") as of and for the years ended September 30, 2013 and 2012. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

December 18, 2013

ProHealth Care, Inc. and Affiliates

Consolidating Balance Sheet
September 30, 2013
(In thousands)

	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Waukesha Health System, Inc. & Subs	ProHealth Home Care, Inc.	National Regency of New Berlin, Inc.	ProHealth Care Foundation	Eliminating Entries	Consolidated Total
Assets												
Current Assets												
Cash and cash equivalents	$ 7,036	$ 14,055	$ 5,625	$ -	$ 26,716	$ 2,890	$ 3,076	$ 651	$ 19,247	$ 5,042	$ -	$ 57,622
Patient accounts receivable - Net	-	58,067	11,929	-	69,996	7,783	1,136	2,157	-	-	-	81,072
Other receivables	12,190	12,190	2,528	(15,963)	10,945	4,172	1,607	321	-	-	(8,648)	8,397
Current assets whose use is limited or restricted	-	6,684	908	-	7,592	-	-	-	-	-	-	7,592
Prepaid expenses and other	1,882	5,584	421	-	7,887	1,477	182	44	405	-	-	9,995
Inventory of supplies	-	8,488	2,843	-	11,331	561	491	-	43	-	-	12,426
Total current assets	21,108	105,068	24,254	(15,963)	134,467	16,883	6,492	3,173	19,695	5,042	(8,648)	177,104
Noncurrent Assets Whose Use is Limited or Restricted	-	420,038	44,777	-	464,815	-	92	-	106	-	-	465,013
Investments	-	-	-	-	-	-	20,774	3,428	-	27,101	-	51,303
Property and Equipment - Net	7,922	280,648	94,656	-	383,226	50,443	12,181	4,324	40,680	-	-	490,854
Goodwill and Other Intangible Assets	-	-	-	-	-	5,527	394	-	-	-	-	5,921
Other Assets	72,510	4,542	773	-	77,825	30,187	1,322	-	303	1,251	(68,335)	42,553
Total assets	**$ 101,540**	**$ 810,296**	**$ 164,460**	**$ (15,963)**	**$ 1,060,333**	**$ 103,040**	**$ 41,255**	**$ 10,925**	**$ 60,784**	**$ 33,394**	**$ (76,983)**	**$ 1,232,748**

ProHealth Care, Inc. and Affiliates

Consolidating Balance Sheet (Continued)
September 30, 2013
(In thousands)

	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Waukesha Health System, Inc. & Subs	ProHealth Home Care, Inc.	National Regency of New Berlin, Inc.	ProHealth Care Foundation	Eliminating Entries	Consolidated Total
Liabilities and Net Assets												
Current Liabilities												
Current portion of long-term debt	$ (122)	$ 7,243	$ 908	$ -	$ 8,029	$ 817	$ 194	$ -	$ 1,105	$ -	$ -	$ 10,145
Accounts payable	11,804	26,222	5,696	(15,963)	27,759	3,894	4,028	374	777	901	(8,651)	29,082
Deferred revenue	-	-	-	-	-	488	224	-	-	-	-	712
Accrued liabilities and other	6,241	17,740	2,992	-	26,973	11,090	1,461	566	1,418	-	-	41,508
Total current liabilities	17,923	51,205	9,596	(15,963)	62,761	16,289	5,907	940	3,300	901	(8,651)	81,447
Long-term Debt - Net of current portion	31,785	221,626	88,791	-	342,202	19,198	7,398	-	21,410	-	-	390,208
Fair Value of Interest Rate Swap Agreement	-	18,090	2,523	-	20,613	-	-	-	3,082	-	-	23,695
Other Liabilities												
Postretirement liability	20	109	26	-	155	5	1	7	-	-	-	168
Deferred revenue	-	-	-	-	-	5,008	-	-	-	-	-	5,008
Pension liability	7,848	24,893	6,368	-	39,109	8,421	2,039	868	-	-	-	50,437
Other long-term liabilities	563	1,978	234	-	2,775	20,940	1,135	-	151	-	-	25,001
Total liabilities	58,139	317,901	107,538	(15,963)	467,615	69,861	16,480	1,815	27,943	901	(8,651)	575,964
Net Assets												
Unrestricted	43,401	488,791	56,037	-	588,229	33,179	24,775	5,738	32,841	18,234	(68,332)	634,664
Temporarily restricted	-	744	885	-	1,629	-	-	3,372	-	7,023	-	12,024
Permanently restricted	-	-	-	-	-	-	-	-	-	7,236	-	7,236
Noncontrolling interest in consolidated subsidiaries	-	2,860	-	-	2,860	-	-	-	-	-	-	2,860
Total liabilities and net assets	**$ 101,540**	**$ 810,296**	**$ 164,460**	**$ (15,963)**	**$ 1,060,333**	**$ 103,040**	**$ 41,255**	**$ 10,925**	**$ 60,784**	**$ 33,394**	**$ (76,983)**	**$ 1,232,748**

ProHealth Care, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2013
(In thousands)

