

# ADDENDUM G

# Financial Statements

*December 2007*

PALOMAR  
POMERADO  
HEALTH  
SPECIALIZING IN YOU

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# December 2007 Financial Results Executive Summary and Highlights

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## Statistics:

<b>CONSOLIDATED</b>	<b>Nov</b>	<b>Dec</b>	<b>Nov vs Dec % Change</b>	<b>Dec Budget</b>	<b>Act vs Bud % Variance</b>
Patient Days Acute	9,291	9,397	1.1%	9,666	-2.8%
Patient Days SNF	6,252	6,441	3.0%	6,546	-1.6%
ADC Acute	309.70	303.13	-2.1%	311.82	-2.8%
ADC SNF	208.40	207.77	-0.3%	211.16	-1.6%
Surgeries CVS Cases	16	19	18.8%	12	58.3%
Surgeries Total	1,619	1,833	13.2%	1,995	-8.1%
Number of Births	470	436	-7.2%	466	-6.4%
<b>NORTH</b>					
Patient Days Acute	6,789	7,049	3.8%	7,298	-3.4%
Patient Days SNF	2,493	2,612	4.8%	2,720	-4.0%
ADC Acute	226.30	227.37	0.5%	235.43	-3.4%
ADC SNF	83.10	84.26	1.4%	87.74	-4.0%
<b>SOUTH</b>					
Patient Days Acute	2,502	2,348	-6.2%	2,368	-0.8%
Patient Days SNF	3,759	3,829	1.9%	3,826	0.1%
ADC Acute	83.41	75.75	-9.2%	76.38	-0.8%
ADC SNF	125.30	123.52	-1.4%	123.42	0.1%

# December 2007 Financial Results Executive Summary and Highlights (cont'd)

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## Balance Sheet:

**Current Cash & Cash Equivalents** increased \$3.2 million from \$72.7 million in November to \$75.9 million in December. This increase is primarily due to the increase in the 1% Ad Valorem property taxes that were collected in December. Total Cash and Investments are \$95.0 million, compared to \$94.1 million at November 30, 2007. Days Cash on Hand remained at 85 days, unchanged from November.

**Net Accounts Receivable** increased to \$91.4 million in December as compared to \$88.8 million in November. Gross A/R days decreased from 54.2 days in November to 53.1 days in December. December patient account collections including capitation are \$32.4 million compared to budget of \$33.1 million. December YTD collections are \$193.7 million compared to budget of \$198.6 million.

**Construction in Progress** increased \$7.3 million from \$162.2 million in November to \$169.5 million in December. The increase is attributed to Building Expansion A & E Services and construction costs \$5.0 million and Pomerado Outpatient Pavilion tenant improvements \$1.5 million.

# December 2007 Financial Results Executive Summary and Highlights (cont'd)

G5

## Income Statement:

**Gross Patient Revenue** for YTD reflects a favorable budget variance of \$11.9 million. The \$11.9 million favorable variance is composed of \$16.2 million unfavorable volume variance and \$28.1 million favorable rate variance based on adjusted discharges.

Routine revenue (inpatient room and board) reflects an unfavorable \$4.2 million budget variance. Inpatient Ancillary revenue represents a \$7.0 million favorable budget variance. North reflects \$3.8 million favorable variance and South reflects \$3.2 million favorable variance.

Outpatient revenue reflects a favorable budget variance of \$9.0 million. North has a \$10.8 million favorable variance. This amount is decreased by South \$1.0 million unfavorable variance and Outreach \$0.8 million unfavorable variance.

**Deductions from Revenue** reflect a YTD unfavorable variance of \$12.1 million. Total Deductions from Revenue is 69.95% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 65.62% of YTD Gross Revenue compared to budget of 65.03%.

# December 2007 Financial Results

## Executive Summary and Highlights (cont'd)

### Income Statement (cont'd):

The net capitation reflects a YTD unfavorable budget variance of \$0.1 million. Cap Premium and Out of Network Claim Expense both show a favorable budget variance of \$2.8 million and \$1.9 million, respectively. A favorable variance of Cap Premium is due to retro 2006 premium adjustments in August. Cap Valuation shows an unfavorable variance of \$4.8 million due to using bill drop date instead of discharge date.

**Other Operating Revenue** reflects a YTD unfavorable budget variance of \$2.8 million. The most significant contributor to this variance is the Foundation where actual revenue is zero versus a budget of \$1.8 million. After the budget was prepared, a change in procedure was initiated to credit the Foundation's expenses instead of revenue for funding requests. Therefore, the offset to this revenue loss is a reduction to expenses. This variance will be ongoing throughout the year. PPNC Health Development has a YTD unfavorable variance of \$0.7 million. Also contributing to this variance is the Grant program for Welcome Home Baby and Home Health Outreach where the YTD variances are unfavorable by \$0.5 million each. All these negative variances are partially offset by the Spartanburg class action settlement of \$0.2 million, a VHA Rebate of \$0.1 million and the insurance settlement for the Graybill Auditorium water damage of \$0.2 million.

**Salaries, Wages & Contract Labor** has a YTD unfavorable budget variance of \$4.6 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
<b>Consolidated</b>	103,791,225	99,198,198	(4,593,027)
<b>North</b>	59,588,000	57,518,526	(2,069,474)
<b>South</b>	24,499,771	23,204,252	(1,295,519)
<b>Central</b>	14,886,001	13,603,654	(1,282,347)
<b>Outreach</b>	4,817,453	4,871,766	54,313

# December 2007 Financial Results Executive Summary and Highlights (cont'd)

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## Income Statement (cont'd):

**Benefits Expense** has a YTD unfavorable budget variance of \$972 thousand. This variance is due to various categories. They are: FICA – unfavorable by \$695 thousand; Health and Dental – unfavorable by \$536 thousand; Workers Compensation – unfavorable by \$231 thousand; and Pension – unfavorable by \$116 thousand. These are partially offset by a favorable variance in Other Benefits of \$608 thousand.

**Supplies Expense** reflects a YTD unfavorable budget variance of \$558 thousand. The unfavorable variance is composed of surgical general supplies at \$416 thousand, other medical supplies at \$368 thousand and other general supplies at \$317. The favorable variance is pharmacy at \$543 thousand.

**Prof Fees & Purchased Services** reflect a YTD favorable budget variance of \$0.6 million. The favorable variance of \$1.2 million in professional fees is due to physician income guarantees not realized and consulting fees in Design/Facility and Welcome Home Baby. The unfavorable variance of \$0.6 million in purchase services is due to contracted purchased services.

**Non-Operating Income** reflects a YTD favorable variance of \$2.4 million. This is mainly due to a favorable investment income variance of \$1.9 million.

## Ratios & Margins:

All required bond covenant ratios were achieved in December 2007.



# Balanced Scorecard Financial Indicators December 31, 2007

G8

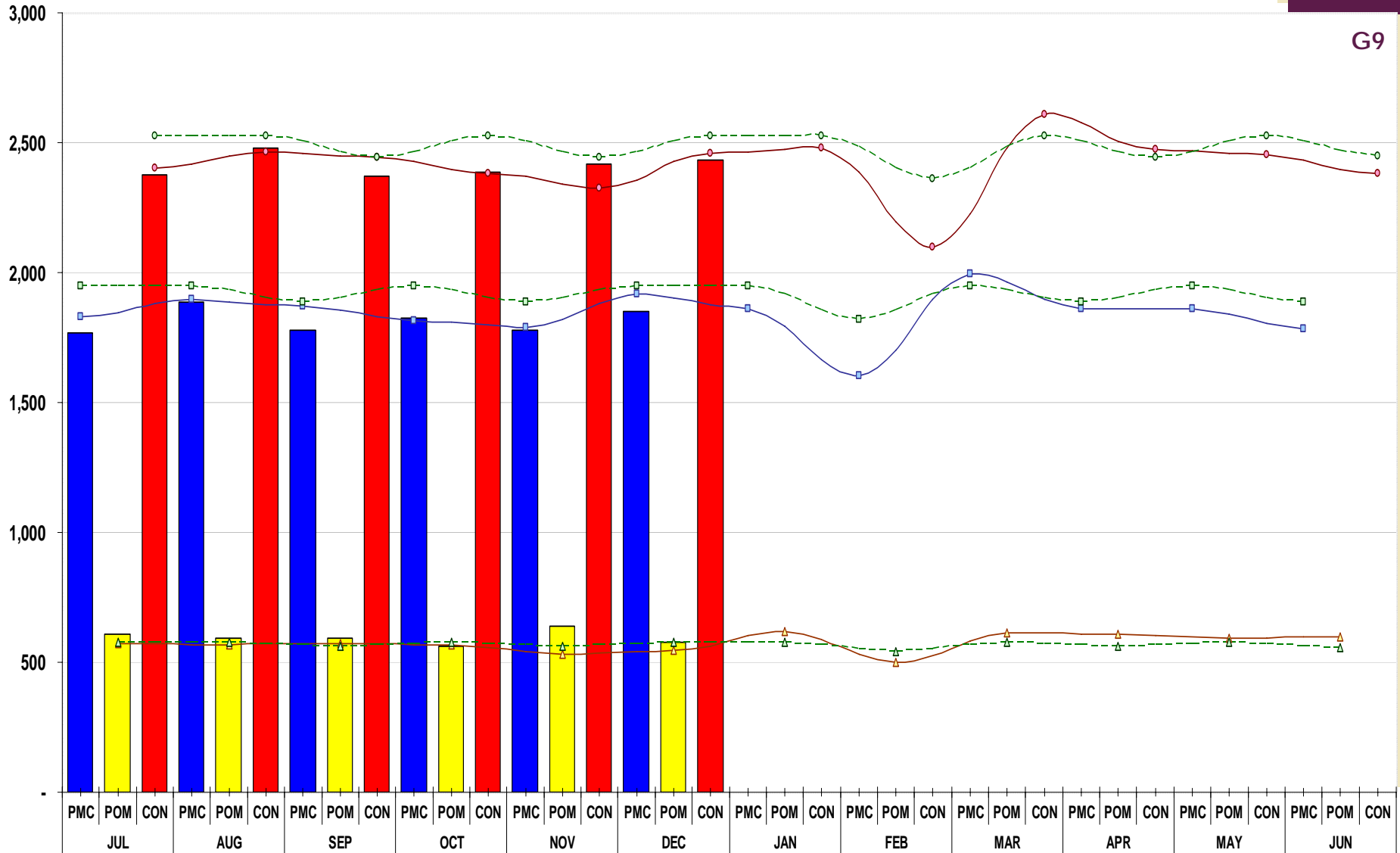
August	September	October	November			YTD 2008						
Actual	Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget	Actual	Budget	Variance	% Actual to Budget	Prior Year Actual	
<b>PPH Indicators:</b>												
8.6%	10.1%	2.6%	7.7%	9.8%	-2.1%	78.6%	OEBITDA Margin w/Prop Tax	7.9%	9.7%	-1.8%	81.4%	8.6%
\$2,613.59	\$2,665.13	\$2,888.56	\$2,834.52	\$2,725.59	\$(108.93)	104.0%	Expenses/Wtd Day	2,742.15	\$2,719.72	\$(22.43)	100.8%	2,554.47
\$1,516.53	\$1,566.15	\$1,710.00	\$1,662.78	\$1,580.16	\$(82.62)	105.2%	SWB/Wtd Day	1,612.95	\$1,578.70	\$(34.25)	102.2%	1,514.46
6.29	6.41	6.49	6.41	6.63	0.22	96.7%	Prod FTE's/Adj Occupied Bed	6.46	6.63	0.17	97.4%	6.14
13,756	13,284	12,775	12,969	12,042	927	107.7%	Weighted Patient Days	65,373	65,428	(55)	104.2%	62,727
<b>PPH North Indicators:</b>												
10.6%	9.6%	8.1%	5.4%	10.8%	-5.4%	50.0%	OEBITDA Margin w/Prop Tax	8.5%	10.8%	-2.3%	78.7%	8.4%
\$2,505.69	\$2,543.86	\$2,692.66	\$2,759.74	\$2,557.34	\$(202.40)	107.9%	Expenses/Wtd Day	2,630.60	\$2,552.19	\$(78.41)	103.1%	2,437.38
\$1,264.19	\$1,312.57	\$1,345.84	\$1,353.05	\$1,305.92	\$(47.13)	103.6%	SWB/Wtd Day	1,325.66	\$1,305.10	\$(20.56)	101.6%	1,268.05
5.20	5.27	5.31	5.38	5.25	-0.13	102.5%	Prod FTE's/Adj Occupied Bed	5.35	5.25	(0.10)	101.9%	5.2
9,384	9,256	9,203	8,802	8,434	368	104.4%	Weighted Patient Days	45,174	45,532	(358)	104.3%	43,300
<b>PPH South Indicators:</b>												
-1.0%	12.2%	-14.8%	11.5%	5.4%	6.1%	213.0%	OEBITDA Margin w/Prop Tax	4.5%	5.3%	-0.8%	84.9%	7.0%
\$2,367.77	\$2,496.40	\$2,916.94	\$2,573.48	\$2,581.93	\$8.45	99.7%	Expenses/Wtd Day	2,556.10	\$2,580.19	\$24.09	99.1%	2,436.08
\$1,199.30	\$1,274.35	\$1,411.65	\$1,305.00	\$1,303.99	\$(1.01)	100.1%	SWB/Wtd Day	1,297.77	\$1,303.43	\$5.66	99.6%	1,257.62
5.76	6.19	6.40	5.90	6.04	0.14	97.7%	Prod FTE's/Adj Occupied Bed	6.07	6.06	(0.01)	100.2%	5.46
4,181	3,760	3,334	3,928	3,429	499	114.6%	Weighted Patient Days	19,009	18,556	453	104.7%	18,148

