

| <b>ASPEN VALLEY HOSPITAL<br/>PROFIT &amp; LOSS STATEMENT<br/>FOR THE PERIOD ENDING 12/31/2011</b> |                    |                    |                  |                |
|---|--------------------|--------------------|------------------|----------------|
|   | <b>ACTUAL</b>      | <b>BUDGET</b>      | <b>VARIANCE</b>  | <b>VAR</b>     |
|   | <b>December-11</b> | <b>December-11</b> | <b>AMOUNT</b>    | <b>%</b>       |
| <b>PATIENT SERVICE REVENUE</b>  |                    |                    |                  |                |
| INPATIENT   | 1,565,362          | 2,085,536          | (520,174)        | -24.94%        |
| OUTPATIENT  | 6,033,969          | 5,731,584          | 302,385          | 5.28%          |
| <b>TOTAL PATIENT SERVICE REVENUE</b>  | <b>7,599,331</b>   | <b>7,817,120</b>   | <b>(217,789)</b> | <b>-2.79%</b>  |
| <b>LESS REVENUE DEDUCTIONS</b>  |                    |                    |                  |                |
| UNCOMPENSATED SERVICES  | (168,994)          | (226,488)          | 57,494           | 25.39%         |
| CONTRACTUAL ALLOWANCES - GOVERNMENT   | (1,153,414)        | (784,344)          | (369,070)        | -47.05%        |
| CONTRACTUAL ALLOWANCES - OTHER  | (441,589)          | (547,565)          | 105,976          | 19.35%         |
| BAD DEBT EXPENSE  | (150,288)          | (183,463)          | 33,175           | 18.08%         |
| OTHER DEDUCTIONS  | (79,204)           | (189,994)          | 110,790          | 58.31%         |
| <b>TOTAL REVENUE DEDUCTIONS</b>   | <b>(1,993,490)</b> | <b>(1,931,854)</b> | <b>(61,635)</b>  | <b>-3.19%</b>  |
| <b>NET PATIENT SERVICE REVENUE</b>  | <b>5,605,840</b>   | <b>5,885,266</b>   | <b>(279,424)</b> | <b>-4.75%</b>  |
| <b>OTHER OPERATING REVENUE</b>  |                    |                    |                  |                |
| WHITCOMB TERRACE  | 55,790             | 56,163             | (373)            | -0.66%         |
| CAFETERIA   | 43,469             | 46,835             | (3,366)          | -7.19%         |
| MISCELLANEOUS   | 33,267             | 69,737             | (36,470)         | -52.30%        |
| <b>TOTAL OTHER OPERATING REVENUE</b>  | <b>132,527</b>     | <b>172,735</b>     | <b>(40,209)</b>  | <b>-23.28%</b> |
| <b>TOTAL OPERATING REVENUE</b>  | <b>5,738,368</b>   | <b>6,058,001</b>   | <b>(319,633)</b> | <b>-5.28%</b>  |
| <b>EXPENSES</b>   |                    |                    |                  |                |
| SALARIES  | (2,144,371)        | (2,229,135)        | 84,764           | 3.80%          |
| PHYSICIAN COMPENSATION  | (480,723)          | (504,220)          | 23,497           | 4.66%          |
| PATIENT CARE SUPPLIES   | (612,119)          | (469,098)          | (143,021)        | -30.49%        |
| OUTSOURCING   | (172,471)          | (138,044)          | (34,427)         | -24.94%        |
| LEGAL, CONSULT, AUDIT   | (100,203)          | (65,318)           | (34,885)         | -53.41%        |
| MAINTENANCE & UTILITIES   | (277,946)          | (282,179)          | 4,233            | 1.50%          |
| CONTINUING EDUCATION  | (6,755)            | (14,583)           | 7,828            | 53.68%         |
| PHYSICIAN RECRUITMENT   | 0                  | (2,500)            | 2,500            | 100.00%        |
| EMPLOYEE BENEFITS   | (576,666)          | (589,978)          | 13,312           | 2.26%          |
| DEPRECIATION & AMORTIZATION   | (448,784)          | (381,095)          | (67,689)         | -17.76%        |
| GENERAL & PROF INSURANCE  | (19,400)           | (24,509)           | 5,109            | 20.85%         |
| MISCELLANEOUS EXPENSE   | (418,634)          | (340,364)          | (78,270)         | -23.00%        |
| <b>TOTAL EXPENSES</b>   | <b>(5,258,071)</b> | <b>(5,041,023)</b> | <b>(217,049)</b> | <b>-4.31%</b>  |
| <b>OPERATING MARGIN</b>   | <b>480,297</b>     | <b>1,016,978</b>   | <b>(536,682)</b> | <b>-52.77%</b> |
| <b>NONOPERATING REVENUE</b>   |                    |                    |                  |                |
| PROPERTY TAXES  | 604,883            | 592,250            | 12,633           | 2.13%          |
| INTEREST INCOME   | (113,880)          | 75,667             | (189,547)        | -250.50%       |
| INTEREST EXPENSE  | 48,419             | (222,023)          | 270,442          | 121.81%        |
| MISC NON-OPERATING REVENUE/(EXPENSE)  | 2,661              | (45,078)           | 47,739           | 105.90%        |
| CONTRIBUTIONS - OPERATIONS & CAPITAL  | 51,603             | 21,333             | 30,270           | 141.89%        |
| GAIN/(LOSS) ON JOINT VENTURE  | 52,073             | 0                  | 52,073           | #DIV/0!        |
| GAIN/(LOSS) ON DISP OF ASSETS   | (308,774)          | 0                  | (308,774)        | #DIV/0!        |
| MEMBER DISTRIBUTIONS & EQUITY TRANSFER  | 59,800             | 62,500             | (2,700)          | -4.32%         |
| <b>TOTAL NONOPERATING REVENUE</b>   | <b>396,784</b>     | <b>484,649</b>     | <b>(87,864)</b>  | <b>-18.13%</b> |
| <b>GAIN / (LOSS)</b>  | <b>877,081</b>     | <b>1,501,627</b>   | <b>(624,546)</b> | <b>-41.59%</b> |

