

***Audited Consolidated Financial Statements  
And Other Financial Information***

***The Waterbury Hospital and Subsidiaries***

*Years ended September 30, 2009 and 2008*

The Waterbury Hospital and Subsidiaries  
Audited Consolidated Financial Statements  
And Other Financial Information

Years ended September 30, 2009 and 2008

**Contents**

Report of Independent Auditors.....	1
Consolidated Balance Sheets.....	2
Consolidated Statements of Operations and Changes in Net Assets.....	4
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	8
Other Financial Information	
Report of Independent Auditors on Other Financial Information.....	34
Consolidating Balance Sheets.....	35
Consolidating Statements of Operations.....	39

## Report of Independent Auditors

Board of Trustees  
The Waterbury Hospital

We have audited the accompanying consolidated balance sheets of The Waterbury Hospital (the "Hospital") as of September 30, 2009 and 2008, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Waterbury Hospital as of September 30, 2009 and 2008, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*UHY* LLP

Hartford, Connecticut  
January 25, 2010

**The Waterbury Hospital and Subsidiaries**  
**Consolidated Balance Sheets**

	September 30	
	2009	2008
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 18,606,510	\$ 13,628,566
Short-term investments	359,823	329,890
Other assets required for current liabilities	573,887	2,737,177
Patient accounts receivable, less allowance ((\$9,448,000 in 2009 and \$9,018,000 in 2008))	32,375,764	35,695,451
Grants and other receivables	1,101,738	802,114
Inventories of supplies	584,339	608,211
Prepaid insurance and other expenses	1,374,738	1,779,748
Due from third-party reimbursement agencies	-	810,405
Due from affiliates	862,615	-
	<b>55,839,414</b>	<b>56,391,562</b>
<b>Other assets:</b>		
Funds held by trustee:		
Certificates of deposit and money market funds	14,570	1,424,705
U.S. Government obligations and other bonds	2,273	3,384,994
	<b>16,843</b>	<b>4,809,699</b>
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:		
Debt service fund	557,044	539,691
Debt service reserve fund	2,020,082	2,020,003
	<b>2,577,126</b>	<b>2,559,694</b>
	<b>2,593,969</b>	<b>7,369,393</b>
Less other assets required for current liabilities	573,887	2,737,177
	<b>2,020,082</b>	<b>4,632,216</b>
Funds held in trust by others	37,864,978	38,548,695
Long-term investments	9,602,827	12,723,395
Board-designated endowment funds	2,673,155	-
Other receivables	732,690	876,157
Due from affiliates, less current portion	4,939,861	-
CHEFA obligations issue expense, less amortization	606,280	636,977
	<b>56,419,791</b>	<b>52,785,224</b>
<b>Property, plant and equipment:</b>		
Land	287,549	287,549
Buildings and improvements	84,040,718	83,624,235
Equipment	165,827,291	164,392,238
Construction in progress (estimated additional cost to complete: 2009 - \$245,804)	93,916	193,299
	<b>250,249,474</b>	<b>248,497,321</b>
Less accumulated depreciation	(204,484,124)	(195,126,470)
	<b>45,765,350</b>	<b>53,370,851</b>
	<b>\$ 160,044,637</b>	<b>\$ 167,179,853</b>

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**The Waterbury Hospital and Subsidiaries**  
**Consolidated Balance Sheets (continued)**

	September 30	
	2009	2008
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,818,725	\$ 20,302,424
Salaries, wages, payroll taxes and amounts withheld from employees	8,192,458	9,227,860
Due to third-party reimbursement agencies	1,023,178	-
Current portion of CHEFA obligations	820,000	790,000
Current portion of notes payable	296,974	1,206,736
Due to affiliates	-	705,541
Total current liabilities	26,151,335	32,232,561
Other noncurrent liabilities	14,365,164	7,826,358
CHEFA obligations, less current portion and discount	18,984,928	19,782,139
Notes payable, less current portion	317,584	466,179
Minority interest in net assets of consolidated affiliates	2,530,345	2,417,095
Net assets:		
Unrestricted	49,273,360	52,412,573
Temporarily restricted	7,764,952	10,702,822
Permanently restricted	40,656,969	41,340,126
	97,695,281	104,455,521

	\$ 160,044,637	\$ 167,179,853
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*See accompanying notes.*

**The Waterbury Hospital and Subsidiaries**  
**Consolidated Statements of Operations and Changes in Net Assets**

	Year ended September 30	
	2009	2008
Unrestricted revenues:		
Net revenues from services to patients	\$ 253,538,766	\$ 235,304,342
Other operating revenues	3,287,728	5,176,272
Net assets released from restrictions	5,108,393	4,742,105
	261,934,887	245,222,719
Operating expenses:		
Salaries	111,550,893	113,944,013
Employee benefits	31,209,295	30,023,778
Supplies and other	82,048,470	80,880,567
Bad debts	14,428,863	17,891,925
Depreciation	9,595,813	10,126,368
Operations improvement	12,908,481	-
Interest and amortization	1,484,698	1,596,401
	263,226,513	254,463,052
Loss from operations before minority interest	(1,291,626)	(9,240,333)
Minority interest in income of consolidated affiliates	(1,317,466)	(1,101,174)
Loss from operations	(2,609,092)	(10,341,507)
Nonoperating revenues (losses):		
Unrestricted gifts and bequests	431,346	120,297
Investment income	1,628,376	1,861,902
Net realized gains (losses) on sales of investments	1,014,578	(8,850)
	3,074,300	1,973,349
Excess (deficiency) of revenues over expenses before changes in net unrealized gains (losses) on investments	465,208	(8,368,158)
Changes in net unrealized gains (losses) on investments	19,255	(115,851)
Excess (deficiency) of revenues over expenses	484,463	(8,484,009)

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**The Waterbury Hospital and Subsidiaries**  
**Consolidated Statements of Operations and Changes in Net Assets (continued)**

	Year ended September 30	
	2009	2008
Unrestricted net assets:		
Excess (deficiency) of revenues over expenses	\$ 484,463	\$ (8,484,009)
Net assets released from restrictions used for purchase of property and equipment	69,902	333,725
Transfer of net assets	2,175,872	-
Pension liability adjustments	(5,526,450)	(3,103,183)
Decrease in unrestricted net assets before effect of change in accounting principles	(2,796,213)	(11,253,467)
Adjustment to adopt measurement date provisions of FASB ASC 715-30	(343,000)	-
Decrease in unrestricted net assets	(3,139,213)	(11,253,467)
Temporarily restricted net assets:		
Gifts and bequests	654,754	521,866
Income from investments	320,237	702,851
Net realized and unrealized losses on investments	(662,430)	(2,748,132)
Grants	4,103,736	3,779,437
Net assets transferred and released from restrictions	(7,354,167)	(5,075,830)
Decrease in temporarily restricted net assets	(2,937,870)	(2,819,808)
Permanently restricted net assets:		
Gifts and bequests	560	50
Decrease in fair value of funds held in trust by others	(683,717)	(8,689,069)
Decrease in permanently restricted net assets	(683,157)	(8,689,019)
Decrease in net assets	(6,760,240)	(22,762,294)
Net assets at beginning of year	104,455,521	127,217,815
Net assets at end of year	\$ 97,695,281	\$ 104,455,521