**Weighted Patient Days is compared with Prior Year Actual**

# Admissions – Acute

G9

FISCAL YEAR 2008

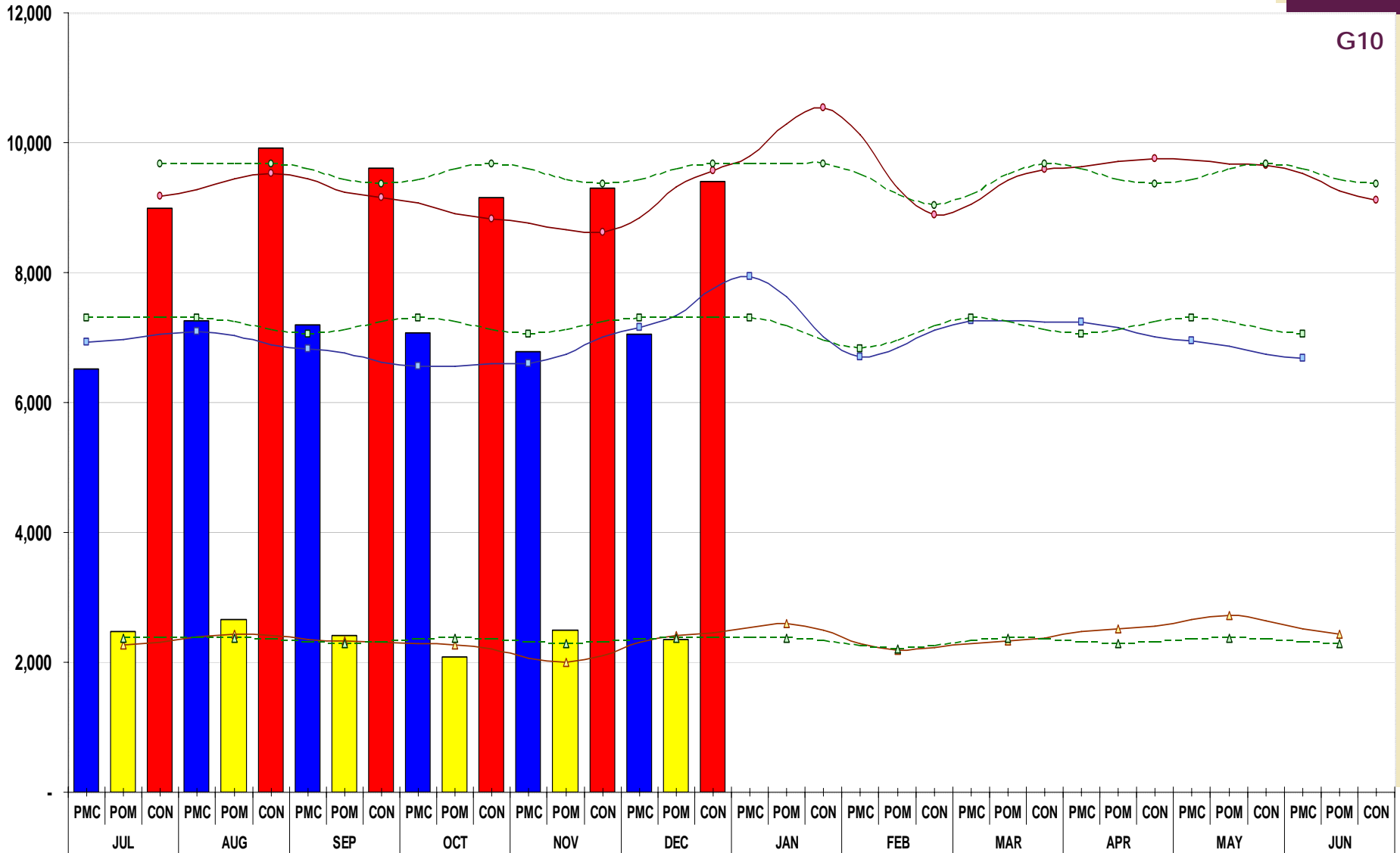


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	1,770	1,885	1,777	1,823	1,780	1,853	-	-	-	-	-	-	10,888	11,562
POM	608	595	592	563	640	579	-	-	-	-	-	-	3,577	3,432
CON	2,378	2,480	2,369	2,386	2,420	2,432	-	-	-	-	-	-	14,465	14,994

# Patient Days - Acute

G10

FISCAL  
YEAR  
2008

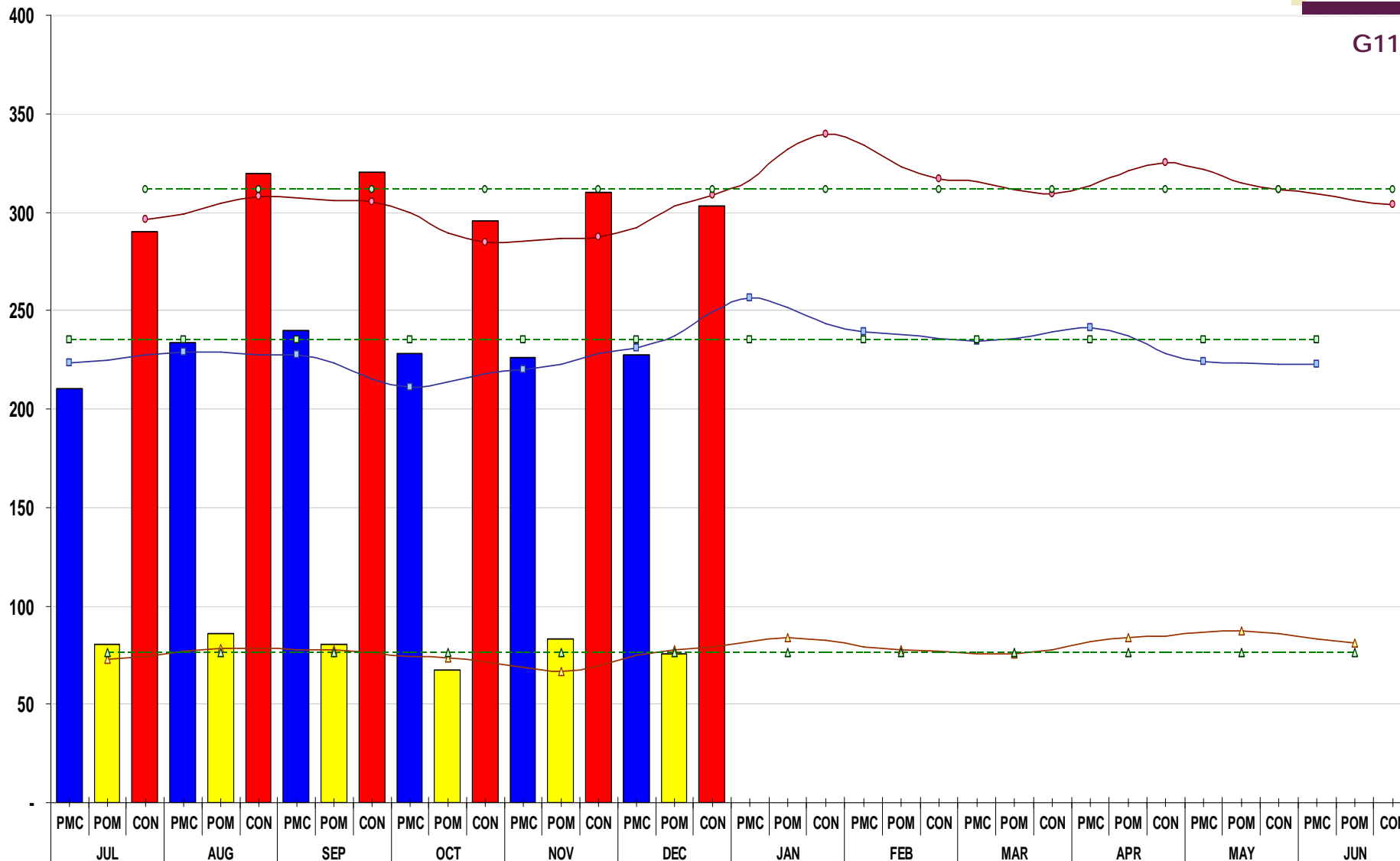


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,516	7,255	7,205	7,081	6,789	7,049	-	-	-	-	-	-	41,895	43,314
POM	2,484	2,655	2,412	2,080	2,502	2,348	-	-	-	-	-	-	14,481	14,054
CON	9,000	9,910	9,617	9,161	9,291	9,397	-	-	-	-	-	-	56,376	57,368

# Average Daily Census – Acute

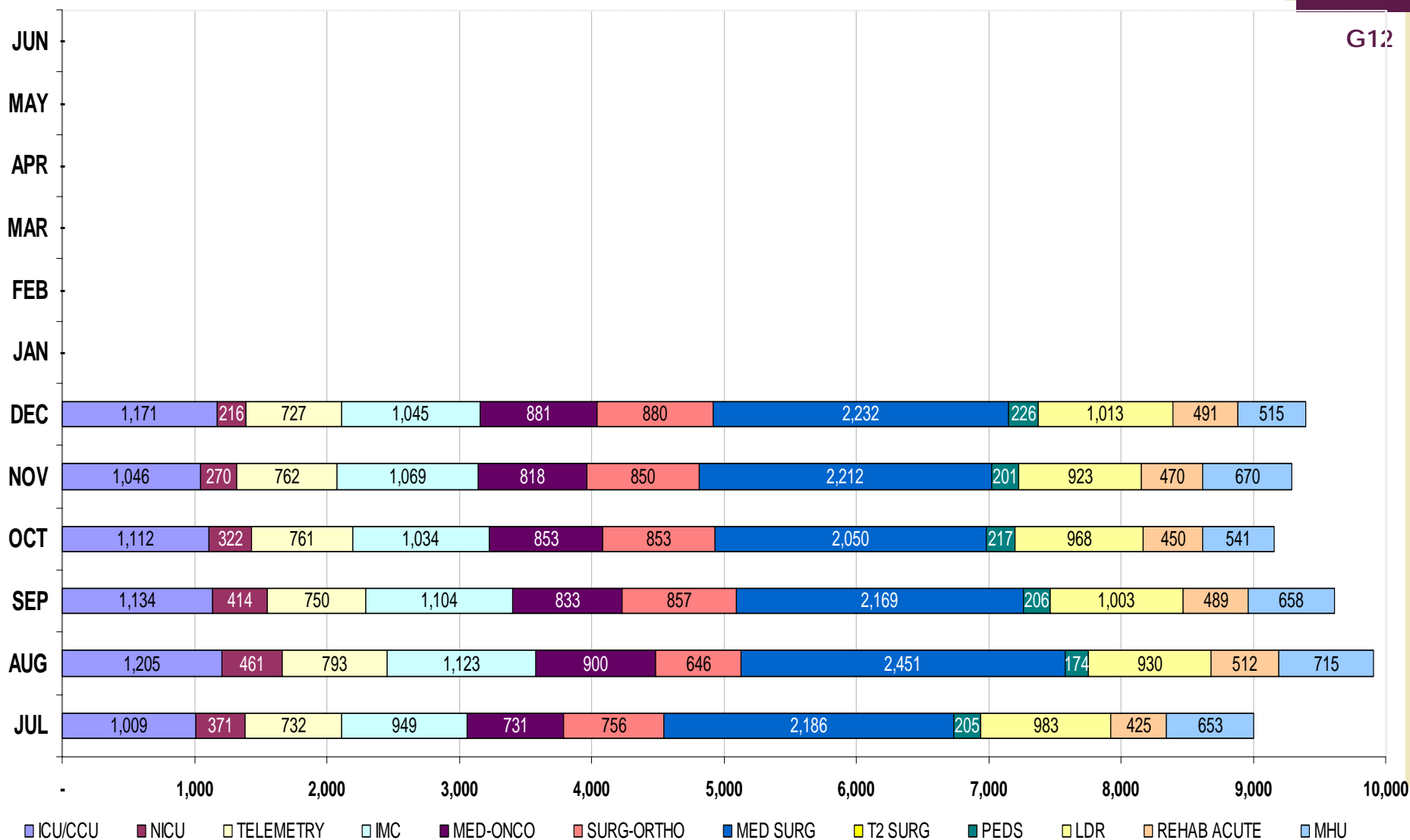
G11

FISCAL YEAR 2008



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	210	234	240	228	226	227	-	-	-	-	-	-	228	235
<b>POM</b>	80	86	80	67	83	76	-	-	-	-	-	-	79	76
<b>CON</b>	290	320	321	296	310	303	-	-	-	-	-	-	306	312