**ASPEN VALLEY HOSPITAL  
PROFIT & LOSS STATEMENT  
FOR THE PERIOD ENDING 12/31/2011**

|  | ACTUAL<br>December-11<br>YTD | BUDGET<br>December-11<br>YTD | VARIANCE<br>AMOUNT | VAR<br>%       |
|--|------------------------------|------------------------------|--------------------|----------------|
| <b>PATIENT SERVICE REVENUE</b>         |                              |                              |                    |                |
| INPATIENT                              | 20,465,898                   | 21,858,369                   | (1,392,471)        | -6.37%         |
| OUTPATIENT                             | 57,788,081                   | 54,449,682                   | 3,338,399          | 6.13%          |
| <b>TOTAL PATIENT SERVICE REVENUE</b>   | <b>78,253,979</b>            | <b>76,308,051</b>            | <b>1,945,928</b>   | <b>2.55%</b>   |
| <b>LESS REVENUE DEDUCTIONS</b>         |                              |                              |                    |                |
| UNCOMPENSATED SERVICES                 | (2,039,965)                  | (2,210,866)                  | 170,901            | 7.73%          |
| CONTRACTUAL ALLOWANCES - GOVERNMENT    | (8,369,348)                  | (7,656,401)                  | (712,947)          | -9.31%         |
| CONTRACTUAL ALLOWANCES - OTHER         | (5,519,366)                  | (5,345,071)                  | (174,295)          | -3.26%         |
| BAD DEBT ALLOWANCE                     | (2,580,948)                  | (2,369,583)                  | (211,365)          | -8.92%         |
| OTHER DEDUCTIONS                       | (2,033,621)                  | (1,854,639)                  | (178,982)          | -9.65%         |
| <b>TOTAL REVENUE DEDUCTIONS</b>        | <b>(20,543,247)</b>          | <b>(19,436,560)</b>          | <b>(1,106,688)</b> | <b>-5.69%</b>  |
| <b>NET PATIENT SERVICE REVENUE</b>     | <b>57,710,732</b>            | <b>56,871,491</b>            | <b>839,240</b>     | <b>1.48%</b>   |
| <b>OTHER OPERATING REVENUE</b>         |                              |                              |                    |                |
| WHITCOMB TERRACE                       | 601,674                      | 669,574                      | (67,900)           | -10.14%        |
| CAFETERIA                              | 469,640                      | 464,310                      | 5,330              | 1.15%          |
| MISCELLANEOUS                          | 949,711                      | 888,062                      | 61,649             | 6.94%          |
| <b>TOTAL OTHER OPERATING REVENUE</b>   | <b>2,021,025</b>             | <b>2,021,946</b>             | <b>(921)</b>       | <b>-0.05%</b>  |
| <b>TOTAL OPERATING REVENUE</b>         | <b>59,731,756</b>            | <b>58,893,437</b>            | <b>838,319</b>     | <b>1.42%</b>   |
| <b>EXPENSES</b>                        |                              |                              |                    |                |
| SALARIES                               | (23,952,537)                 | (24,856,517)                 | 903,980            | 3.64%          |
| PHYSICIAN COMPENSATION                 | (6,062,750)                  | (6,116,732)                  | 53,982             | 0.88%          |