*See accompanying notes.*

**The Waterbury Hospital and Subsidiaries**  
**Consolidated Statements of Cash Flows**

	Year ended September 30	
	2009	2008
<b>Operating activities and nonoperating gains</b>		
Change in net assets	\$ (6,760,240)	\$ (22,762,294)
Adjustments to reconcile change in net assets to net cash provided by operating activities and nonoperating revenues:		
Provision for bad debts	14,428,863	17,891,925
Depreciation and amortization	9,763,783	10,196,972
Pension liability adjustments	5,526,450	3,103,183
Adjustment to adopt measurement date provisions of ASC 715-30	343,000	-
Net realized and unrealized losses and (gains) and change in fair value of funds held in trust by others	312,314	11,561,902
Restricted gifts, bequests and income from investments	(975,551)	(1,224,767)
Increase (decrease) in minority interest in net assets of consolidated affiliates	113,250	(119,471)
	22,751,869	18,647,450
 Changes in operating working capital other than cash and cash equivalents:		
Other assets required for current liabilities	2,163,290	322,021
Patient accounts receivable, net	(11,109,176)	(18,237,113)
Grants and other receivables	(299,624)	577,612
Inventories of supplies	23,873	(129,827)
Prepaid insurance and other expenses	405,010	(288,322)
Accounts payable and accrued expenses	(4,483,700)	8,557,483
Salaries, wages, payroll taxes and amounts withheld from employees	(1,035,402)	643,659
Due to third-party reimbursement agencies	1,833,583	(3,160,858)
Increase (decrease) in other noncurrent liabilities	6,538,806	(1,110,443)
	(5,963,340)	(12,825,788)
Net cash provided by operating activities and nonoperating gains	16,788,529	5,821,662
 <b>Investing activities</b>		
(Increase) decrease in short-term investments	(29,933)	17,674
Decrease (increase) in long-term investments	799,561	(53,066)
(Increase) decrease in due from affiliates	(6,508,017)	4,731,140
(Increase) decrease in other assets	(3,231,867)	3,769,087
Additions to property, plant and equipment, net	(1,990,313)	(4,051,273)
Net cash (used in) provided by investing activities	(10,960,569)	4,413,562

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**The Waterbury Hospital and Subsidiaries**  
**Consolidated Statements of Cash Flows (continued)**

	<b>Year ended September 30</b>	
	<b>2009</b>	<b>2008</b>
<b>Financing activities</b>		
Restricted gifts, bequests and income from investments	\$ 975,551	\$ 1,224,767
Proceeds from issuance of debt	186,322	-
Principal payments on debt obligations	(2,011,890)	(5,833,831)
Net cash used in financing activities	(850,017)	(4,609,064)
Net increase in cash and cash equivalents	4,977,944	5,626,160
Cash and cash equivalents at beginning of year	13,628,566	8,002,406
Cash and cash equivalents at end of year	\$ 18,606,510	\$ 13,628,566

Cash paid during the year for interest on borrowings was \$1,257,036 and \$1,478,017 for the years ended September 30, 2009 and 2008, respectively.

*See accompanying notes.*

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization**

**Organization**

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

The Hospital entered into a members' agreement, making it an equal member with St. Mary's Hospital, located in Waterbury, Connecticut, in a joint venture to form The Harold Leever Regional Cancer Center, Inc. (the "Cancer Center"). The Cancer Center is a Connecticut non-stock corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture is to develop, construct, own and operate the Cancer Center. Both member hospitals transferred the revenue and related expenses of their respective radiation oncology services to the Cancer Center in October 2002. Both member hospitals made working capital advances to the Cancer Center. The total amount of advances by the Hospital of \$1,277,492 was converted into a promissory note which bears interest at the prime rate adjusted every six months. Principal payments began in December 2007 and the total unpaid balance is due by August 1, 2011. The balance remaining on this note was \$125,449 and \$872,917 at September 30, 2009 and 2008, respectively. The Cancer Center is not included in the Hospital's consolidated financial statements.

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

**Principles of Consolidation**

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

## The Waterbury Hospital and Subsidiaries

### Notes to Consolidated Financial Statements

September 30, 2009

#### **1. Significant Accounting Policies and Organization (continued)**

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party reimbursement agencies and professional liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the amounts of revenues and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

##### **Regulatory Matters**

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

##### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available to provide grant related services, free care, and educational seminars. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity or in funds held in trust by others.

##### **Donor Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets.

##### **Promises to Give**

Unconditional promises to give are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in gifts and bequests on the statements of operations and changes in net assets.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

**Cash and Cash Equivalents**

The Hospital considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents are held at a limited number of financial institutions and at times, the amounts on deposit exceed insured limits.

**Accounts Receivable**

Patient accounts receivable result from the health care services provided by the Hospital. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for uncollectible accounts.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 2 for additional information relative to third-party payor programs.

**Inventories**

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

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses are included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments related to permanently restricted net assets and certain temporarily restricted net assets are included in temporarily restricted net assets under State law which allows the Board of Trustees to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Reference is made to Note 5.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

**Other Assets**

Other assets include assets set aside by the Board of Trustees to fund the deductible portion of medical malpractice insurance coverage and workers' compensation claims, for the established purpose of providing for future improvement, expansion and replacement of plant and equipment and assets held by trustees under indenture agreements relating to financing activities with the State of Connecticut Health and Education Facilities Authority. The portion of these amounts required for funding current liabilities is included in current assets. In 2009, the Hospital is no longer funding these accounts to pay future malpractice and workers' compensation claims. Instead, the Hospital maintains a \$4 million letter of credit with a bank in support of its self-insured workers' compensation program. In addition, the Hospital purchased a loss transfer insurance policy which provides coverage for general and medical malpractice liability claims incurred prior to October 1, 2006. Effective October 1, 2006, the Hospital obtained "claims-made" medical malpractice insurance coverage, through the Network, from Healthcare Alliance Insurance Company, Ltd. ("HAIC"). HAIC is a multi-provider insurance company domiciled in the Cayman Islands.

**Property, Plant and Equipment**

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

Financial Accounting Standards Board ("FASB") ASC 410-20, *Accounting for Asset Retirement Obligations* ("ASC 410-20"), provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues which are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. ASC 410-20 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose settlement may be uncertain. ASC 410-20's guidance requires such conditional asset retirement obligations to be estimated and recognized. Application of these pronouncements affects the Hospital with respect to required future asbestos remediation.

Conditional asset retirement obligations of \$2,129,801 and \$2,015,317 as of September 30, 2009 and 2008, respectively, are recorded in other noncurrent liabilities. During 2009 and 2008, no retirement obligations were incurred and \$0 and \$64,736 of obligations were settled, respectively.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

**Impairment of Long-Lived Assets**

The Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses in 2009 or 2008.

**Nonoperating Revenues (Losses)**

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

**Excess (Deficiency) of Revenues over Expenses**

The statements of operations and changes in net assets include the excess (deficiency) of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the excess (deficiency) of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), cumulative effect of change in accounting principle and pension liability adjustments.