# Patient Days



G12

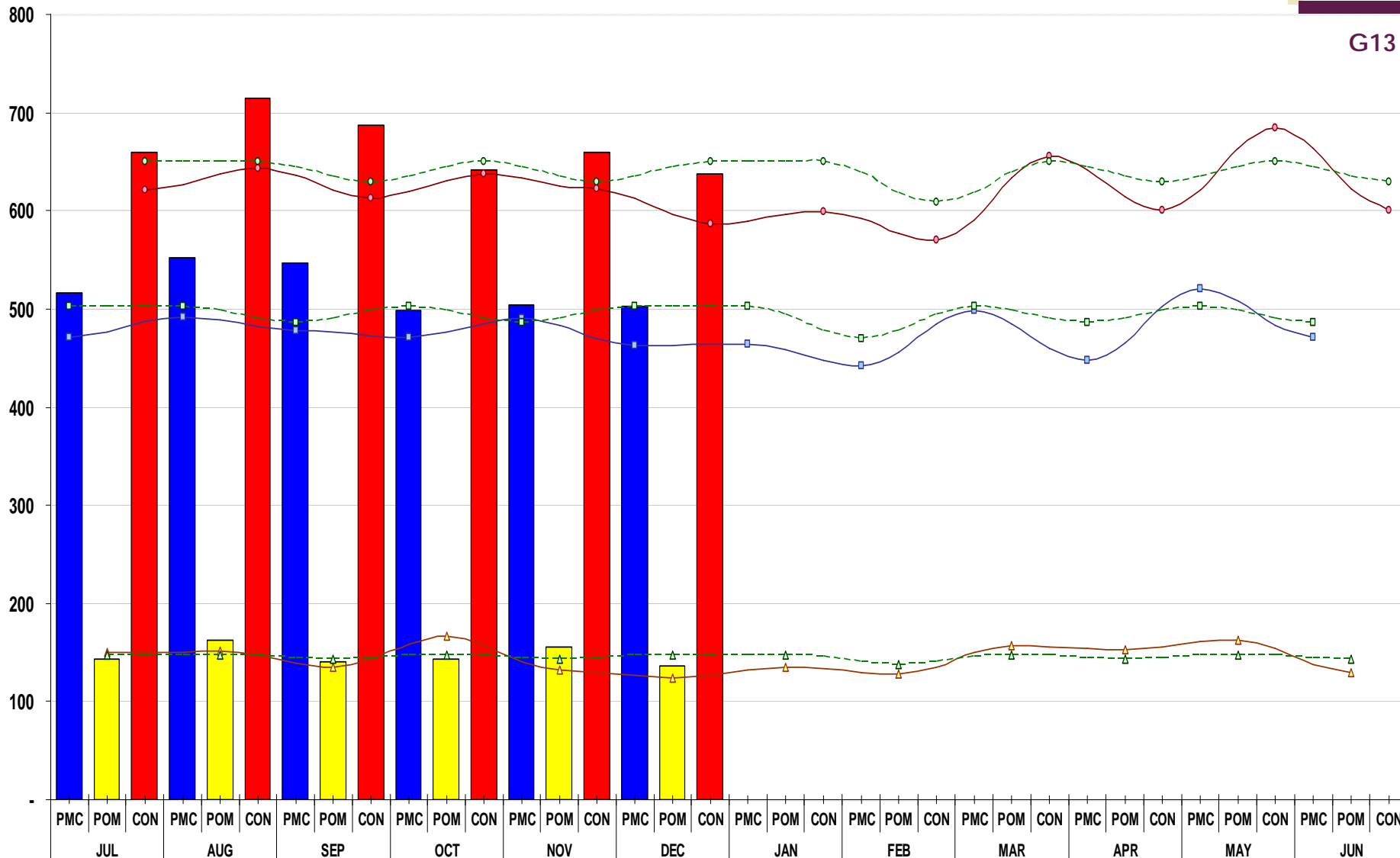
FISCAL YEAR 2008

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,516	7,255	7,205	7,081	6,789	7,049	-	-	-	-	-	-	41,895	43,314
POM	2,484	2,655	2,412	2,080	2,502	2,348	-	-	-	-	-	-	14,481	14,054
CON	9,000	9,910	9,617	9,161	9,291	9,397	-	-	-	-	-	-	56,376	57,368

# Surgeries (In-Patient)

G13

FISCAL YEAR 2008

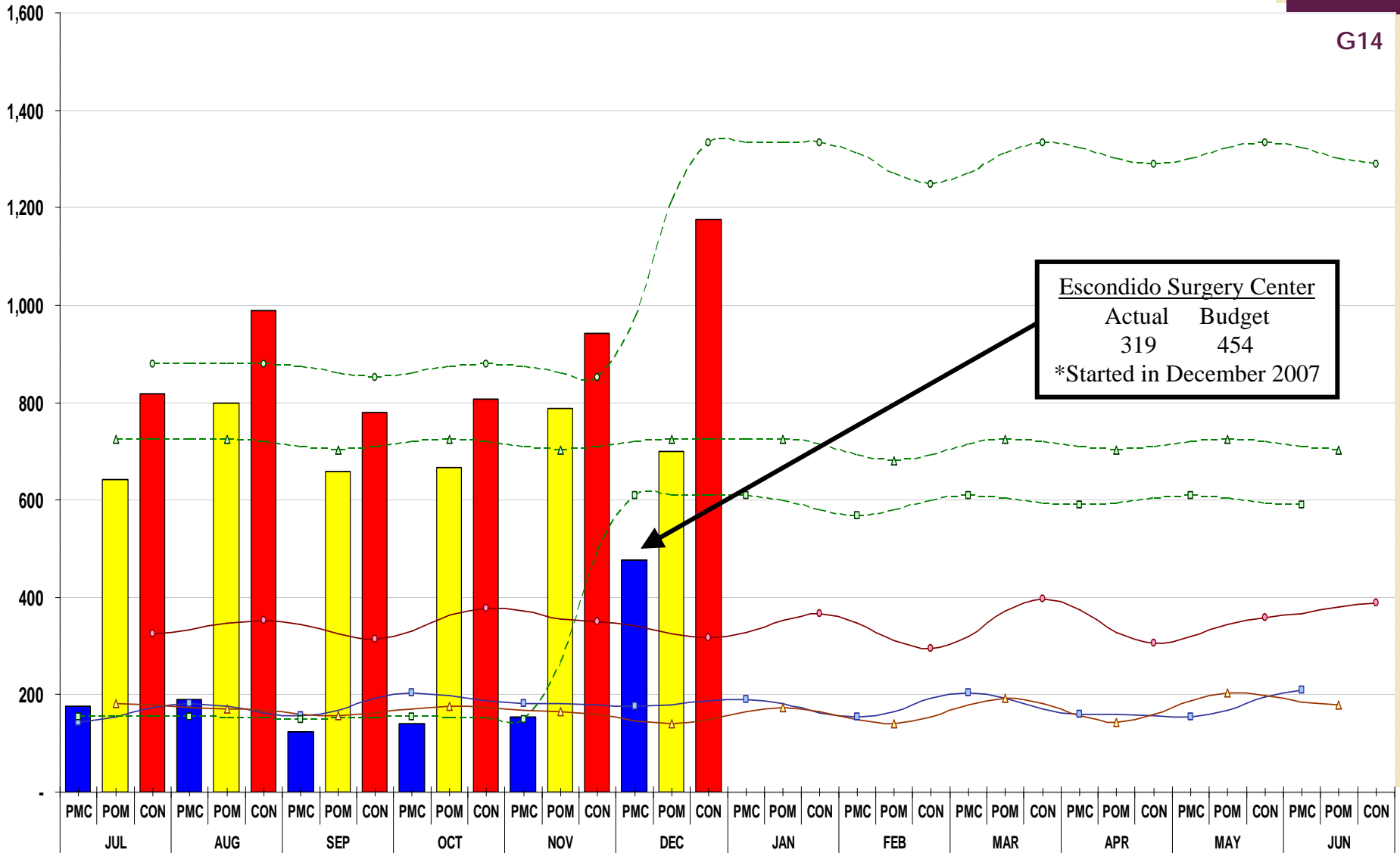


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	516	552	547	498	504	502	-	-	-	-	-	-	3,119	2,980
POM	143	163	140	143	156	136	-	-	-	-	-	-	881	878
CON	659	715	687	641	660	638	-	-	-	-	-	-	4,000	3,858

# Surgeries (Out-Patient)

G14

FISCAL YEAR 2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	176	190	123	141	155	477	-	-	-	-	-	-	1,262	1,368
POM	642	800	657	667	788	699	-	-	-	-	-	-	4,253	4,304
CON	818	990	780	808	943	1,176	-	-	-	-	-	-	5,515	5,672

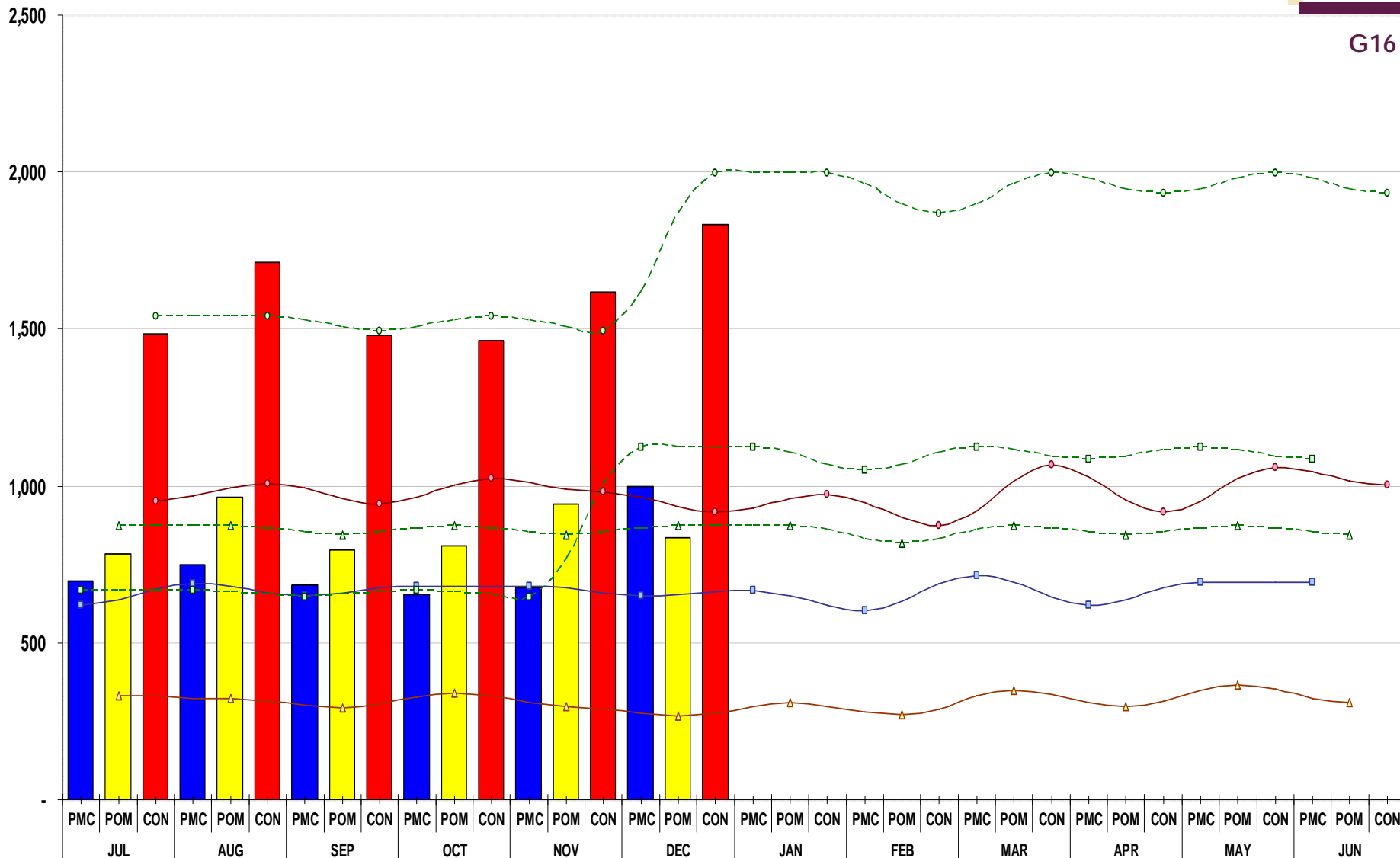




# Total Surgeries

G16

FISCAL YEAR 2008

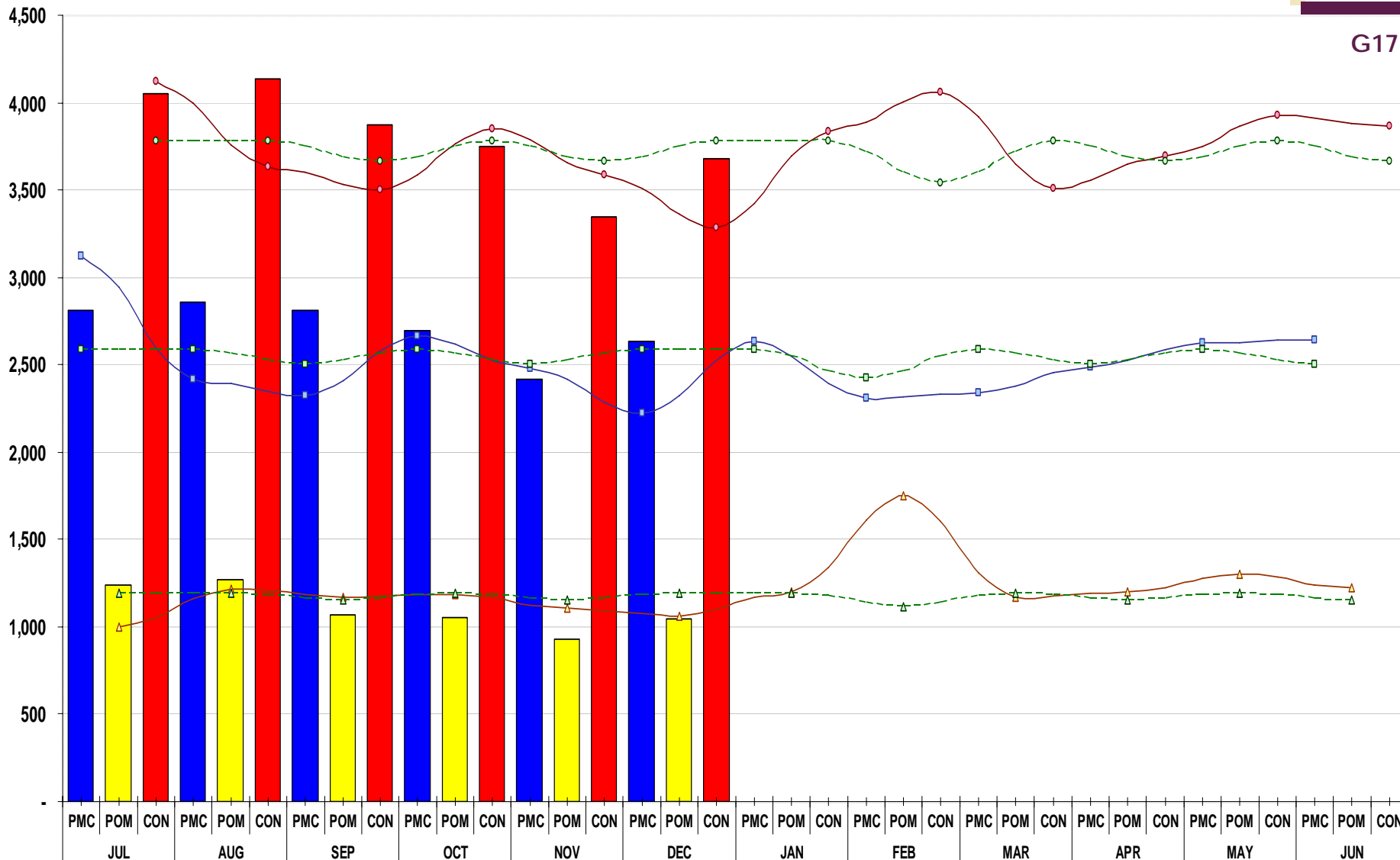


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	699	750	685	652	675	998	-	-	-	-	-	-	4,459	4,420
POM	785	963	797	810	944	835	-	-	-	-	-	-	5,134	5,182
CON	1,484	1,713	1,482	1,462	1,619	1,833	-	-	-	-	-	-	9,593	9,602