| PATIENT CARE SUPPLIES                  | (5,790,375)                  | (5,510,155)                  | (280,220)          | -5.09%         |
| OUTSOURCING                            | (2,069,129)                  | (1,982,812)                  | (86,317)           | -4.35%         |
| LEGAL, CONSULT, AUDIT                  | (759,697)                    | (643,750)                    | (115,947)          | -18.01%        |
| MAINTENANCE & UTILITIES                | (3,080,247)                  | (3,331,204)                  | 250,957            | 7.53%          |
| CONTINUING EDUCATION                   | (116,501)                    | (175,000)                    | 58,499             | 33.43%         |
| PHYSICIAN RECRUITMENT                  | (1,373)                      | (30,000)                     | 28,627             | 95.42%         |
| EMPLOYEE BENEFITS                      | (5,730,613)                  | (6,828,055)                  | 1,097,442          | 16.07%         |
| DEPRECIATION & AMORTIZATION            | (4,805,339)                  | (4,573,177)                  | (232,162)          | -5.08%         |
| GENERAL & PROF INSURANCE               | (234,098)                    | (246,085)                    | 11,987             | 4.87%          |
| MISCELLANEOUS EXPENSE                  | (4,457,529)                  | (4,233,429)                  | (224,100)          | -5.29%         |
| <b>TOTAL EXPENSES</b>                  | <b>(57,060,187)</b>          | <b>(58,526,916)</b>          | <b>1,466,728</b>   | <b>2.51%</b>   |
| <b>OPERATING MARGIN</b>                | <b>2,671,569</b>             | <b>366,521</b>               | <b>2,305,047</b>   | <b>628.90%</b> |
| <b>NONOPERATING REVENUE</b>            |                              |                              |                    |                |
| PROPERTY TAXES                         | 6,745,008                    | 7,107,000                    | (361,992)          | -5.09%         |
| INTEREST INCOME                        | 354,420                      | 908,000                      | (553,580)          | -60.97%        |
| INTEREST EXPENSE                       | (820,075)                    | (2,700,000)                  | 1,879,925          | 69.63%         |
| MISC NON-OPERATING REVENUE/(EXPENSE)   | (217,933)                    | (519,455)                    | 301,522            | 58.05%         |
| CONTRIBUTIONS - OPERATIONS & CAPITAL   | 90,012                       | 300,000                      | (209,988)          | -70.00%        |
| GAIN/(LOSS) ON JOINT VENTURE           | 52,073                       | 0                            | 52,073             | #DIV/0!        |
| GAIN/(LOSS) ON DISP OF ASSETS          | (298,238)                    | 0                            | (298,238)          | #DIV/0!        |
| MEMBER DISTRIBUTIONS & EQUITY TRANSFER | 867,000                      | 750,000                      | 117,000            | 15.60%         |
| <b>TOTAL NONOPERATING REVENUE</b>      | <b>6,772,267</b>             | <b>5,845,545</b>             | <b>926,721</b>     | <b>15.85%</b>  |
| <b>GAIN / (LOSS)</b>                   | <b>9,443,836</b>             | <b>6,212,066</b>             | <b>3,231,768</b>   | <b>52.02%</b>  |