Operations improvement expenses represent consulting and other costs incurred by the Hospital in 2009 to improve the revenue cycle, increase cash flows, and improve the Hospital's overall financial performance. The majority of these costs are not expected to recur in 2010.

**Income Taxes**

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income tax. Access, GWIC and Imaging Partners LLC are partnerships. For tax purposes, these partnerships are pass-through entities. Taxation does not occur at the partnership level. Accordingly, no provision for taxes is included. Alliance Medical is tax exempt under Section 501 (c)(3) of the code.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

**Medical Malpractice and Workers' Compensation Insurance**

The Hospital has a policy of self-insuring the deductible portion of its workers' compensation claims. The deductible limit is \$400,000 per claim. The Hospital established an irrevocable trust for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreement, the trust fund assets could only be used for payment of workers' compensation claims, related expenses, and the cost of administering the trust from the respective funds. In 2009, the Hospital has chosen to no longer fund the trust fund. Instead, the Hospital maintains a \$4 million letter of credit with a bank in support of its self-insured workers' compensation program. The assets of the trust fund were reported as other assets in the consolidated balance sheets; income from the trust fund assets and administrative costs were reported in the consolidated statements of operations and changes in net assets. In 2009, the majority of the trust assets were utilized to pay claims and related expenses and the remaining balance was \$12,703 at September 30, 2009. Management accrues its best estimate of losses as they occur. The accrued workers' compensation self-insurance liabilities of \$6,173,116 and \$4,870,589 at September 30, 2009 and 2008, respectively, have been discounted at 2.5% and 5%, respectively.

Effective October 1, 2006, the Hospital obtained "claims-made" medical malpractice insurance coverage, through the Network, from Healthcare Alliance Insurance Company, Ltd. ("HAIC"). HAIC is a multi-provider captive insurance company domiciled in the Cayman Islands. The Network is a one third owner of the HAIC with two other local hospitals that each hold one third ownership. The Hospital's insurance coverage is \$1,500,000 per occurrence and \$4,500,000 in the aggregate. In addition to the coverage from HAIC, the Hospital recorded reserves of approximately \$1,891,000 and \$1,819,000 at September 30, 2009 and 2008, respectively, related to claims that were incurred subsequent to October 1, 2006, but not yet reported. These reserves were discounted at 2.5% and 5% at September 30, 2009 and 2008, respectively.

The Hospital also purchased a loss transfer insurance policy which provides \$1,000,000 of coverage for each medical incident that was incurred between October 1, 2003 and October 1, 2006 and specifically reported to the insurance company on the effective date of the transfer policy (February 7, 2008) in addition to medical incidents incurred during the aforementioned period which are first reported after the effective date of the policy. This policy also provides \$1,000,000 of coverage for general liability incurred but not reported claims that occurred after October 1, 2003 through October 1, 2006 and were first reported after the effective date of the policy.

The policy has annual aggregate limits of \$4,500,000 for medical incidents and \$3,000,000 for general liability cases with a combined \$16,500,000 total limit for all policy years. These aggregate limits are eroded by claims previously paid by the Hospital or other insurance.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

**Retirement Benefit Plans**

The Hospital maintains a defined benefit pension plan for eligible individuals. Reference is made to Note 9.

**Risks and Uncertainties**

The Hospital invests in a variety of investment securities which are exposed to various risks, such as interest rate risk, financial market risk and credit risk. Due to the level of risk associated with investment securities, coupled with the recent economic events, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Hospital's September 30, 2009 financial statements, in addition to the funded status of its defined benefit pension plan.

**Reclassifications**

Certain 2008 amounts have been reclassified to conform to the 2009 presentation. These reclassifications had no impact on the deficiency of revenues over expenses or net assets previously reported.

**Adoption of New Accounting Pronouncements**

In June 2009, the FASB issued ASC 105, *Generally Accepted Accounting Principles* ("ASC 105"), which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of ASC 105, the Hospital has updated references to GAAP in its financial statements issued for the year ended September 30, 2009. The adoption of ASC 105 did not impact the Hospital's financial position or results of operations.

Effective October 1, 2008, the Hospital adopted ASC 820, *Fair Value Measurements and Disclosures*, ("ASC 820"). ASC 820 provides a definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The adoption of ASC 820 did not have a material effect on the Hospital's financial statements. See Note 4 for related fair value disclosures.

ASC 820 delays the effective date for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis, until fiscal years beginning after November 15, 2008. Accordingly, the Hospital will apply the provisions of ASC 820 to nonfinancial assets and nonfinancial liabilities beginning with the fiscal year ending September 30, 2010.



The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**1. Significant Accounting Policies and Organization (continued)**

Effective October 1, 2008, the Hospital adopted ASC 825-10, *The Fair Value Option for Financial Assets and Liabilities* (ASC 825-10). ASC 825-10 permits companies to choose to measure certain financial instruments and other items at fair value that currently are not required to be measured at fair value under accounting principles generally accepted in the United States of America. The Hospital chose not to elect the fair value option for its financial assets and liabilities. Consequently, the adoption of ASC 825-10 did not have any impact on its financial statements.

On October 1, 2008, the Hospital adopted ASC 958-205, *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds* (ASC 958-205), which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The adoption of ASC 958-205 did not have a material effect on the Hospital's financial statements.

For its fiscal year ended September 30, 2009, the Hospital adopted the measurement date provisions of ASC 715-30, *Compensation Retirement Benefits Defined Benefit Plans*. ASC 715-30 requires the fair value of plan assets and benefit obligations to be measured as of the date of the employer's fiscal year-end in the balance sheet. See Note 9 for the impact of adopting these provisions.

During 2009, the Hospital adopted ASC 855-10, *Subsequent Events* (ASC 855-10). ASC 855-10 establishes general standards of accounting and disclosure requirements for subsequent events, events that occur after the balance sheet date but before the financial statements are issued. In addition, certain events subsequent to the balance sheet date may require recognition in the financial statements as of the balance sheet date under the requirements of ASC 855-10. The Hospital adopted the provisions of ASC 855-10 as of September 30, 2009, and evaluated the impact of subsequent events through January 25, 2010, representing the date at which the financial statements were available to be issued.

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**2. Revenues from Services to Patients and Charity Care**

The following table summarizes net revenues from services to patients:

	<b>Year ended September 30</b>	
	<b>2009</b>	<b>2008</b>
Gross revenues from services to patients	<b>\$ 869,347,653</b>	<b>\$ 733,926,007</b>
Deductions (additions):		
Allowances	615,860,345	497,785,603
Free care	3,273,671	3,956,734
Regulatory	<u>(3,325,129)</u>	<u>(3,120,672)</u>
	<b>615,808,887</b>	<b>498,621,665</b>
	<b><u>\$ 253,538,766</u></b>	<b><u>\$ 235,304,342</u></b>

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from most payors are different from the established billing rates of the Hospital, and these differences are accounted for as allowances. Gross revenues have been affected by the State of Connecticut Disproportionate Share program in 2009 and 2008.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For the years ended September 30, 2009 and 2008, the Hospital recorded approximately \$1,660,760 and \$1,211,000, respectively, as an increase to net revenue from services to patients as changes in estimates related to third-party payor settlements and adjustments to accruals recorded in the prior year.