# Outpatient Registration

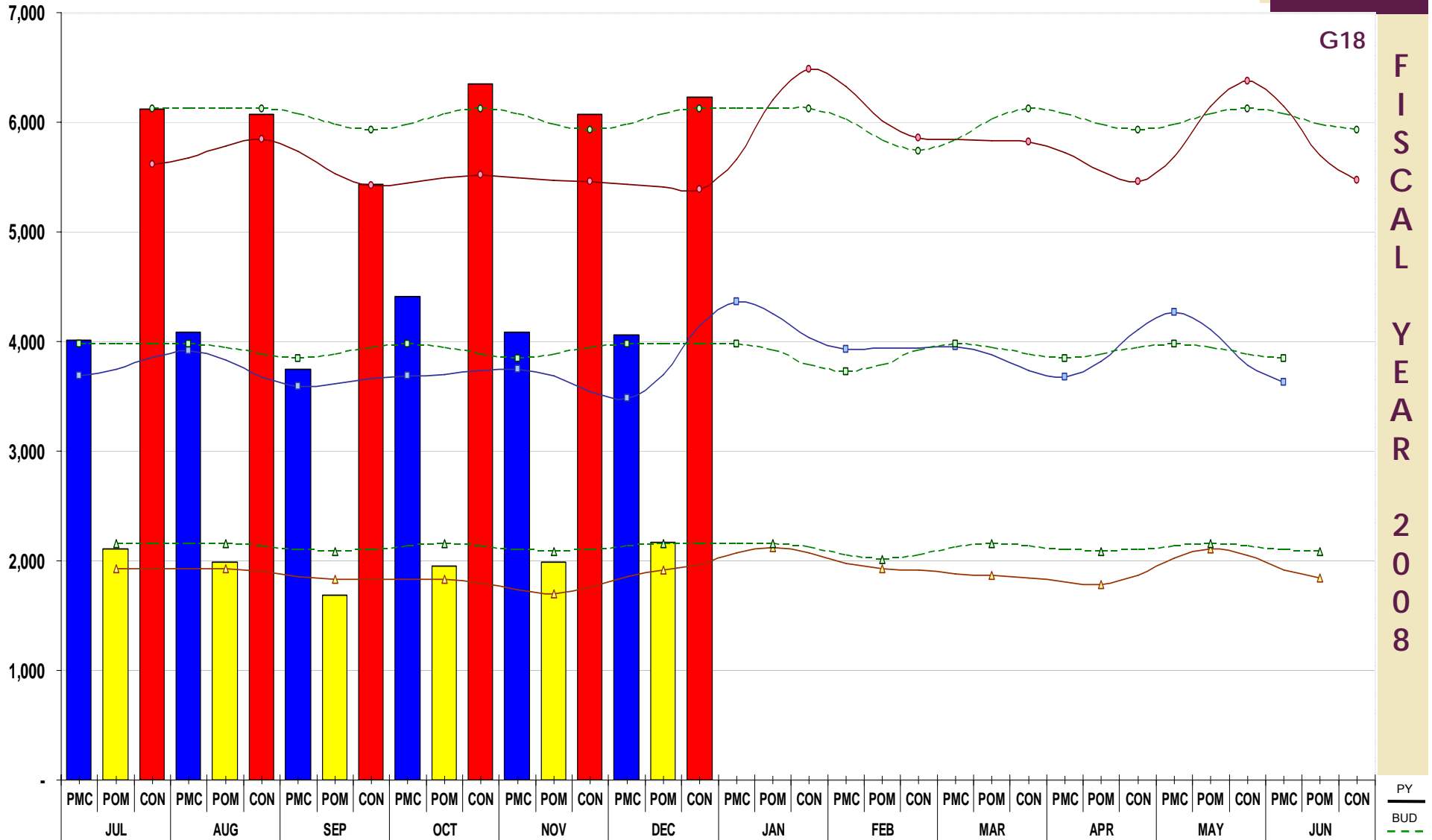
G17

FISCAL YEAR 2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	2,811	2,861	2,808	2,693	2,414	2,635	-	-	-	-	-	-	16,222	15,360
POM	1,238	1,274	1,066	1,057	932	1,044	-	-	-	-	-	-	6,611	7,088
CON	4,049	4,135	3,874	3,750	3,346	3,679	-	-	-	-	-	-	22,833	22,448

# ER Visits includes Trauma

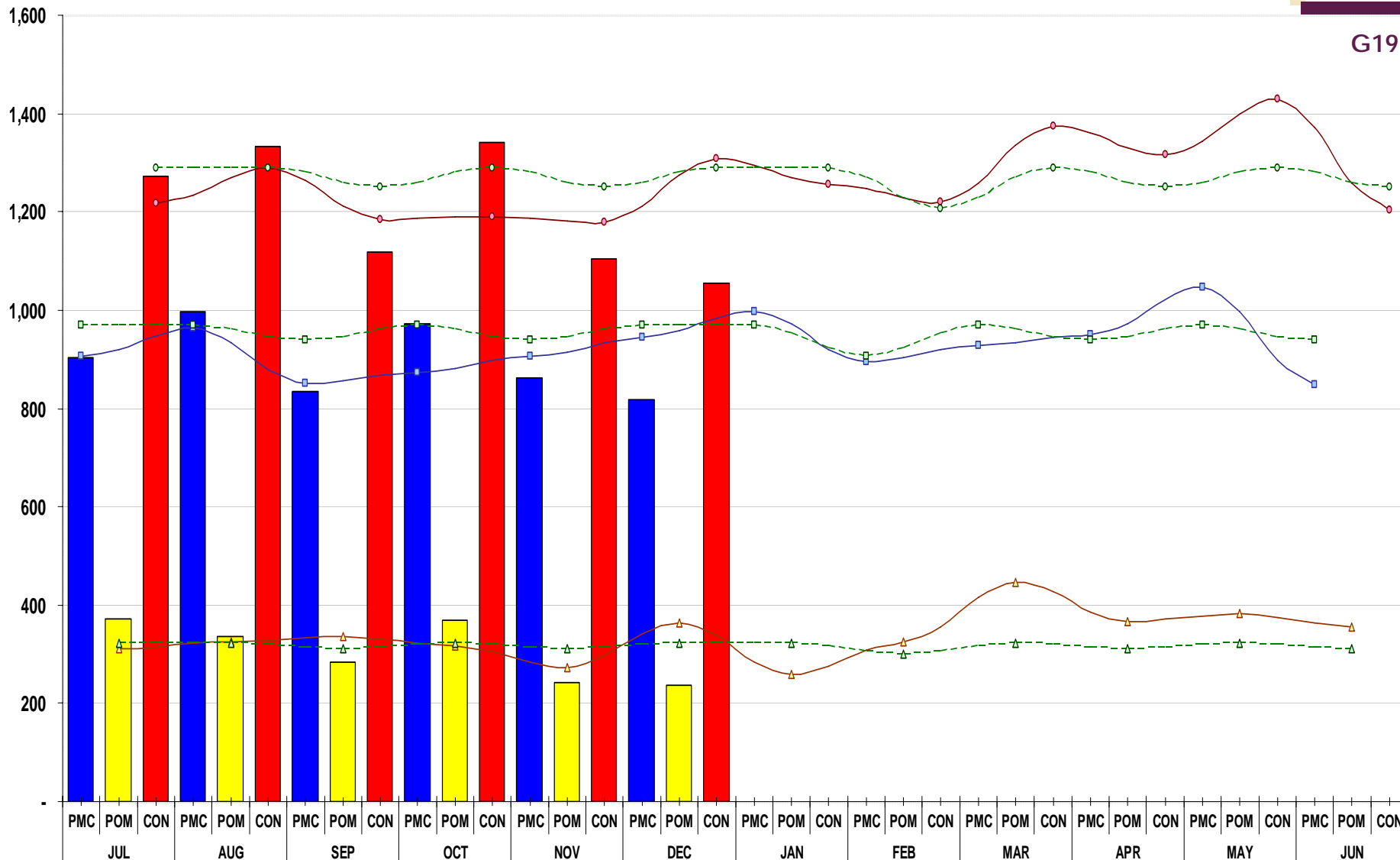


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	4,014	4,087	3,743	4,404	4,080	4,060	-	-	-	-	-	-	24,388	23,590
POM	2,110	1,990	1,688	1,947	1,988	2,170	-	-	-	-	-	-	11,893	12,768
CON	6,124	6,077	5,431	6,351	6,068	6,230	-	-	-	-	-	-	36,281	36,358

# ER Admissions includes Trauma

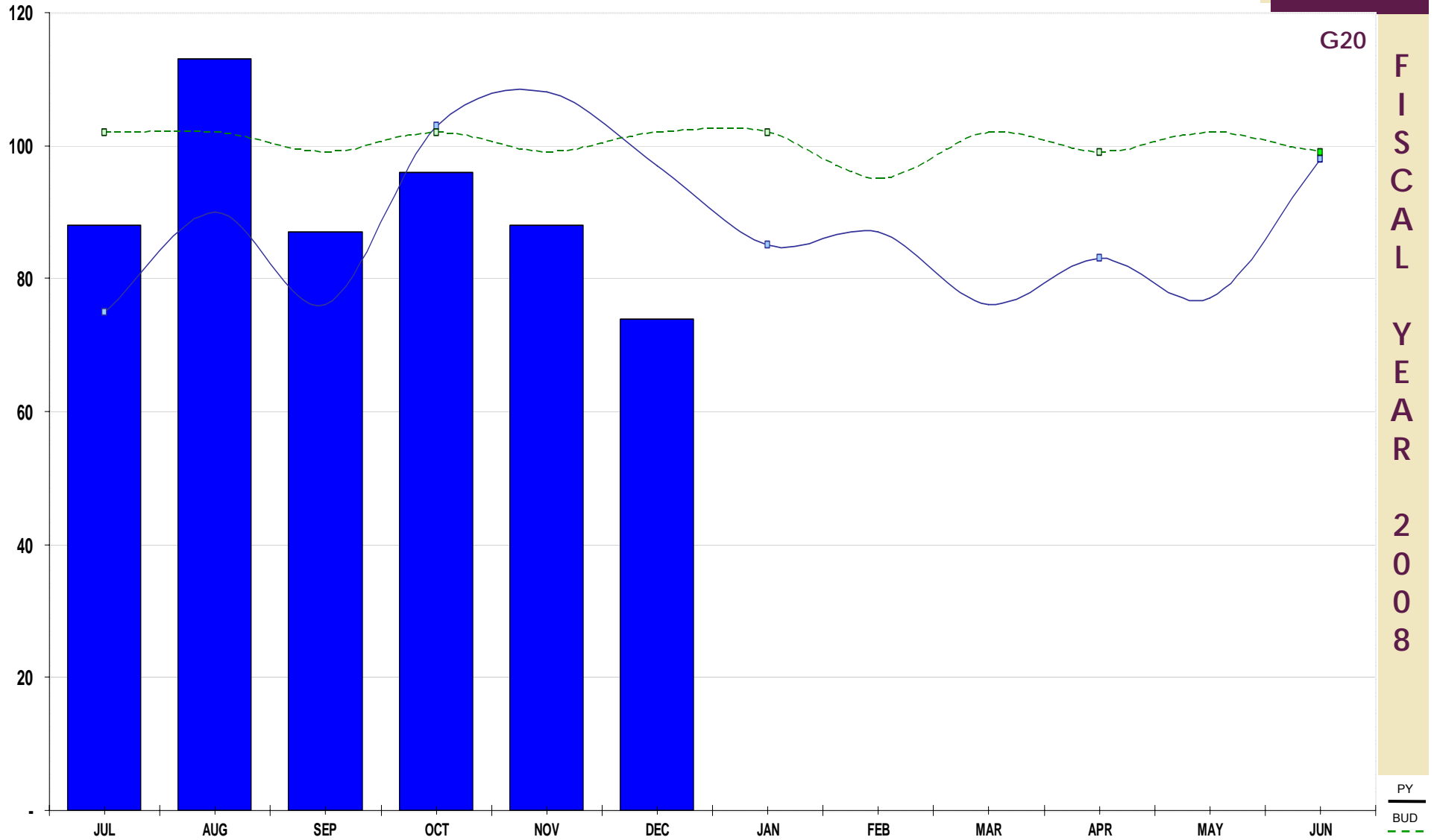
G19

FISCAL YEAR 2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	902	997	835	971	861	817	-	-	-	-	-	-	5,383	5,752
POM	371	337	284	370	243	238	-	-	-	-	-	-	1,843	1,906
CON	1,273	1,334	1,119	1,341	1,104	1,055	-	-	-	-	-	-	7,226	7,658