| <b>ASPEN VALLEY HOSPITAL</b>                  |                       |                       |
|---|-----------------------|-----------------------|
| <b>BALANCE SHEET</b>                          |                       |                       |
| <b>December-11</b>                            |                       |                       |
|   | <b>December-11</b>    | <b>December-10</b>    |
| <b>ASSETS</b>                                 |                       |                       |
| <b>CURRENT ASSETS</b>                         |                       |                       |
| CASH  | 13,605,228            | 11,137,602            |
| SHORT TERM INVESTMENTS                        | 23,450,333            | 17,765,196            |
| INVESTMENTS - FUNDED DEPRECIATION             | 18,758,172            | 18,575,596            |
| CASH RESTRICTED FOR PHYSICIANS                | 51,053                | 50,808                |
| PATIENT ACCOUNTS RECEIVABLE                   | 9,588,848             | 9,687,904             |
| LESS CONTRACTUAL ALLOWANCES/DOUBTFUL ACCOUNTS | (2,494,162)           | (2,236,310)           |
| NET PATIENT ACCOUNTS RECEIVABLE               | 7,094,686             | 7,451,594             |
| CONTRIBUTIONS RECEIVABLE                      | 247,605               | 690,515               |
| OTHER RECEIVABLES                             | 736,077               | 1,755,132             |
| INVENTORY                                     | 1,817,687             | 1,626,066             |
| PREPAID EXPENSES                              | 880,119               | 1,075,675             |
| <b>TOTAL CURRENT ASSETS</b>                   | <b>\$ 66,640,960</b>  | <b>\$ 60,128,184</b>  |
| <b>RESTRICTED ASSETS - BOND AGREEMENT</b>     |                       |                       |
| BOND - PRINCIPAL & INTEREST                   | 199,258               | 198,496               |
| RESTRICTED BOND PROCEEDS                      | 27,211,819            | 50,109,327            |
| DEBT SERVICE RESERVE FUND                     | 2,242,015             | 2,241,783             |
| CONSTRUCTION ESCROW                           | 494,885               | 0                     |
| <b>TOTAL RESTRICTED ASSETS</b>                | <b>\$ 30,147,976</b>  | <b>\$ 52,549,606</b>  |
| <b>LONG-TERM CONTRIBUTIONS RECEIVABLE</b>     | <b>\$ 449,772</b>     | <b>\$ 498,726</b>     |
| <b>INVESTMENT IN JOINT VENTURE</b>            | <b>\$ 130,666</b>     | <b>\$ 123,989</b>     |
| <b>CAPITAL ASSETS</b>                         |                       |                       |
| LAND  | 267,057               | 267,057               |
| PROPERTY , PLANT, & EQUIPMENT                 | 95,128,539            | 71,886,320            |
| LESS ACCUMULATED DEPRECIATION                 | (33,137,344)          | (37,953,379)          |
| <b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>    | <b>\$ 62,258,253</b>  | <b>\$ 34,199,999</b>  |
| <b>OTHER ASSETS</b>                           |                       |                       |
| DEFERRED BOND COSTS                           | 749,173               | 836,924               |
| STOCK INVESTMENT                              | 168,579               | 156,526               |
| GOODWILL                                      | 239,901               | 239,901               |
| ACCUMULATED AMORTIZATION                      | (193,000)             | (139,478)             |
| SECURITY DEPOSITS PAID                        | 53,653                | 51,153                |
| <b>TOTAL OTHER ASSETS</b>                     | <b>\$ 1,018,305</b>   | <b>\$ 1,145,026</b>   |
| <b>TOTAL ASSETS</b>                           | <b>\$ 160,645,932</b> | <b>\$ 148,645,530</b> |