During 2009 and 2008, approximately 44% and 43%, respectively, of net revenue from services to patients was received under the Medicare program, 10% and 11%, respectively, under the state Medicaid program, and 37% and 37%, respectively, from contracts with other third-parties.

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

## The Waterbury Hospital and Subsidiaries

### Notes to Consolidated Financial Statements

September 30, 2009

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

The significant concentrations of net accounts receivable for services to patients include 36% from Medicare, 9% from Medicaid, 31% from commercial insurance carriers and 24% from others at September 30, 2009 (44%, 11%, 35% and 10%, respectively, in 2008).

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations. Cost reports for the Hospital, which serve as a basis for final settlement with government payors, have been settled by final settlement through 2006 for Medicare and 1995 for Medicaid. Other years remain open for settlement.

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

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

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**3. Investments**

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

	September 30			
	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Funds held by trustee:				
Certificates of deposit and money market funds	\$ 14,570	\$ 14,570	\$ 1,424,705	\$ 1,424,705
U.S. Government obligations and other bonds	4,994	2,273	3,500,168	3,384,994
	<u>\$ 19,564</u>	<u>\$ 16,843</u>	<u>\$ 4,924,873</u>	<u>\$ 4,809,699</u>
Escrow funds for long-term debt:				
U.S. Government obligations	\$ 555,577	\$ 554,776	\$ 532,957	\$ 531,529
Guaranteed investment contracts	2,020,082	2,020,082	2,020,003	2,020,003
Cash and money market funds	2,268	2,268	8,162	8,162
	<u>\$ 2,577,927</u>	<u>\$ 2,577,126</u>	<u>\$ 2,561,122</u>	<u>\$ 2,559,694</u>
Investments of funds held in trust by others	<u>\$ 35,476,750</u>	<u>\$ 37,864,978</u>	<u>\$ 43,025,577</u>	<u>\$ 38,548,695</u>
Long-term investments and Board-designated funds:				
Certificates of deposit and money market funds	\$ 927,817	\$ 927,817	\$ 567,207	\$ 567,207
Marketable equity securities	23,464	52,854	23,464	52,195
U.S. Government obligations	1,964,004	2,050,949	2,330,664	2,379,174
Corporate bonds	1,370,085	1,404,248	1,482,987	1,367,924
Mutual funds	7,187,329	7,563,802	9,494,792	8,159,370
Other investments	276,312	276,312	197,525	197,525
	<u>\$ 11,749,011</u>	<u>\$ 12,275,982</u>	<u>\$ 14,096,639</u>	<u>\$ 12,723,395</u>

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**3. Investments (continued)**

Unrestricted investment income, including income on funds held in trust by others, and gains and (losses) are comprised of the following for the years ended September 30, 2009 and 2008:

	2009	2008
Income:		
Investment income	\$ 1,628,376	\$ 1,861,902
Realized gains (losses) on sales of investments	1,014,578	(8,850)
Changes in net unrealized gains (losses) on investments	19,255	(115,851)
	\$ 2,662,209	\$ 1,737,201

A summary of interest cost and investment income on borrowed funds held by the trustee under revenue bond indentures during the years ended September 30, 2009 and 2008 follows:

	2009	2008
Interest charged to operations	\$ 1,192,730	\$ 1,229,808
Investment income credited to other operating revenues	\$ 133,317	\$ 123,946

**4. Fair Value Measurements**

As explained in Note 1, the Hospital adopted ASC 820 on October 1, 2008. Assets and liabilities recorded at fair value in the financial statements are categorized, for disclosure purposes, based upon whether the inputs used to determine their fair values are observable or unobservable utilizing a three-level fair value hierarchy that prioritizes the inputs used to measure assets and liabilities at fair value. Level inputs are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital has the ability to access on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable for the asset or liability.

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**4. Fair Value Measurements (continued)**

The fair values of Level 1 securities were determined through quoted market prices, while fair values of Level 2 securities were determined primarily through prices obtained from third party pricing sources, where quoted market prices for such securities are not available. The fair values of Level 3 securities were determined primarily through information obtained from the relevant counterparties for such investments, as information on which these securities' fair values are based is generally not readily available in the market.

The following table summarizes fair value measurements, by level, at September 30, 2009, for all assets and liabilities which are measured at fair value on a recurring basis in the financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,606,510	\$ -	\$ -	\$ 18,606,510
Short-term investments	359,823	-	-	359,823
Funds held by trustee	16,843	-	-	16,843
Debt service fund	557,044	-	-	557,044
Debt service reserve fund	-	2,020,082	-	2,020,082
Funds held in trust by others	28,545,134	9,319,844	-	37,864,978
Long-term investments	6,910,633	2,460,645	231,549	9,602,827
Board-designated endowment funds	2,673,155	-	-	2,673,155
	<u>\$ 57,669,142</u>	<u>\$ 13,800,571</u>	<u>\$ 231,549</u>	<u>\$ 71,701,262</u>
<b>Liabilities:</b>				
Asset retirement obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,129,801</u>	<u>\$ 2,129,801</u>

The following is a reconciliation of Level 3 assets and liabilities (at either the beginning or the ending of the period) for which significant unobservable inputs were used to determine fair value:

	<u>Long-term Investments</u>
Balance, as of September 30, 2008	\$ 132,904
Purchases	98,645
Balance, as of September 30, 2009	<u>\$ 231,549</u>
	<u>Asset Retirement Obligation</u>
Balance, as of September 30, 2008	\$ 2,015,317
Accretion expense	114,484
Balance, as of September 30, 2009	<u>\$ 2,129,801</u>

## The Waterbury Hospital and Subsidiaries

### Notes to Consolidated Financial Statements

September 30, 2009

#### 5. Restricted Endowments

The Hospital's endowments consist of donor-restricted endowment funds and Board designated endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Hospital's Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard for expenditure as proscribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Hospital and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Hospital
- (7) The investment policies of the Hospital

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**5. Restricted Endowments (continued)**

**Return Objectives and Risk Parameters**

For the permanently restricted endowment funds, the bank, acting in its capacity as trustee, determines and directs the investment policy and asset allocation. For the unrestricted and temporarily restricted endowment funds, the Hospital's Board of Directors has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Hospital expects these endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by 3.5% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Hospital has a policy of evaluating the spending decisions for each endowment fund based upon the intentions of the donors and specific contractual agreements. In determining the annual amount to be spent, the Hospital considers the long-term expected return on its endowment. The spending policy is designed to limit spending to the expected long-term real rate of return. The annual distribution from the endowment funds is expected to be contained within a range of 4-6% of the trusts' market value. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.