# Trauma Cases (PMC)

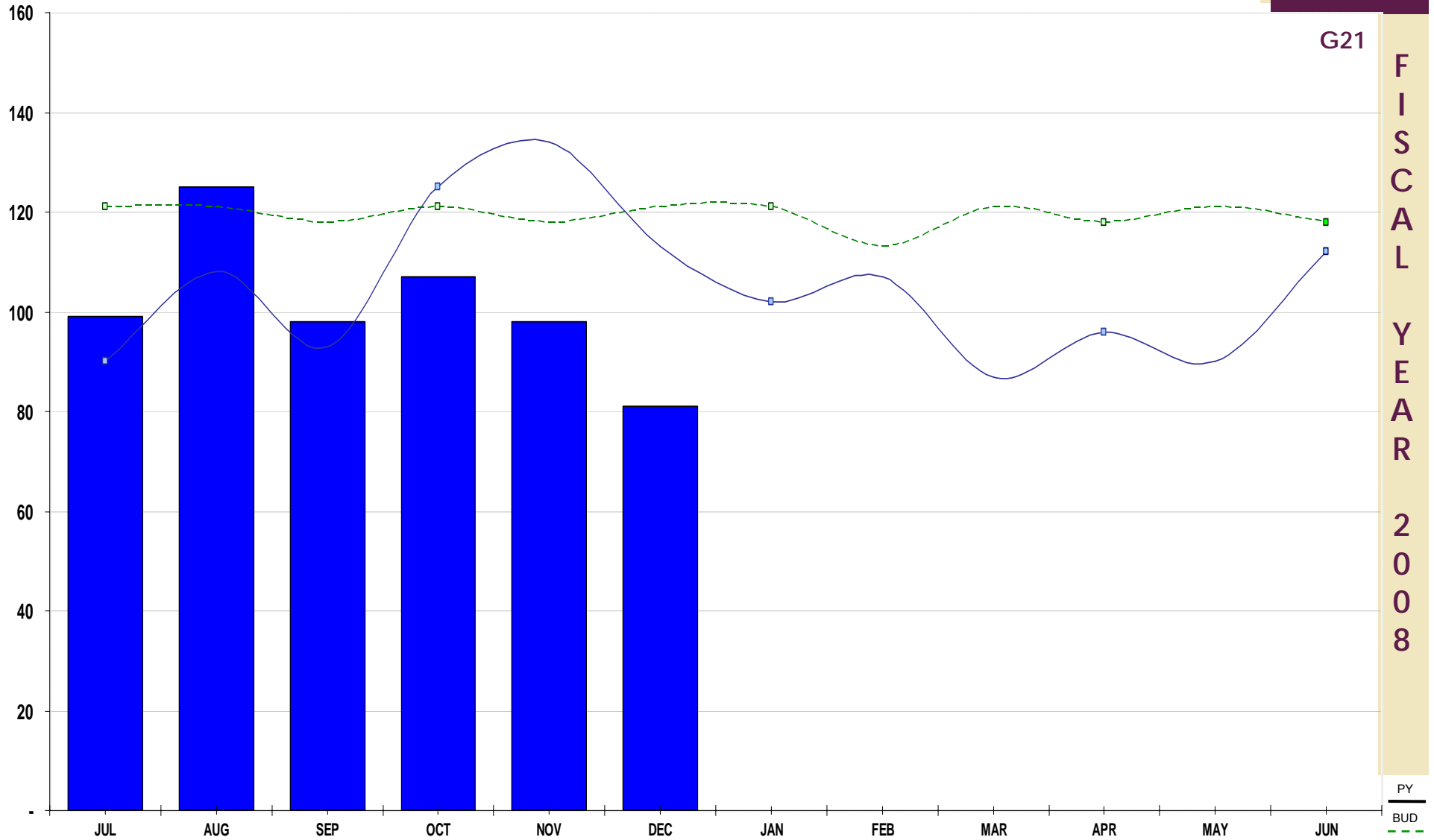


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	99	125	98	107	98	81	-	-	-	-	-	-	608	720
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	99	125	98	107	98	81	-	-	-	-	-	-	608	720

# Trauma Admissions (PMC)

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YEAR  
2008

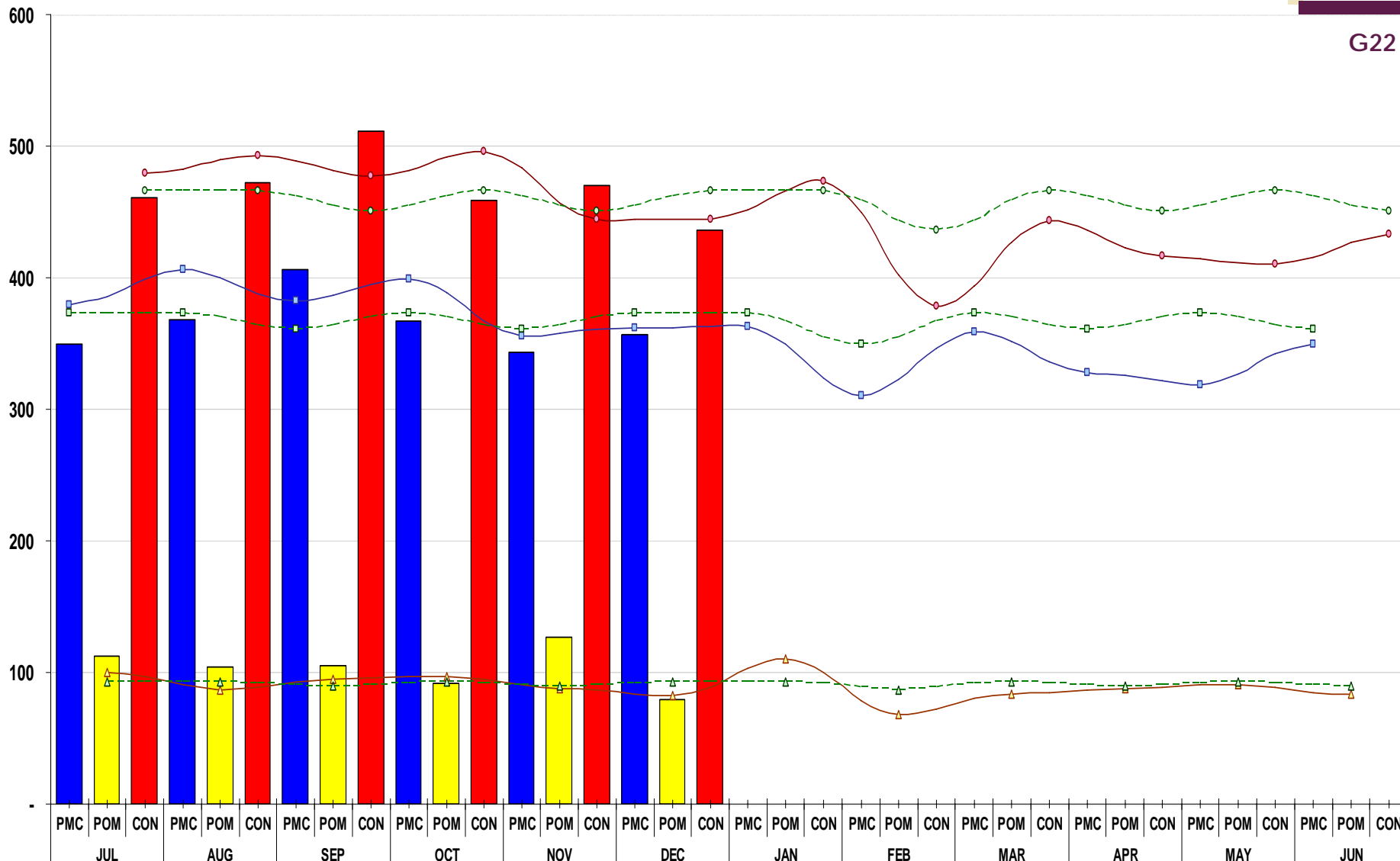


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	88	113	87	96	88	74	-	-	-	-	-	-	546	606
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	88	113	87	96	88	74	-	-	-	-	-	-	546	606

# Deliveries

G22

FISCAL YEAR 2008

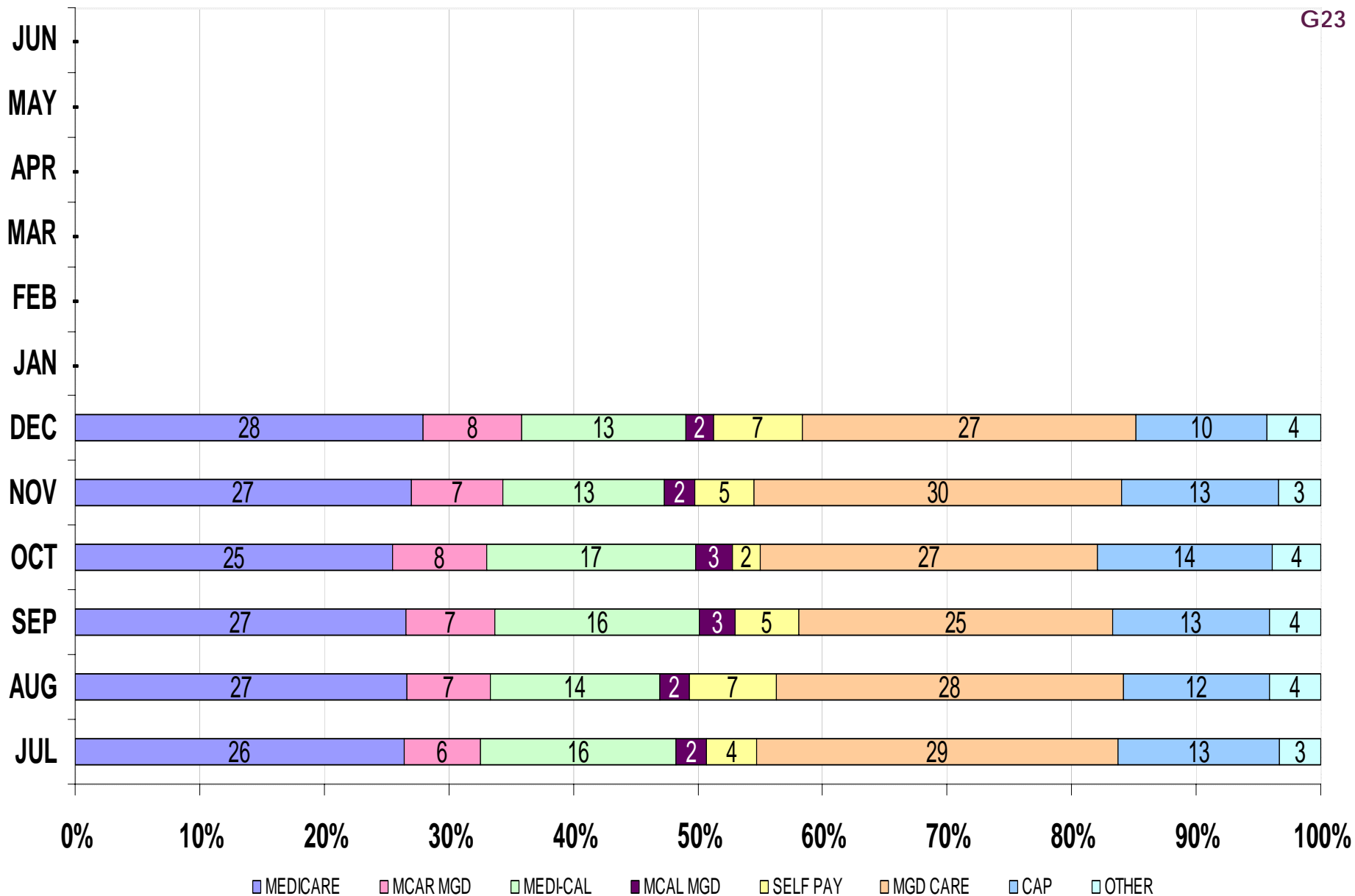


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	349	368	406	367	343	357	-	-	-	-	-	-	2,190	2,214
POM	112	104	105	92	127	79	-	-	-	-	-	-	619	552
CON	461	472	511	459	470	436	-	-	-	-	-	-	2,809	2,766

# Payor Mix based on Gross Revenue

G23

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YEAR  
2008











# Summary of Key Indicators and Results FYTD December 2007

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	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	10,888	11,562	(674)	11,120
Pomerado Hospital	3,577	3,432	145	3,356
<b>Total:</b>	<u>14,465</u>	<u>14,994</u>	<u>(529)</u>	<u>14,476</u>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	250	296	(46)	314
Pomerado Hospital	284	280	4	269
<b>Total:</b>	<u>534</u>	<u>576</u>	<u>(42)</u>	<u>583</u>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	41,895	43,314	(1,419)	41,150
Pomerado Hospital	14,481	14,054	427	13,704
<b>Total:</b>	<u>56,376</u>	<u>57,368</u>	<u>(992)</u>	<u>54,854</u>
<b><u>PATIENT DAYS- SNF:</u></b>				
Palomar Medical Center	15,664	16,144	(480)	16,084
Pomerado Hospital	22,647	22,710	(63)	22,747
<b>Total:</b>	<u>38,311</u>	<u>38,854</u>	<u>(543)</u>	<u>38,831</u>