## UNAUDITED

**ASPEN VALLEY HOSPITAL  
BALANCE SHEET  
December-11**

|  | December-11             | December-10             |
|--|-------------------------|-------------------------|
| <b>LIABILITIES</b>                           |                         |                         |
| <b>CURRENT LIABILITIES</b>                   |                         |                         |
| CURRENT MATURITIES OF L-T DEBT               | (3,088,044)             | (3,150,013)             |
| ACCOUNTS PAYABLE                             | (1,636,784)             | (1,836,274)             |
| CONSTRUCTION PAYABLE                         | (4,593,597)             | (332,675)               |
| ACCRUED SALARIES, BENEFITS AND PAYROLL TAXES | (1,731,140)             | (1,581,798)             |
| MISCELLANEOUS LIABILITIES                    | (1,097,502)             | (1,072,106)             |
| REFUNDS PAYABLE                              | (131,576)               | (96,351)                |
| UNCLAIMED REFUNDS PAYABLE                    | (226,664)               | (317,732)               |
| DUE(TO)/FROM MEDICARE                        | (808,241)               | (520,000)               |
| <b>TOTAL CURRENT LIABILITIES</b>             | <b>\$ (13,313,548)</b>  | <b>\$ (8,906,949)</b>   |
| <b>LONG TERM LIABILITIES</b>                 |                         |                         |
| REVENUE BONDS PAYABLE                        | (20,638,872)            | (21,246,589)            |
| GENERAL OBLIGATION BONDS PAYABLE             | (46,550,866)            | (48,513,270)            |
| CAPITAL LEASE OBLIGATION                     | (1,184,017)             | (448,095)               |
| NOTES PAYABLE                                | (546,281)               | (562,115)               |
| <b>TOTAL LONG TERM LIABILITIES</b>           | <b>\$ (68,920,036)</b>  | <b>\$ (70,770,068)</b>  |
| <b>NET ASSETS</b>                            |                         |                         |
| OPERATING FUND BALANCE                       | (78,412,348)            | (68,968,512)            |
| <b>TOTAL FUND BALANCE</b>                    | <b>\$ (78,412,348)</b>  | <b>\$ (68,968,512)</b>  |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>  | <b>\$ (160,645,932)</b> | <b>\$ (148,645,530)</b> |

**ASPEN VALLEY HOSPITAL  
STATEMENT OF CASH FLOWS  
FOR THE MONTH ENDING DECEMBER 31, 2011**

|   | <u>DECEMBER 2011</u> | <u>YTD</u>        |
|---|----------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                    |                      |                   |
| Cash Received from Patient and Third Parties                    | 4,528,157            | 58,300,038        |
| Cash Received from (Paid to) Others                             | 121,926              | 2,406,956         |
| Cash (Paid to) Received from Suppliers                          | (5,204,545)          | (28,694,222)      |
| Cash (Paid to) Employees  | (1,799,712)          | (22,674,747)      |
|   | <hr/>                | <hr/>             |
| Net Cash Provided by (Used in) Operating Activities             | (2,354,174)          | 9,338,025         |
| <b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>           |                      |                   |
| Ad Valorem Taxes  | 40,809               | 6,800,638         |
| Community Assistance Programs                                   | (1,059)              | (58,289)          |
| Contributions for Operations                                    | -                    | 38,926            |
|   | <hr/>                | <hr/>             |
| Net Cash Provided by Noncapital Financing Activities            | 39,750               | 6,781,275         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                      |                   |
| Contributions restricted for the purchase of Capital Assets     | -                    | 494,949           |
| Issuance of Long-Term Debt                                      | -                    | -                 |
| Premium on Issuance of Long-Term Debt                           | -                    | -                 |
| Costs of Issuance of Long-Term Debt                             | -                    | -                 |
| Principal Payments on Debt                                      | (31,827)             | (3,196,055)       |
| Purchases of Capital Assets - AVH Funds                         | (316,407)            | (3,191,067)       |
| Purchases of Capital Assets - Bond Funds                        | (2,297,427)          | (23,076,382)      |
| Proceeds from the sale of capital assets                        | (0)                  | 29,250            |
| Interest (payments)/credit on Debt                              | (5,237)              | (2,314,690)       |
|   | <hr/>                | <hr/>             |
| Net Cash Used in Capital and Related Financing Activities       | (2,650,898)          | (31,253,995)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                      |                   |
| Purchases of investments, net                                   | -                    | -                 |
| Change in Investments   | -                    | 45,396            |
| Investment Income   | 1,254                | 424,683           |
| Member Distribution   | -                    | 494,700           |
|   | <hr/>                | <hr/>             |
| Net Cash Provided by Investing Activities                       | 1,254                | 964,779           |
|   | <hr/>                | <hr/>             |
| Net Increase in Cash, Cash Equivalents and Investments          | (4,964,067)          | (14,169,915)      |
| Cash, Cash Equivalents and Investments at Beginning of Period   | 90,821,852           | 100,027,700       |
| Cash, Cash Equivalents and Investments at End of Period*        | <u>85,857,785</u>    | <u>85,857,785</u> |

\* Excludes Accrued Int. Income - FD & Bond Proceeds of \$154,978 at the end of December.