The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**5. Restricted Endowments (continued)**

**Endowment Net Asset Composition by Type of Fund as of September 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 5,978,741	\$ 40,656,969	\$ 46,635,710
Board-designated endowment funds	2,673,155	-	-	2,673,155
Total funds	<u>\$ 2,673,155</u>	<u>\$ 5,978,741</u>	<u>\$ 40,656,969</u>	<u>\$ 49,308,865</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	\$ -	\$ 9,139,586	\$ 41,340,126	\$ 50,479,712
Investment return:				
Investment income	41,596	427,613	-	469,209
Net appreciation (depreciation) (realized and unrealized)	455,687	(753,841)	(683,717)	(981,871)
Total investment return	497,283	(326,228)	(683,717)	(512,662)
Transfers	2,175,872	(2,175,872)	-	-
Appropriation of endowment assets for expenditure	-	(668,745)	-	(668,745)
Contributions	-	10,000	560	10,560
Endowment net assets, ending balance	<u>\$ 2,673,155</u>	<u>\$ 5,978,741</u>	<u>\$ 40,656,969</u>	<u>\$ 49,308,865</u>

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**5. Restricted Endowments (continued)**

**Endowment Net Asset Composition by Type of Fund as of September 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 9,139,586	\$ 41,340,126	\$ 50,479,712
Board-designated endowment funds	-	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 9,139,586</u>	<u>\$ 41,340,126</u>	<u>\$ 50,479,712</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	\$ -	\$ 11,869,362	\$ 50,029,145	\$ 61,898,507
Investment return:				
Investment income	-	669,825	-	669,825
Net depreciation (realized and unrealized)	-	(2,741,560)	(8,689,069)	(11,430,629)
Total investment return	-	(2,071,735)	(8,689,069)	(10,760,804)
Appropriation of endowment assets for expenditure	-	(668,041)	-	(668,041)
Contributions	-	10,000	50	10,050
Endowment net assets, ending balance	<u>\$ -</u>	<u>\$ 9,139,586</u>	<u>\$ 41,340,126</u>	<u>\$ 50,479,712</u>

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**6. Temporarily and Permanently Restricted Net Assets**

Permanently restricted net assets at September 30, 2009 and 2008, are restricted amounts which are to be held in perpetuity, the income from which is expendable to provide free care, scholarships for the children of the Hospital's employees, and for the operations of the Hospital. Also included in permanently restricted net assets are funds held in trust by others. The Hospital is the restricted income beneficiary of funds held in trust by others. The total trust assets, as reported by the trustee, had an aggregate quoted market value at September 30, 2009 and 2008 of \$37,864,978 and \$38,548,695, respectively. Income of \$1,429,877 and \$1,770,515 earned on these assets for the years ended September 30, 2009 and 2008, respectively, is included in investment income.

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

During 2009, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing grant related services, free care, and various miscellaneous services in the amounts of \$4,103,736, \$620,838 and \$384,619, respectively in 2009 and \$3,786,436, \$607,015 and \$348,654, respectively in 2008. In addition, \$69,902 and \$333,725 were released for the purchase of property and equipment in 2009 and 2008, respectively.

Based on a current review of donor intentions and further donor clarification obtained in 2009, the Hospital transferred \$2,175,872 from temporarily restricted net assets to unrestricted net assets. This transfer has been included in the net assets transferred and released from restrictions in the 2009 consolidated statement of operations and changes in net assets.

**7. Debt**

**Series C Bond Financing**

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

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**7. Debt (continued)**

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

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

During the year ended September 30, 2008, the Obligated Group (Hospital and Network) violated certain debt covenants, including the debt service coverage ratio and minimum level of cash on hand. As required under the Master Trust Indenture, the Hospital retained an independent consultant to make recommendations regarding rates, fees, charges, or methods of operations to increase the debt service coverage ratio. On February 26, 2009, the Hospital and Network entered into a forbearance agreement with the bond insurer which waived the consequences of these defaults and modified future financial and other covenants. The Obligated Group was in compliance with the terms of the forbearance agreement as of September 30, 2009.

Future minimum payments by year and in the aggregate, subject to early redemption provisions discussed above, under the Series C bond financing are as follows at September 30, 2009:

2010	\$ 820,000
2011	865,000
2012	910,000
2013	965,000
2014	1,025,000
Aggregate thereafter	<u>15,670,000</u>
	<u>\$ 20,255,000</u>

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**7. Debt (continued)**

Access has a \$250,000 line of credit with a bank. There were no borrowings under this line of credit at September 30, 2009 and 2008.

In 2002, the Hospital assumed a purchase money note payable to a bank to partially fund equipment purchases for the Reed Ambulatory Surgery Center. The original amount of the note was \$2,700,000 and was repayable in monthly installments of principal plus interest at the LIBOR rate plus 2.00% or the prime rate and was repaid in full in January 2008.

The Hospital obtained an equipment loan through CHEFA during 2004. The total loan commitment was \$9,361,036 and was drawn in unequal periodic amounts through December 2005. The loan was repayable in installments of principal plus interest at a fixed rate of 4.446% totaling \$170,745 per month through March 2009. The balance of this loan was \$1,011,316 at September 30, 2008. The loan was repaid in full in March 2009.

The Hospital has a \$4 million letter of credit with a bank available to support its self-insured workers' compensation program that is collateralized by certain investments held by the bank. As of September 30, 2009, there were no borrowings on this letter of credit.

The Hospital entered into an equipment lease during 2009. The lease calls for equal monthly payments of \$7,278 through June 2011 and is secured by the equipment. The balance of the capital lease liability is \$148,379 at September 30, 2009.

GWIC obtained an equipment loan through a bank during 2003. The original amount of the loan was \$1,325,000 and was repayable in monthly installments of principal plus interest at the 30-day LIBOR rate plus 1.00% through April 2008. This loan was repaid in full in May 2008.

Imaging Partners, LLC entered into a master equipment lease during 2006. The lease calls for unequal periodic payments through October 2011 and is secured by the equipment. The balance of the capital lease liability was \$466,179 and \$661,599 at September 30, 2009 and 2008, respectively.

Future minimum payments by year and in the aggregate for all obligations other than the CHEFA Series C bonds were as follows at September 30, 2009:

2010		\$	296,974
2011			297,266
2012			20,318
		\$	614,558

The fair value of the debt, using the discounted cash flow analyses, was approximately \$23,066,763 at September 30, 2009.

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**8. Rental Expense and Lease Commitments**

The Hospital has entered into operating leases for office space and office equipment. Rental expense for the years ended September 30, 2009 and 2008 was \$3,051,411 and \$2,536,883, respectively. The minimum rental commitments under all noncancellable operating leases with initial or remaining terms of more than one year are as follows:

2010	\$ 1,620,077
2011	1,439,852
2012	1,327,302
2013	1,484,638
2014	1,658,900
Thereafter	<u>3,801,805</u>
	<u>\$ 11,332,574</u>

**9. Employee Benefit Plans**

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

As discussed in Note 1, the Hospital adopted the measurement date provision of ASC 715-30 as of September 30, 2009. As a result, the increase to the benefit obligation and deferred pension cost for the effect of moving the measurement date from June 30 to September 30 ("gap period") was \$343,000. The effect on the Hospital's consolidated balance sheet has been recognized as an adjustment to unrestricted net assets in the accompanying consolidated statements of operations and changes in net assets, representing the net periodic benefit cost attributable to the period July 1 through September 30, 2008. Adopting ASC 715-30's measurement date provision did not have an effect on the Hospital's consolidated balance sheet at September 30, 2008.