# Summary of Key Indicators and Results FYTD December 2007 (cont'd)

G28

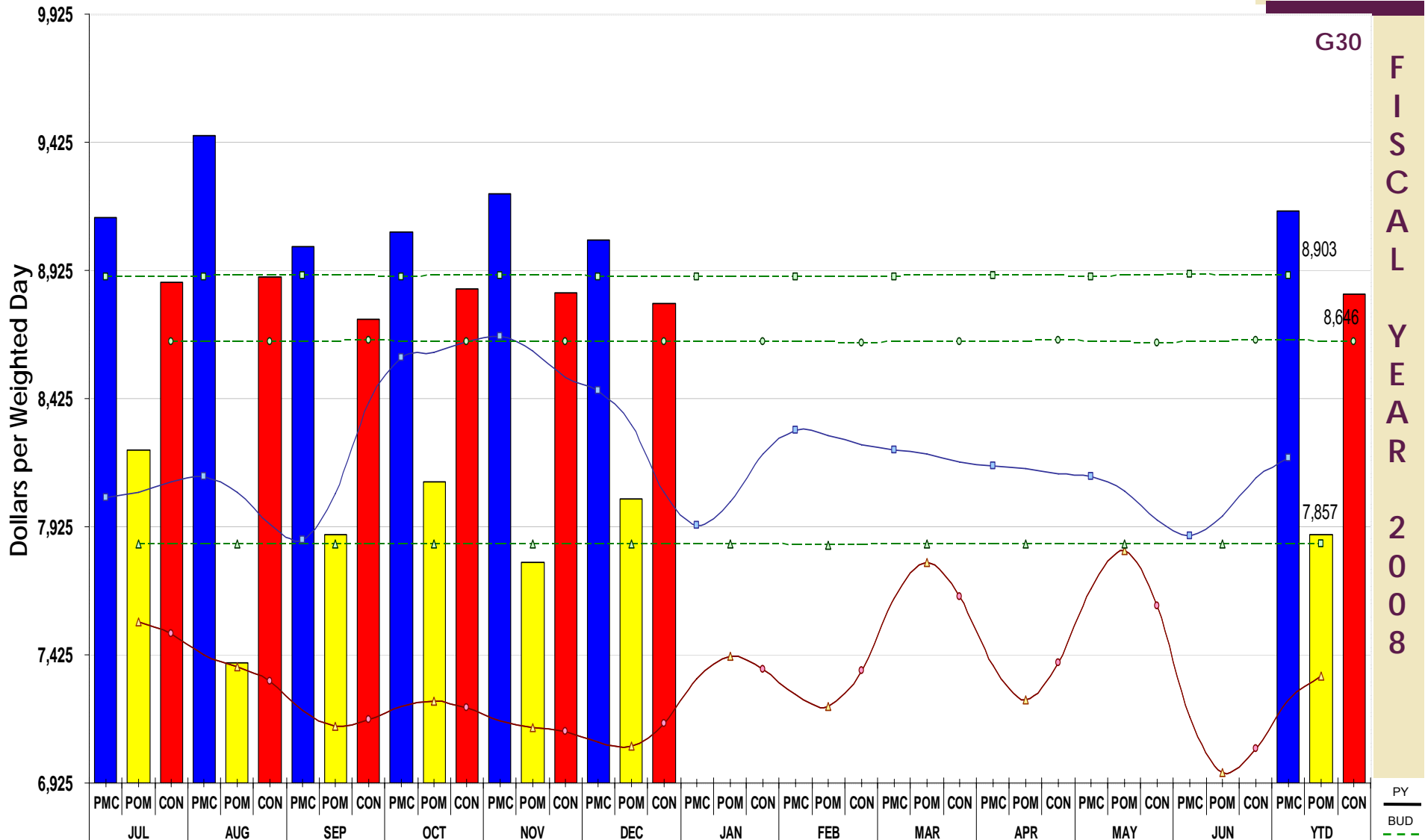
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<b><u>WEIGHTED PATIENT DAYS</u></b>				
Palomar Medical Center	54,325	54,885	(560)	52,207
Pomerado Hospital	22,708	22,316	392	21,852
Other Activities	1,341	1,485	(144)	1,477
<b>Total:</b>	<u>78,374</u>	<u>78,686</u>	<u>(312)</u>	<u>75,536</u>
<b><u>ADJUSTED DISCHARGES</u></b>				
Palomar Medical Center	14,095	14,659	(564)	14,188
Pomerado Hospital	5,294	5,149	145	5,062
Other Activities	433	498	(65)	510
<b>Total:</b>	<u>19,822</u>	<u>20,306</u>	<u>(484)</u>	<u>19,760</u>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	3.84	3.75	0.09	3.69
Pomerado Hospital	4.03	4.10	(0.07)	4.06
<b>Total:</b>	<u>3.89</u>	<u>3.83</u>	<u>0.06</u>	<u>3.77</u>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	64.46	55.67	8.79	52.39
Pomerado Hospital	80.59	81.11	(0.52)	84.56
<b>Total:</b>	<u>73.11</u>	<u>68.16</u>	<u>4.95</u>	<u>67.41</u>

## Summary of Key Indicators and Results FYTD December 2007 (cont'd)

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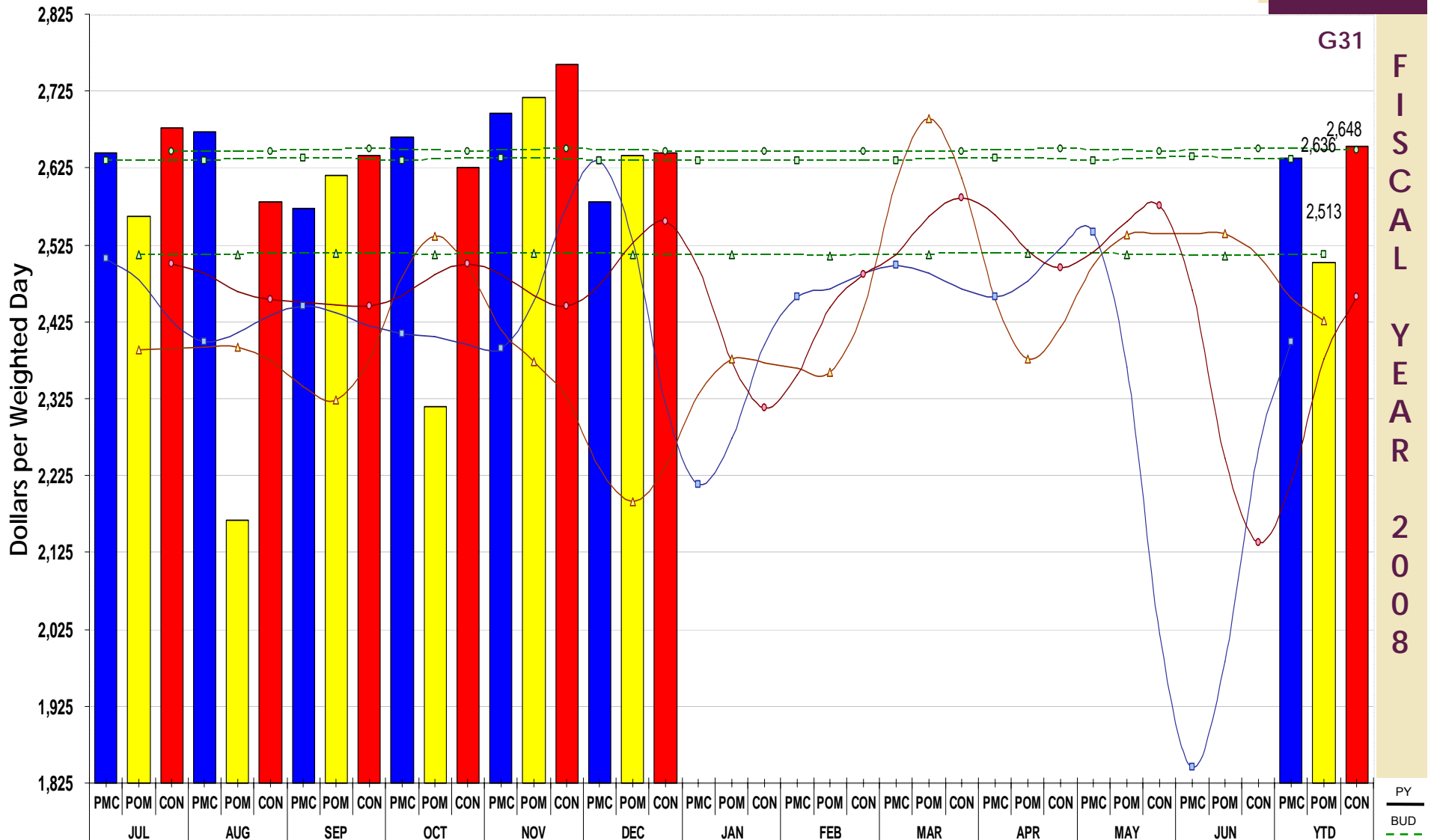
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2007</u>
<b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b>				
Palomar Medical Center	24,388	23,590	798	22,105
Pomerado Hospital	11,893	12,768	(875)	11,129
<b>Total:</b>	<u>36,281</u>	<u>36,358</u>	<u>(77)</u>	<u>33,234</u>
<b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>				
Palomar Medical Center	5,383	5,752	(369)	5,441
Pomerado Hospital	1,843	1,906	(63)	1,928
<b>Total:</b>	<u>7,226</u>	<u>7,658</u>	<u>(432)</u>	<u>7,369</u>
<b><u>SURGERIES:</u></b>				
Palomar Medical Center	4,459	4,420	39	3,975
Pomerado Hospital	5,134	5,182	(48)	5,164
<b>Total:</b>	<u>9,593</u>	<u>9,602</u>	<u>(9)</u>	<u>9,139</u>
<b><u>BIRTHS:</u></b>				
Palomar Medical Center	2,190	2,214	(24)	2,284
Pomerado Hospital	619	552	67	549
<b>Total:</b>	<u>2,809</u>	<u>2,766</u>	<u>43</u>	<u>2,833</u>

# Gross Patient Revenue per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	9,130	9,449	9,017	9,072	9,222	9,046	-	-	-	-	-	-	9,157	8,902
<b>POM</b>	8,222	7,392	7,892	8,102	7,784	8,035	-	-	-	-	-	-	7,892	7,857
<b>CON</b>	8,880	8,898	8,735	8,852	8,835	8,794	-	-	-	-	-	-	8,832	8,646

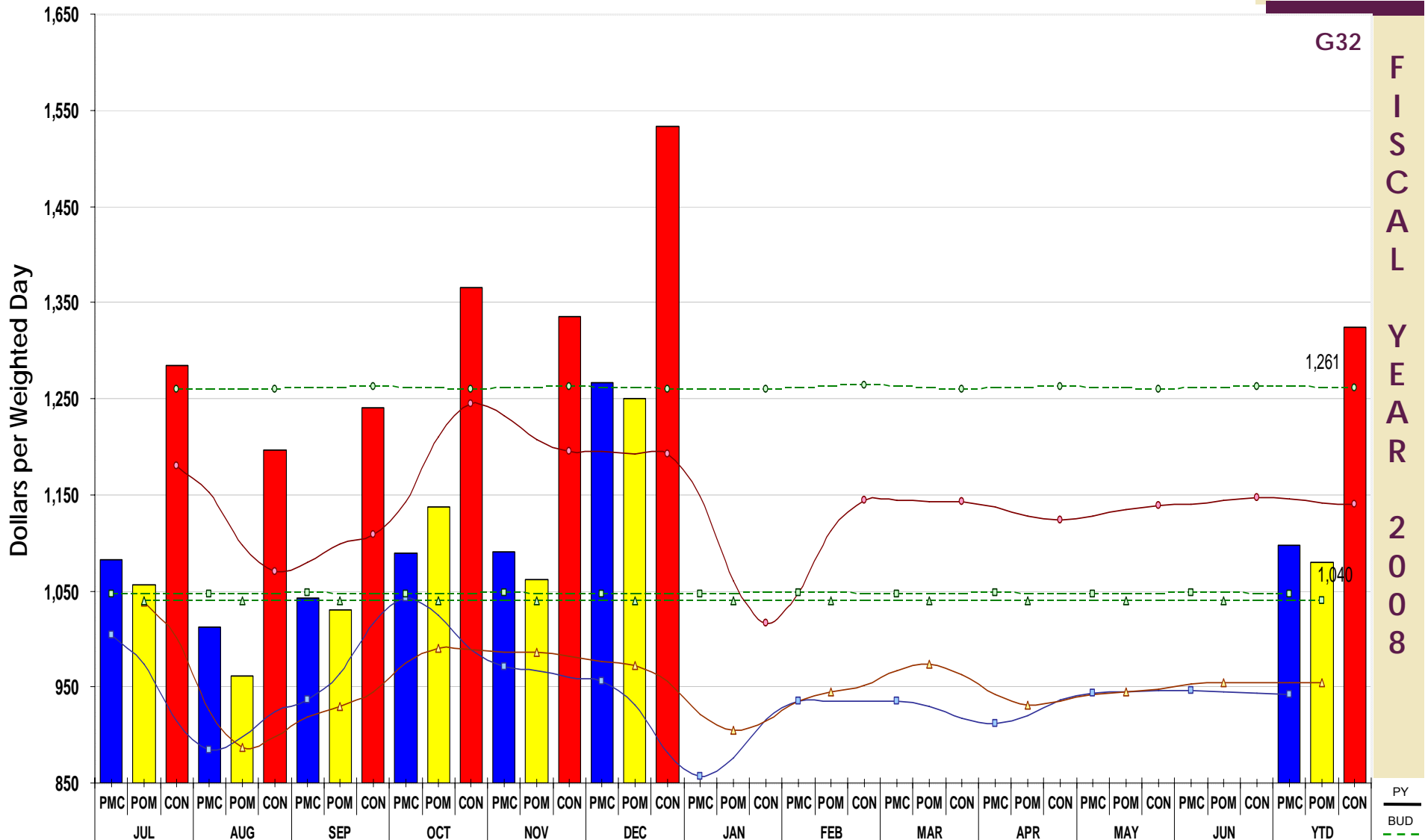
# Net Patient Revenue per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	2,644	2,671	2,573	2,665	2,696	2,581	-	-	-	-	-	-	2,638	2,638
<b>POM</b>	2,562	2,168	2,616	2,315	2,717	2,641	-	-	-	-	-	-	2,502	2,513
<b>CON</b>	2,678	2,580	2,641	2,626	2,760	2,645	-	-	-	-	-	-	2,654	2,648