	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Waukesha Health System, Inc. & Subs	ProHealth Home Care, Inc.	National Regency of New Berlin, Inc.	ProHealth Care Foundation	Eliminations	Totals
Unrestricted Revenue, Gains, and Other Support												
Net patient service revenue	$ -	$ 430,664	$ 94,801	$ -	$ 525,465	$ 94,728	$ 11,457	$ 9,663	$ -	$ -	$ -	$ 641,313
Provision for bad debts	-	(13,203)	(2,373)	-	(15,576)	(3,583)	(234)	(14)	-	-	-	(19,407)
Net patient service revenue less provision for bad debts	-	417,461	92,428	-	509,889	91,145	11,223	9,649	-	-	-	621,906
Other operating revenue	101,760	13,365	6,382	(89,518)	31,989	16,050	16,870	821	18,323	-	(26,085)	57,968
Total unrestricted revenues, gains, and other support	101,760	430,826	98,810	(89,518)	541,878	107,195	28,093	10,470	18,323	-	(26,085)	679,874
Expenses												
Salaries and wages	53,292	108,730	24,155	-	186,177	67,078	11,526	5,488	4,194	-	(1,673)	272,790
Employee benefits and payroll taxes	16,547	32,769	6,802	(21)	56,097	17,831	3,061	1,449	607	-	(55)	78,990
Operating supplies and expenses	1,130	76,513	18,629	-	96,272	6,046	2,704	695	991	-	(677)	106,031
Depreciation and amortization	743	32,995	7,955	-	41,693	3,977	1,202	223	2,632	-	-	49,727
Interest	-	12,252	5,549	-	17,801	2,028	860	-	1,103	-	-	21,792
Contracted services and other	30,048	128,495	31,226	(89,497)	100,272	25,437	13,132	1,278	5,323	-	(23,680)	121,762
Total expenses	101,760	391,754	94,316	(89,518)	498,312	122,397	32,485	9,133	14,850	-	(26,085)	651,092
Income (Loss) from Operations	-	39,072	4,494	-	43,566	(15,202)	(4,392)	1,337	3,473	-	-	28,782
Other Income (Loss)	4,531	58,651	5,682	-	68,864	9	1,781	(55)	1,409	(475)	(4,531)	67,002
Excess of Revenue Over (Under) Expenses	4,531	97,723	10,176	-	112,430	(15,193)	(2,611)	1,282	4,882	(475)	(4,531)	95,784

ProHealth Care, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Continued)

Year Ended September 30, 2013

(In thousands)

	ProHealth Care, Inc.	Waukesha Memorial Hospital, Inc.	Oconomowoc Memorial Hospital, Inc.	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Waukesha Health System, Inc.	ProHealth Home Care, Inc.	National Regency of New Berlin, Inc.	ProHealth Care Foundation	Eliminating Entries	Consolidated Total
Unrestricted Net Assets and Equity												
Excess of revenue over (under) expenses	$ 4,531	$ 97,723	$ 10,176	$ -	$ 112,430	$ (15,193)	$ (2,611)	$ 1,282	$ 4,882	$ (475)	$ (4,531)	$ 95,784
Amortization of transition deferral on interest rate swap	-	-	-	-	-	-	-	-	157	-	-	157
Transfer from (to) affiliate	23,372	(20,375)	(2,997)	-	-	18,980	4,575	-	-	-	(23,555)	-
Restructuring of foundation	-	(8,896)	-	-	(8,896)	-	-	-	-	15,571	-	6,675
Pension-related changes other than net periodic benefit cost	4,609	24,236	5,747	-	34,592	9,390	2,567	834	-	-	-	47,383
Net assets released from restriction for plant and equipment additions	-	75	-	-	75	-	-	217	-	3,138	-	3,430
Other	1,662	(1,048)	380	-	994	-	-	6	-	-	-	1,000
Increase in Unrestricted Net Assets	34,174	91,715	13,306	-	139,195	13,177	4,531	2,339	5,039	18,234	(28,086)	154,429
Temporarily Restricted Net Assets												
Restricted contributions	-	223	24	-	247	-	-	-	-	4,918	-	5,165
Restricted investment income	-	-	-	-	-	-	-	-	-	345	-	345
Transfer (to) from affiliate	-	-	-	-	-	-	-	(3,249)	-	-	3,249	-
Restructuring of foundation	-	(4,182)	(7,330)	-	(11,512)	-	-	-	-	4,778	-	(6,734)
Net assets released from restriction	-	(75)	-	-	(75)	-	-	(217)	-	(3,138)	-	(3,430)
Other	-	(779)	-	-	(779)	-	-	(1)	-	120	-	(660)
(Decrease) Increase in Temporarily Restricted Net Assets	-	(4,813)	(7,306)	-	(12,119)	-	-	(3,467)	-	7,023	3,249	(5,314)
Permanently Restricted Net Assets												
Contributions	-	-	-	-	-	-	-	-	-	71	-	71
Net unrealized gains on investments	-	-	-	-	-	-	-	-	-	18	-	18
Restricted investment income	-	-	-	-	-	-	-	-	-	43	-	43
Transfer (to) from affiliate	-	-	(335)	-	(335)	-	-	-	-	335	-	-
Restructuring of foundation	-	(6,710)	-	-	(6,710)	-	-	-	-	6,769	-	59
Increase (Decrease) in Permanently Restricted Net Assets	-	(6,710)	(335)	-	(7,045)	-	-	-	-	7,236	-	191
Increase (Decrease) in Net Assets	34,174	80,192	5,665	-	120,031	13,177	4,531	(1,128)	5,039	32,493	(24,837)	149,306
Net Assets - Beginning of year	9,227	412,203	51,257	-	472,687	20,002	20,244	10,238	27,802	-	(43,495)	507,478
Net Assets - End of year	**$ 43,401**	**$ 492,395**	**$ 56,922**	**$ -**	**$ 592,718**	**$ 33,179**	**$ 24,775**	**$ 9,110**	**$ 32,841**	**$ 32,493**	**$ (68,332)**	**$ 656,784**