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**9. Employee Benefit Plans (continued)**

Following is a summary of the Plan's funded status (using the measurement dates of September 30 in 2009 and June 30 in 2008) and amounts recognized in the Hospital's financial statements. Contributions made subsequent to the measurement date, but prior to September 30, decrease the accrued pension liability:

	September 30	
	2009	2008
<b>Change in benefit obligation</b>		
Benefit obligation beginning of year	\$ (33,567,569)	\$ (34,385,903)
Service cost	(1,065,635)	(1,161,376)
Service and interest costs during gap period	(782,683)	-
Plan amendments	-	(340,786)
Interest cost	(2,065,099)	(2,048,212)
Actuarial gain	1,094,303	1,870,981
Benefits paid	1,271,159	2,497,727
Benefit payments during gap period	439,266	-
Benefit obligation, end of year	<u>\$ (34,676,258)</u>	<u>\$ (33,567,569)</u>
<b>Change in plan assets</b>		
Fair value of plan assets, beginning of year	\$ 31,692,647	\$ 35,840,683
Actual return on plan assets	(3,505,041)	(1,991,309)
Employer contributions	437,000	341,000
Benefits paid	(1,271,159)	(2,497,727)
Benefit payments during gap period	(439,266)	-
Fair value of plan assets, end of year	<u>\$ 26,914,181</u>	<u>\$ 31,692,647</u>
Funded status	\$ (7,762,077)	\$ (1,874,922)
Employer contributions subsequent to measurement date	-	437,000
Accrued pension liability	<u>\$ (7,762,077)</u>	<u>\$ (1,437,922)</u>
<b>Components of net periodic pension cost</b>		
Service cost	\$ 1,065,635	\$ 1,161,376
Interest cost	2,065,099	2,048,212
Expected return on plan assets	(2,702,674)	(2,813,266)
Amortization of actuarial loss	-	170,766
Amortization of prior service cost	35,527	431
Net periodic pension cost	<u>\$ 463,587</u>	<u>\$ 567,519</u>
Accumulated benefit obligation	<u>\$ 33,404,451</u>	<u>\$ 32,682,317</u>

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**9. Employee Benefit Plans (continued)**

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic cost:

	September 30	
	<u>2009</u>	<u>2008</u>
Unrecognized prior service cost	\$ (298,567)	\$ (342,976)
Unrecognized actuarial losses	(12,364,630)	(6,575,550)
Benefit obligation, end of year	<u>\$ (12,663,197)</u>	<u>\$ (6,918,526)</u>

Changes in benefit obligations recognized in unrestricted net assets during 2009 include:

	September 30	
	<u>2009</u>	<u>2008</u>
Prior service cost	\$ (266,409)	\$ (340,786)
Current year actuarial losses	(5,295,568)	(2,933,594)
Change in measurement date	(343,000)	-
Amortization of actuarial losses	-	170,766
Amortization of prior service cost	35,527	431
	<u>\$ (5,869,450)</u>	<u>\$ (3,103,183)</u>

The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic cost during the year ending September 30, 2010 are \$35,527 and \$129,140, respectively.

**Assumptions**

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

	<u>2009</u>	<u>2008</u>
Discount rate	5.50%	6.85%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	3.00%	3.00%



The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**9. Employee Benefit Plans (continued)**

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

	2009	2008
Discount rate	6.85%	6.25%
Expected return on assets	8.00%	8.50%
Rate of compensation increase	3.00%	3.50%

**Expected Long-Term Return on Plan Assets**

To develop the expected long-term rate of return on assets assumptions, the Hospital considered the historical returns and the future expectations of returns for each asset class, as well as target asset allocations of the pension portfolio. This resulted in the selection of the 8.0% long-term rate of return.

**Investment Policy**

The Plan's weighted-average asset allocation at September 30, 2009 and 2008, by asset category are as follows:

Asset Category	Plan Assets at September 30		Asset Allocation Policy	
	2009	2008	Target	Range
Equity securities	64%	62%	70%	60% -80%
Debt securities	26%	32%	30%	20% -40%
Cash and cash equivalents	10%	6%		

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

The Waterbury Hospital and Subsidiaries  
Notes to Consolidated Financial Statements

September 30, 2009

**9. Employee Benefit Plans (continued)**

**Contributions**

The Hospital expects to make \$3,000,000 in contributions to the Plan in 2010.

**Estimated Future Benefit Payments**

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

<b>Fiscal Year</b>	<b>Benefit Payments</b>
2010	\$ 2,784,566
2011	2,032,622
2012	2,372,719
2013	2,593,060
2014	2,614,284
2015 - 2019	14,494,384
	<u>\$ 26,891,635</u>

**Other Benefit Plans**

The Hospital also makes contributions for substantially all union employees to pension plans sponsored by the union. Contributions are based on a percentage of each participant's total salary. Total pension expense charged to operations during the years ended September 30, 2009 and 2008 was \$3,920,506 and \$4,195,977, respectively.

In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a total benefit and is partially funded. As of September 30, 2009 and 2008, liabilities of \$1,133,531 and \$1,076,696, respectively, have been reflected in the consolidated balance sheets.

**10. Self-Insurance Claims**

There have been medical malpractice and workers' compensation claims that fall within the Hospital's partially self-insured program, which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2009 that may result in the assertion of claims. Hospital management has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidents in the past. Hospital management has provided reserves for these contingent liabilities.

The Waterbury Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2009

**11. Contingencies**

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

**12. Due from (to) Affiliates**

The amounts due from (to) affiliates of \$5,802,476 and \$(705,541) at September 30, 2009 and 2008, respectively, represent receivables from and (payables) to affiliates that do not eliminate in consolidation. These balances are comprised of the following:

	<b>September 30</b>	
	<u>2009</u>	<u>2008</u>
Greater Waterbury Health Network, Inc.	\$ 4,939,861	\$ (2,734,828)
Alliance Medical Group of Greater Waterbury, P.C.	1,014,665	2,029,287
Greater Waterbury Management Resources, Inc.	<u>(152,050)</u>	-
	<u>\$ 5,802,476</u>	<u>\$ (705,541)</u>

**13. Functional Expenses**

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

	<b>Year ended September 30</b>	
	<u>2009</u>	<u>2008</u>
Health care services	\$ 203,540,626	\$ 207,290,436
General and administrative	59,276,398	46,763,490
Fundraising	409,489	409,126
	<u>\$ 263,226,513</u>	<u>\$ 254,463,052</u>

**Report of Independent Auditors  
on Other Financial Information**

Board of Trustees  
The Waterbury Hospital

Our report on our audits of the basic consolidated financial statements of The Waterbury Hospital as of and for the years ended September 30, 2009 and 2008 appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The following consolidating information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*UHY* LLP

Hartford, Connecticut  
January 25, 2010

The Waterbury Hospital and Subsidiaries  
Consolidating Balance Sheet  
September 30, 2009