# Salaries per Weighted Patient Days

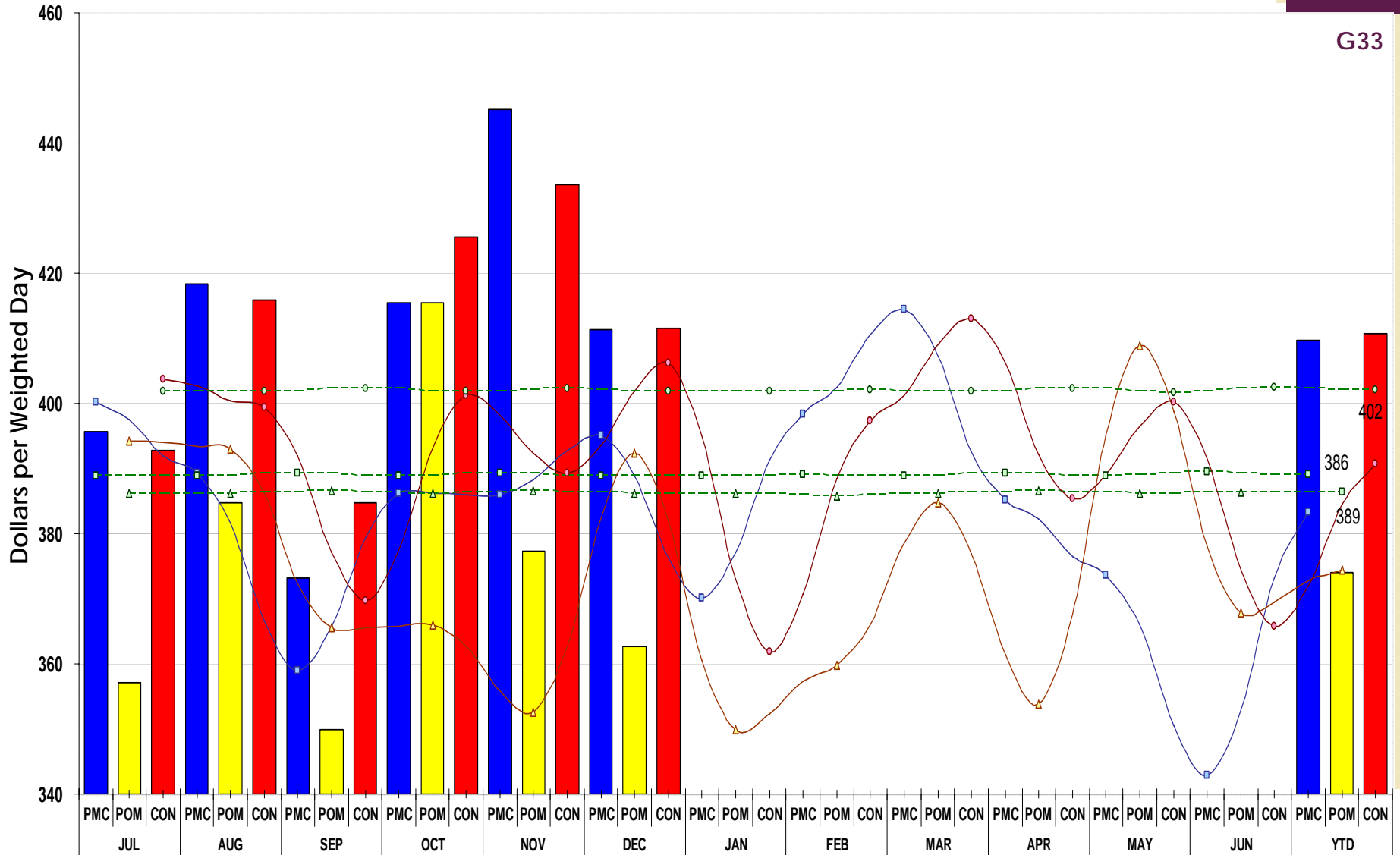


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	1,082	1,012	1,042	1,089	1,090	1,267	-	-	-	-	-	-	1,097	1,048
POM	1,056	961	1,031	1,138	1,062	1,249	-	-	-	-	-	-	1,079	1,040
CON	1,284	1,197	1,240	1,366	1,335	1,533	-	-	-	-	-	-	1,324	1,261

# Supplies per Weighted Patient Days

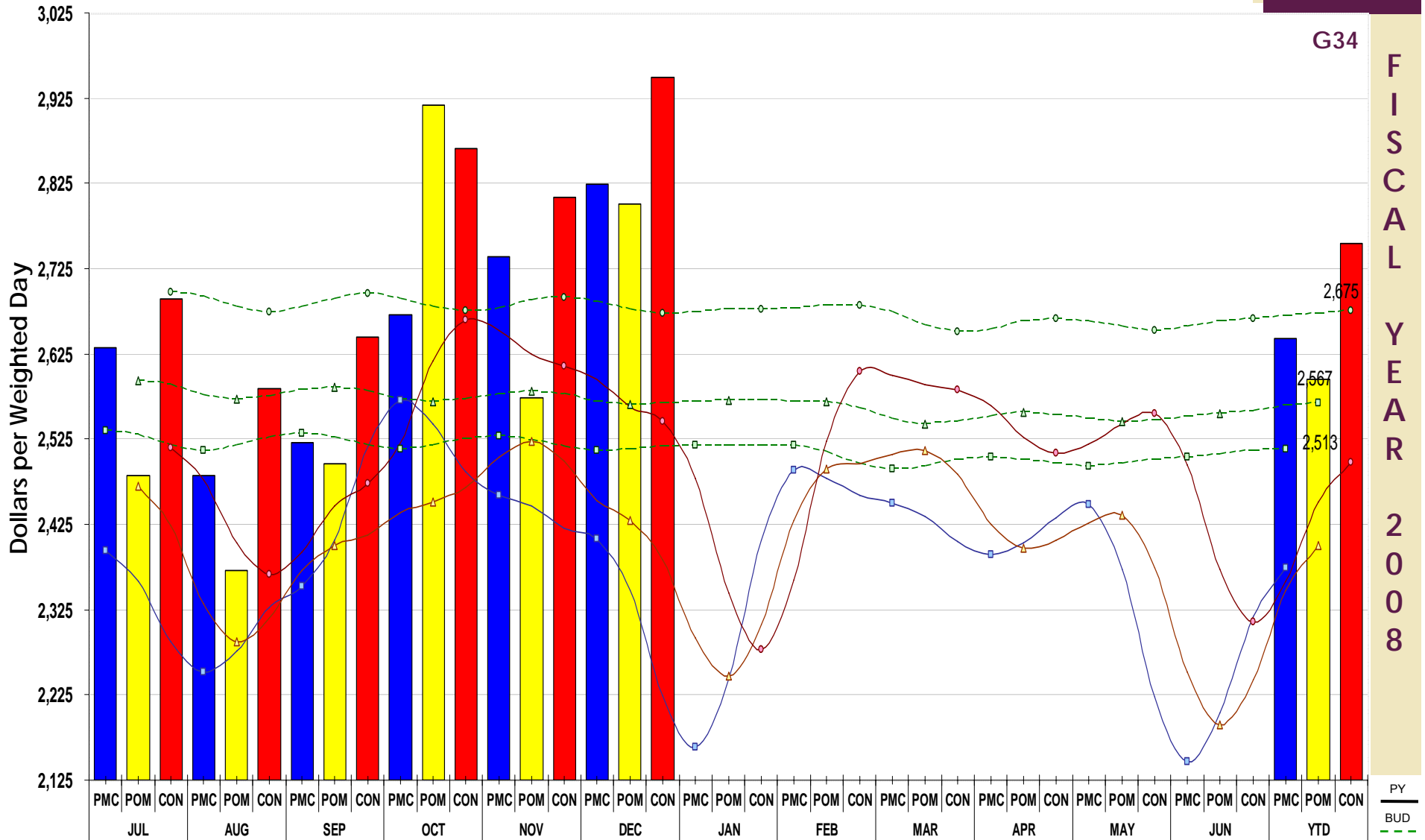
G33

FISCAL YEAR 2008



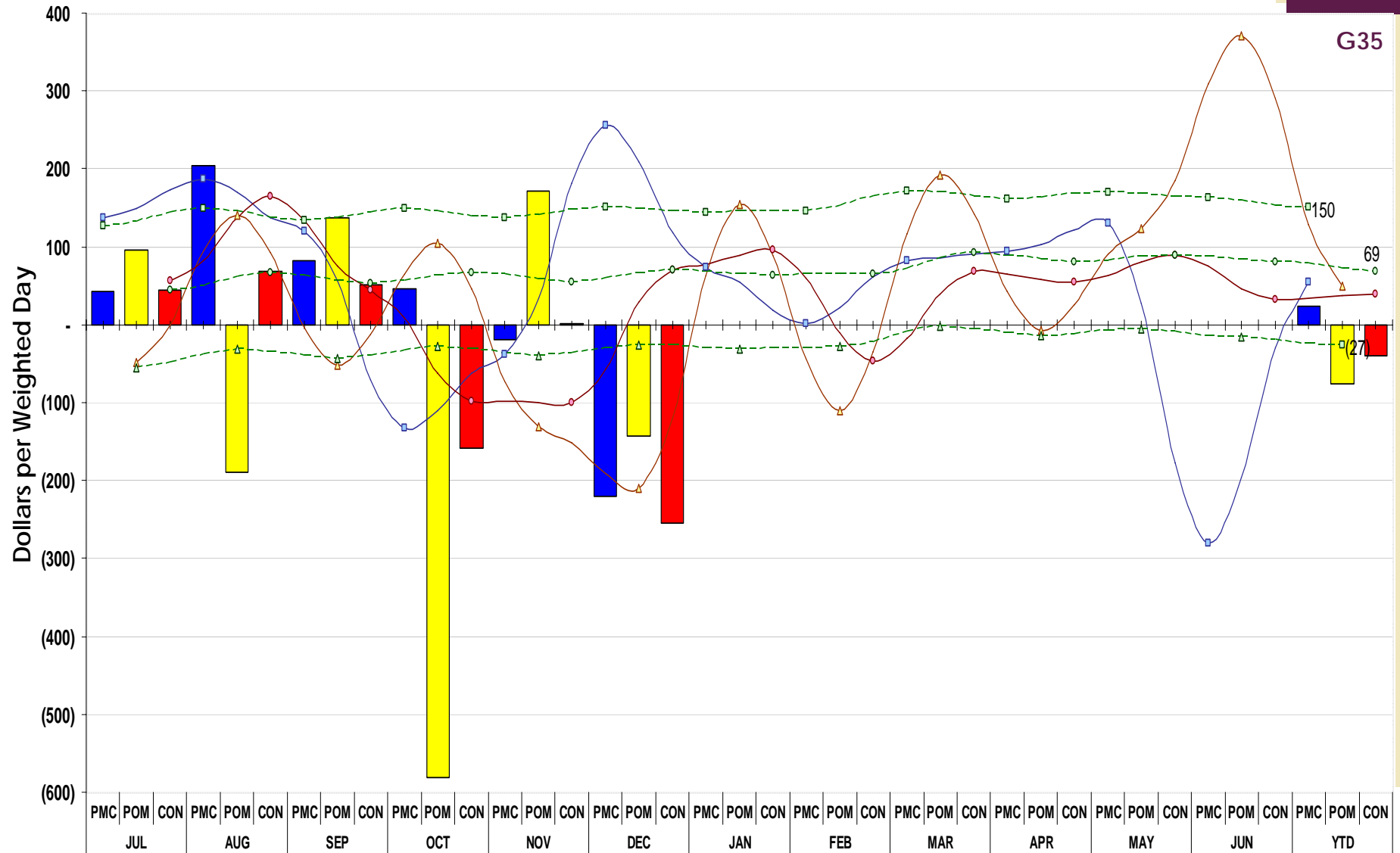
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	396	418	373	415	445	411	-	-	-	-	-	-	410	390
POM	357	385	350	416	377	363	-	-	-	-	-	-	374	386
CON	393	416	385	426	434	412	-	-	-	-	-	-	411	402

# Total Expenses per Weighted Patient Days



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	2,632	2,483	2,521	2,671	2,739	2,824	-	-	-	-	-	-	2,644	2,524
<b>POM</b>	2,482	2,371	2,496	2,917	2,573	2,801	-	-	-	-	-	-	2,596	2,578
<b>CON</b>	2,689	2,584	2,644	2,866	2,808	2,950	-	-	-	-	-	-	2,755	2,684

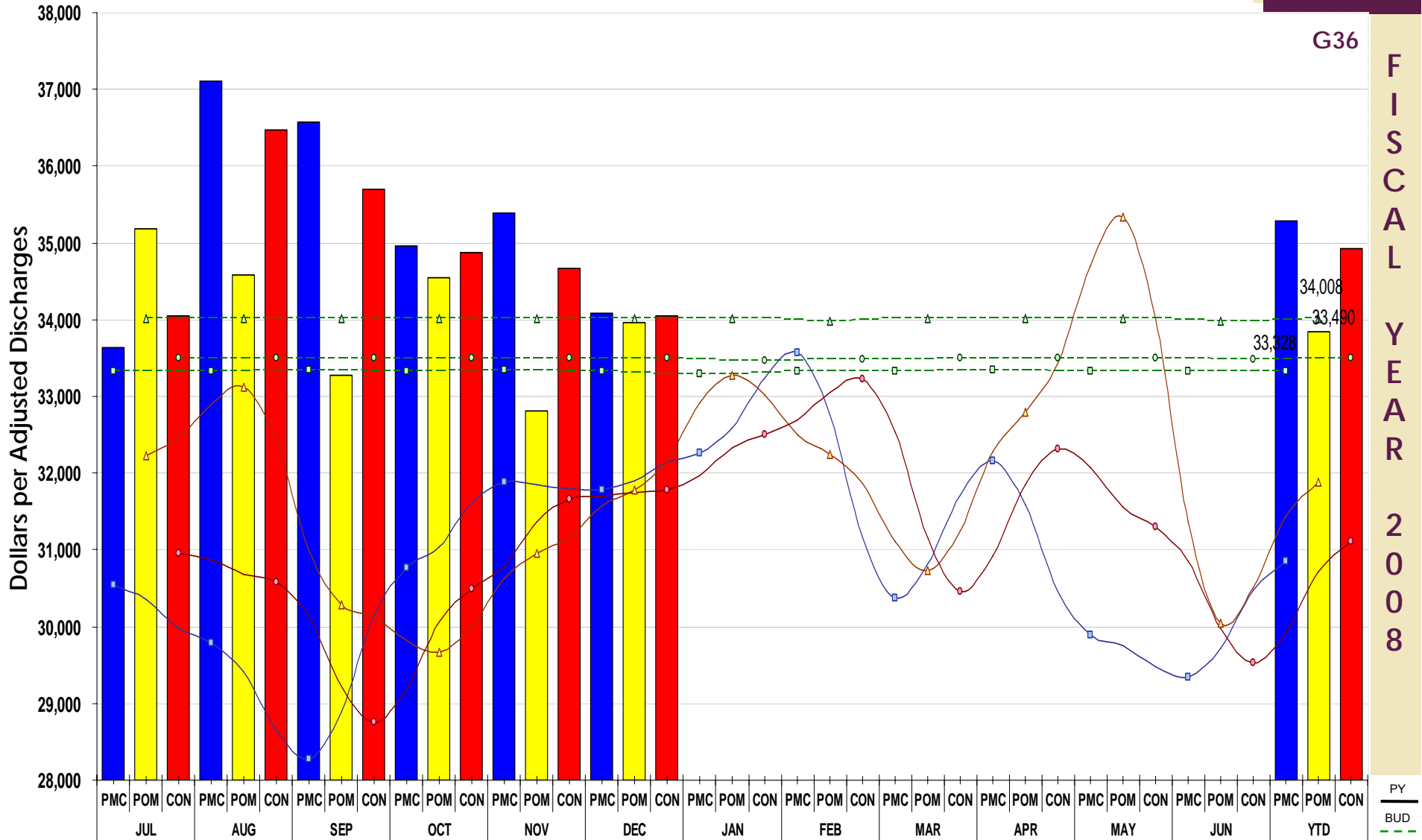
# Net Operating Income per Weighted Patient Days