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Eliminations	Consolidated
<b>Assets</b>							
Current assets:							
Cash and cash equivalents	\$ 14,657,330	\$ 2,349,662	\$ 1,365,966	\$ 231,057	\$ 2,495	\$ -	\$ 18,606,510
Short-term investments	-	-	359,823	-	-	-	359,823
Other assets required for current liabilities	573,887	-	-	-	-	-	573,887
Patient accounts receivable, net	30,390,471	677,165	1,256,878	51,250	-	-	32,375,764
Grants and other receivables	1,208,850	-	-	-	-	(107,112)	1,101,738
Inventories of supplies	584,339	-	-	-	-	-	584,339
Prepaid insurance and other expenses	1,248,474	-	86,041	3,218	37,005	-	1,374,738
Due from affiliates	902,115	-	-	-	(39,500)	-	862,615
Total current assets	49,565,466	3,026,827	3,068,708	285,525	-	(107,112)	55,839,414
Other assets:							
Certificates of deposit and money market funds	14,570	-	-	-	-	-	14,570
U.S. Government obligations and other bonds	2,273	-	-	-	-	-	2,273
	16,843	-	-	-	-	-	16,843
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:							
Debt service fund	557,044	-	-	-	-	-	557,044
Debt service reserve fund	2,020,082	-	-	-	-	-	2,020,082
Total other assets	2,593,969	-	-	-	-	-	2,593,969
Less assets that are required for current liabilities	573,887	-	-	-	-	-	573,887
	2,020,082	-	-	-	-	-	2,020,082
Funds held in trust by others	37,864,978	-	-	-	-	-	37,864,978
Long-term investments	9,558,064	44,763	-	-	-	-	9,602,827
Board-designated endowment funds	2,673,155	-	-	-	-	-	2,673,155
Other receivables	732,690	-	-	-	-	-	732,690
Due from affiliates, less current portion	4,939,861	-	-	-	-	-	4,939,861
CHEFA obligations issue expense, less amortization	606,280	-	-	-	-	-	606,280
	56,375,028	44,763	-	-	-	-	56,419,791
Property, plant and equipment:							
Land	287,549	-	-	-	-	-	287,549
Buildings and improvements	82,901,649	783,430	355,639	-	-	-	84,040,718
Equipment	157,434,226	6,686,393	617,021	1,089,651	-	-	165,827,291
Construction in progress	93,916	-	-	-	-	-	93,916
Accumulated depreciation	(197,380,797)	(5,895,531)	(452,861)	(754,935)	-	-	(204,484,124)
	43,336,543	1,574,292	519,799	334,716	-	-	45,765,350
	\$ 151,297,119	\$ 4,645,882	\$ 3,588,507	\$ 620,241	\$ -	\$ (107,112)	\$ 160,044,637

The Waterbury Hospital and Subsidiaries  
 Consolidating Balance Sheet (continued)  
 September 30, 2009

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Eliminations	Consolidated
<b>Liabilities and net assets</b>							
Current liabilities:							
Accounts payable and accrued expenses	\$ 14,976,895	\$ 437,552	\$ 458,345	\$ 53,045	\$ -	\$ (107,112)	\$ 15,818,725
Salaries, wages, payroll taxes and amounts withheld from employees	7,919,991	-	272,467	-	-	-	8,192,458
Due to third-party reimbursement agencies	1,023,178	-	-	-	-	-	1,023,178
Current portion of CHEFA obligations	820,000	-	-	-	-	-	820,000
Current portion of notes payable	83,754	-	-	213,220	-	-	296,974
Total current liabilities	24,823,818	437,552	730,812	266,265	-	(107,112)	26,151,335
Other noncurrent liabilities	14,365,164	-	-	-	-	-	14,365,164
CHEFA obligations, less current portion and discount	18,984,928	-	-	-	-	-	18,984,928
Notes payable, less current portion	64,625	-	-	252,959	-	-	317,584
Minority interest in net assets of consolidated affiliates	-	-	-	-	-	2,530,345	2,530,345
Net assets:							
Unrestricted	44,636,663	4,208,330	2,857,695	101,017	-	(2,530,345)	49,273,360
Temporarily restricted	7,764,952	-	-	-	-	-	7,764,952
Permanently restricted	40,656,969	-	-	-	-	-	40,656,969
	93,058,584	4,208,330	2,857,695	101,017	-	(2,530,345)	97,695,281
	\$ 151,297,119	\$ 4,645,882	\$ 3,588,507	\$ 620,241	\$ -	\$ (107,112)	\$ 160,044,637

The Waterbury Hospital and Subsidiaries  
 Consolidating Balance Sheet  
 September 30, 2008

	The Waterbury Hospital	Greater Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 10,440,801	\$ 2,356,620	\$ 527,237	\$ 303,908	\$ -	\$ 13,628,566
Short-term investments	-	-	329,890	-	-	329,890
Other assets required for current liabilities	2,737,177	-	-	-	-	2,737,177
Patient accounts receivable, net	33,654,146	659,247	1,323,356	58,702	-	35,695,451
Grants and other receivables	1,047,194	-	-	-	(245,080)	802,114
Inventories of supplies	608,211	-	-	-	-	608,211
Prepaid insurance and other expenses	1,697,859	-	78,280	3,609	-	1,779,748
Due from third-party reimbursement agencies	810,405	-	-	-	-	810,405
Total current assets	50,995,793	3,015,867	2,258,763	366,219	(245,080)	56,391,562
Other assets:						
Certificates of deposit and money market funds	1,424,705	-	-	-	-	1,424,705
U.S. Government obligations and other bonds	3,384,994	-	-	-	-	3,384,994
	4,809,699	-	-	-	-	4,809,699
Funds held in escrow by agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) and trustee:						
Debt service fund	539,691	-	-	-	-	539,691
Debt service reserve fund	2,020,003	-	-	-	-	2,020,003
Total other assets	7,369,393	-	-	-	-	7,369,393
Less assets that are required for current liabilities	2,737,177	-	-	-	-	2,737,177
	4,632,216	-	-	-	-	4,632,216
Funds held in trust by others	38,548,695	-	-	-	-	38,548,695
Long-term investments	12,658,774	64,621	-	-	-	12,723,395
Other receivables	876,157	-	-	-	-	876,157
CHEFA obligations issue expense, less amortization	636,977	-	-	-	-	636,977
	52,720,603	64,621	-	-	-	52,785,224
Property, plant and equipment:						
Land	287,549	-	-	-	-	287,549
Buildings and improvements	82,567,247	762,951	294,037	-	-	83,624,235
Equipment	156,143,006	6,671,450	488,131	1,089,651	-	164,392,238
Construction in progress	193,299	-	-	-	-	193,299
Accumulated depreciation	(188,689,241)	(5,524,880)	(368,585)	(543,764)	-	(195,126,470)
	50,501,860	1,909,521	413,583	545,887	-	53,370,851
	\$ 158,850,472	\$ 4,990,009	\$ 2,672,346	\$ 912,106	\$ (245,080)	\$ 167,179,853

The Waterbury Hospital and Subsidiaries  
Consolidating Balance Sheet (continued)  
September 30, 2008

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
<b>Liabilities and net assets</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$ 19,749,922	\$ 436,571	\$ 286,255	\$ 74,756	\$ (245,080)	\$ 20,302,424
Salaries, wages, payroll taxes and amounts withheld from employees	8,988,896	-	238,964	-	-	9,227,860
Current portion of CHEFA obligations	790,000	-	-	-	-	790,000
Current portion of notes payable	1,011,316	-	-	195,420	-	1,206,736
Due to affiliates	705,541	-	-	-	-	705,541
<b>Total current liabilities</b>	<b>31,245,675</b>	<b>436,571</b>	<b>525,219</b>	<b>270,176</b>	<b>(245,080)</b>	<b>32,232,561</b>
Other noncurrent liabilities	7,826,358	-	-	-	-	7,826,358
<b>CHEFA obligations, less current portion and discount</b>	<b>19,782,139</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,782,139</b>
Notes payable, less current portion	-	-	-	466,179	-	466,179
Minority interest in net assets of consolidated affiliates	-	-	-	-	2,417,095	2,417,095
<b>Net assets:</b>						
Unrestricted	47,953,352	4,553,438	2,147,127	175,751	(2,417,095)	52,412,573
Temporarily restricted	10,702,822	-	-	-	-	10,702,822
Permanently restricted	41,340,126	-	-	-	-	41,340,126
	<b>99,996,300</b>	<b>4,553,438</b>	<b>2,147,127</b>	<b>175,751</b>	<b>(2,417,095)</b>	<b>104,455,521</b>
	<b>\$ 158,850,472</b>	<b>\$ 4,990,009</b>	<b>\$ 2,672,346</b>	<b>\$ 912,106</b>	<b>\$ (245,080)</b>	<b>\$ 167,179,853</b>



The Waterbury Hospital and Subsidiaries  
Consolidating Statement of Operations  
Year ended September 30, 2009

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
<b>Revenues:</b>						
Net revenues from services to patients	\$ 239,928,524	\$ 6,209,797	\$ 9,070,024	\$ 787,117	\$ (2,456,696)	\$ 253,538,766
Other operating revenues	3,509,420	7,125	2,457	4,924	(236,198)	3,287,728
Net assets released from restrictions	5,108,393	-	-	-	-	5,108,393
	<u>248,546,337</u>	<u>6,216,922</u>	<u>9,072,481</u>	<u>792,041</u>	<u>(2,692,894)</u>	<u>261,934,887</u>
<b>Expenses:</b>						
Salaries	105,995,287	767,436	4,788,170	-	-	111,550,893
Employee benefits	30,095,663	98,741	1,014,891	-	-	31,209,295
Supplies and other	79,874,500	2,255,744	2,144,903	469,282	(2,695,959)	82,048,470
Bad debts	14,319,487	(15,160)	124,536	-	-	14,428,863
Depreciation	8,904,648	390,508	89,347	211,310	-	9,595,813
Operations Improvement	12,908,481	-	-	-	-	12,908,481
Interest and amortization	1,434,528	-	-	50,170	-	1,484,698
	<u>253,532,594</u>	<u>3,497,269</u>	<u>8,161,847</u>	<u>730,762</u>	<u>(2,695,959)</u>	<u>263,226,513</u>
(Loss) income from operations before minority interest	(4,986,257)	2,719,653	910,634	61,279	3,065	(1,291,626)
Minority interest in income of consolidated affiliates	-	-	-	-	(1,317,466)	(1,317,466)
(Loss) income from operations	(4,986,257)	2,719,653	910,634	61,279	(1,314,401)	(2,609,092)
<b>Nonoperating revenues:</b>						
Unrestricted gifts and bequests	434,411	-	-	-	(3,065)	431,346
Investment income	1,617,478	-	10,898	-	-	1,628,376
Realized losses on sales of investments	1,014,797	-	(219)	-	-	1,014,578
	<u>3,066,686</u>	<u>-</u>	<u>10,679</u>	<u>-</u>	<u>(3,065)</u>	<u>3,074,300</u>
(Deficiency) excess of revenues over expenses before net unrealized gains and losses on investments	(1,919,571)	2,719,653	921,313	61,279	(1,317,466)	465,208
Net unrealized losses on investments	-	-	19,255	-	-	19,255
(Deficiency) excess of revenue over expenses	<u>\$ (1,919,571)</u>	<u>\$ 2,719,653</u>	<u>\$ 940,568</u>	<u>\$ 61,279</u>	<u>\$ (1,317,466)</u>	<u>\$ 484,463</u>

The Waterbury Hospital and Subsidiaries  
Consolidating Statement of Operations  
Year ended September 30, 2008

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Eliminations	Consolidated
<b>Revenues:</b>						
Net revenues from services to patients	\$ 222,956,090	\$ 6,181,649	\$ 7,721,876	\$ 823,135	\$ (2,378,408)	\$ 235,304,342
Other operating revenues	5,349,119	32,388	8,891	8,953	(223,079)	5,176,272
Net assets released from restrictions	4,742,105	-	-	-	-	4,742,105
	<u>233,047,314</u>	<u>6,214,037</u>	<u>7,730,767</u>	<u>832,088</u>	<u>(2,601,487)</u>	<u>245,222,719</u>
<b>Expenses:</b>						
Salaries	108,695,757	800,462	4,447,794	-	-	113,944,013
Employee benefits	28,966,527	109,802	947,449	-	-	30,023,778
Supplies and other	78,987,626	2,182,746	1,817,157	494,675	(2,601,637)	80,880,567
Bad debts	17,717,523	74,099	100,303	-	-	17,891,925
Depreciation	9,513,112	325,880	74,888	212,488	-	10,126,368
Interest and amortization	1,526,874	3,043	-	66,484	-	1,596,401
	<u>245,407,419</u>	<u>3,496,032</u>	<u>7,387,591</u>	<u>773,647</u>	<u>(2,601,637)</u>	<u>254,463,052</u>
(Loss) income from operations before minority interest	(12,360,105)	2,718,005	343,176	58,441	150	(9,240,333)
Minority interest in income of consolidated affiliates	-	-	-	-	(1,101,174)	(1,101,174)
(Loss) income from operations	(12,360,105)	2,718,005	343,176	58,441	(1,101,024)	(10,341,507)
<b>Nonoperating revenues:</b>						
Unrestricted gifts and bequests	120,447	-	-	-	(150)	120,297
Investment income	1,849,308	-	12,594	-	-	1,861,902
Realized losses on sales of investments	(8,850)	-	-	-	-	(8,850)
	<u>1,960,905</u>	<u>-</u>	<u>12,594</u>	<u>-</u>	<u>(150)</u>	<u>1,973,349</u>
(Deficiency) excess of revenues over expenses before net unrealized gains and losses on investments	(10,399,200)	2,718,005	355,770	58,441	(1,101,174)	(8,368,158)
Net unrealized losses on investments	(85,583)	-	(30,268)	-	-	(115,851)
(Deficiency) excess of revenue over expenses	<u>\$ (10,484,783)</u>	<u>\$ 2,718,005</u>	<u>\$ 325,502</u>	<u>\$ 58,441</u>	<u>\$ (1,101,174)</u>	<u>\$ (8,484,009)</u>