FISCAL YEAR 2008

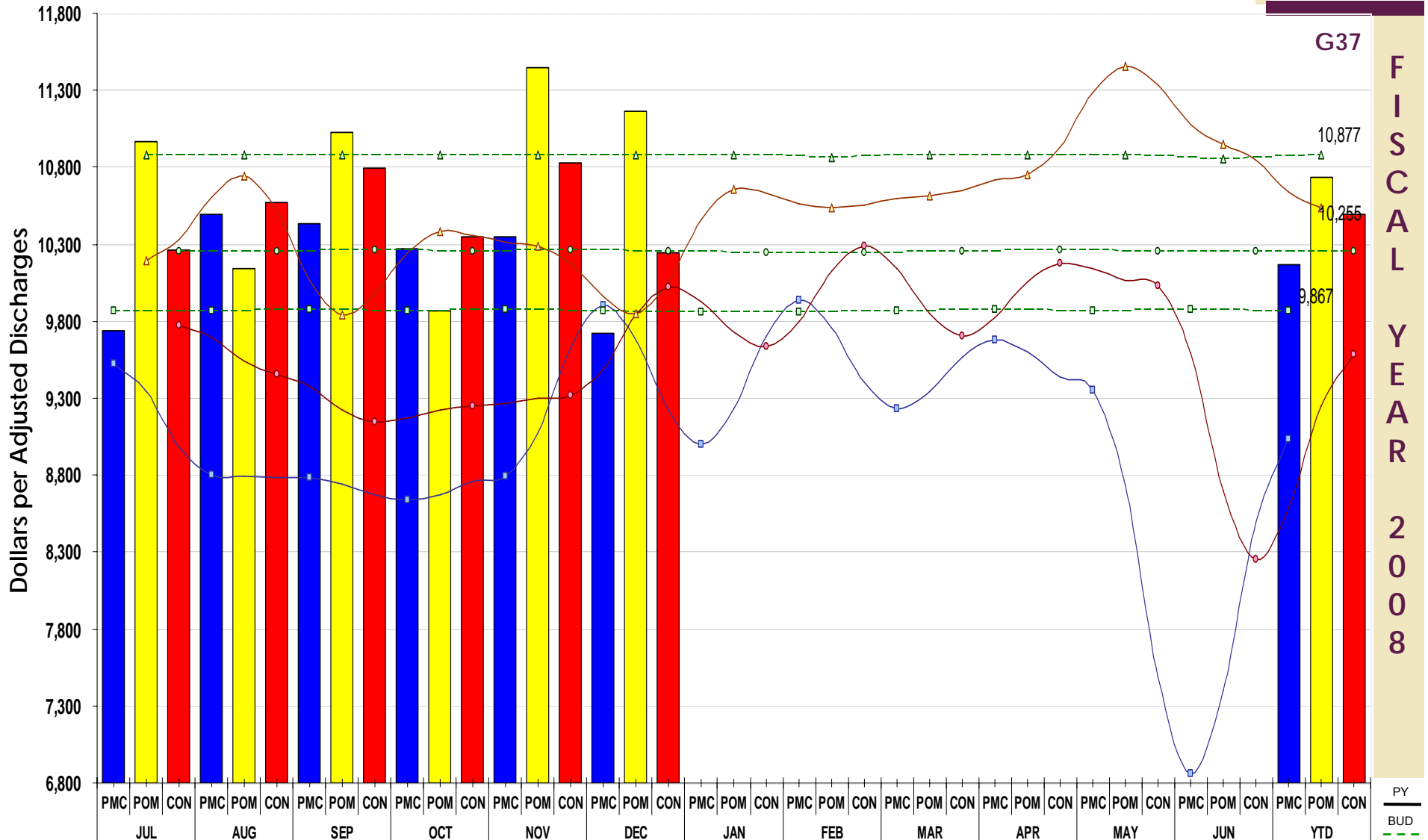
	JUL			AUG			SEP			OCT			NOV			DEC			JAN			FEB			MAR			APR			MAY			JUN			YTD			Bud	YTD
	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON					
PMC	43	204	83	46	(19)	(220)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	141						
POM	96	(190)	136	(582)	171	(143)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(75)	(37)						
CON	45	68	51	(158)	1	(254)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40)	59						

# Gross Patient Revenue per Adjusted Discharges



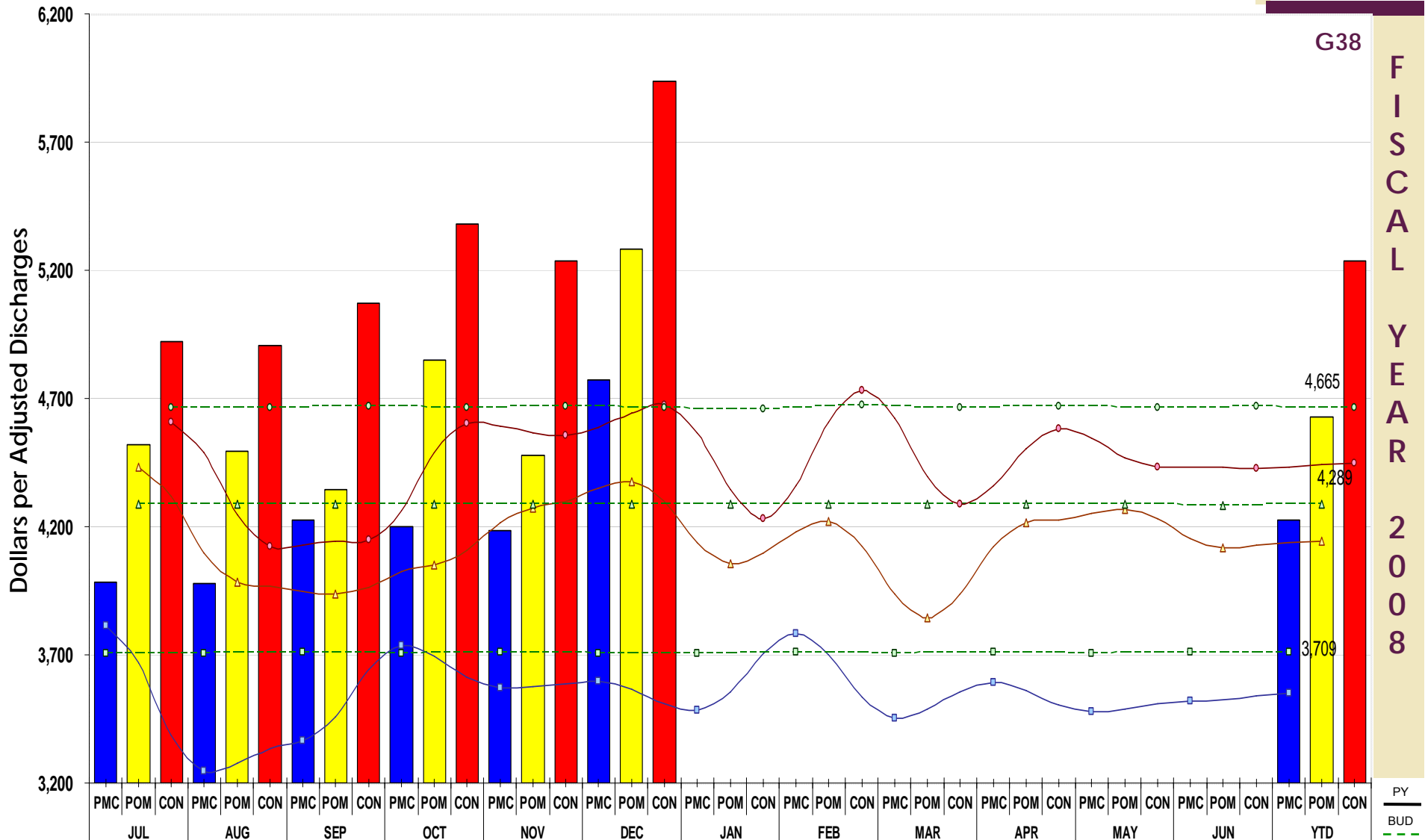
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	33,628	37,115	36,573	34,962	35,383	34,084	-	-	-	-	-	-	35,293	33,331
<b>POM</b>	35,188	34,573	33,267	34,542	32,806	33,958	-	-	-	-	-	-	33,850	34,055
<b>CON</b>	34,046	36,462	35,702	34,870	34,669	34,055	-	-	-	-	-	-	34,921	33,504

# Net Patient Revenue per Adjusted Discharges



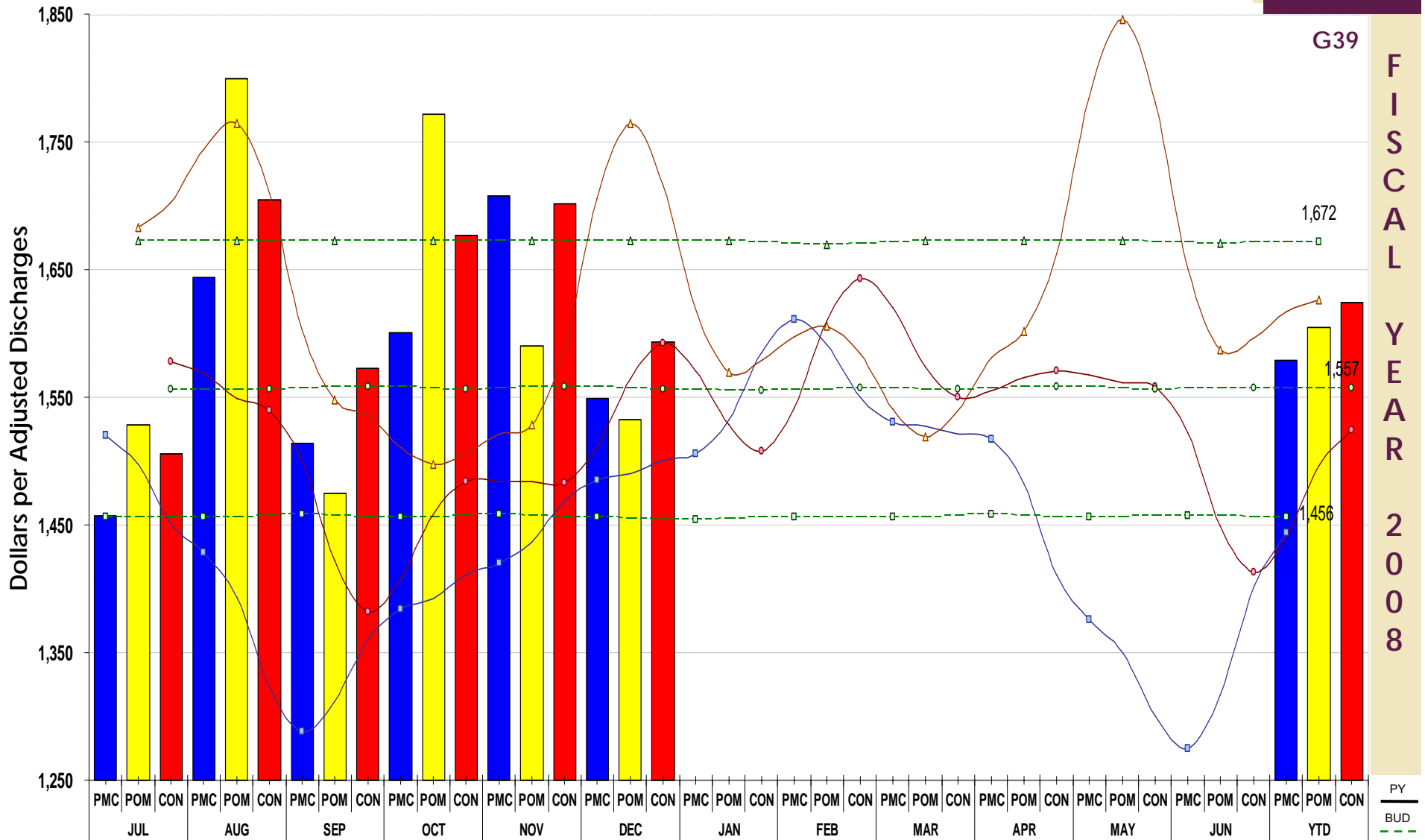
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	9,737	10,493	10,437	10,270	10,344	9,725	-	-	-	-	-	-	10,168	9,876
<b>POM</b>	10,963	10,138	11,028	9,870	11,450	11,160	-	-	-	-	-	-	10,731	10,893
<b>CON</b>	10,266	10,573	10,793	10,345	10,829	10,241	-	-	-	-	-	-	10,493	10,260

# Salaries per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	3,984	3,977	4,227	4,198	4,183	4,772	-	-	-	-	-	-	4,228	3,924
<b>POM</b>	4,518	4,494	4,344	4,852	4,477	5,280	-	-	-	-	-	-	4,628	4,507
<b>CON</b>	4,922	4,905	5,070	5,381	5,238	5,936	-	-	-	-	-	-	5,236	4,885

# Supplies per Adjusted Discharges



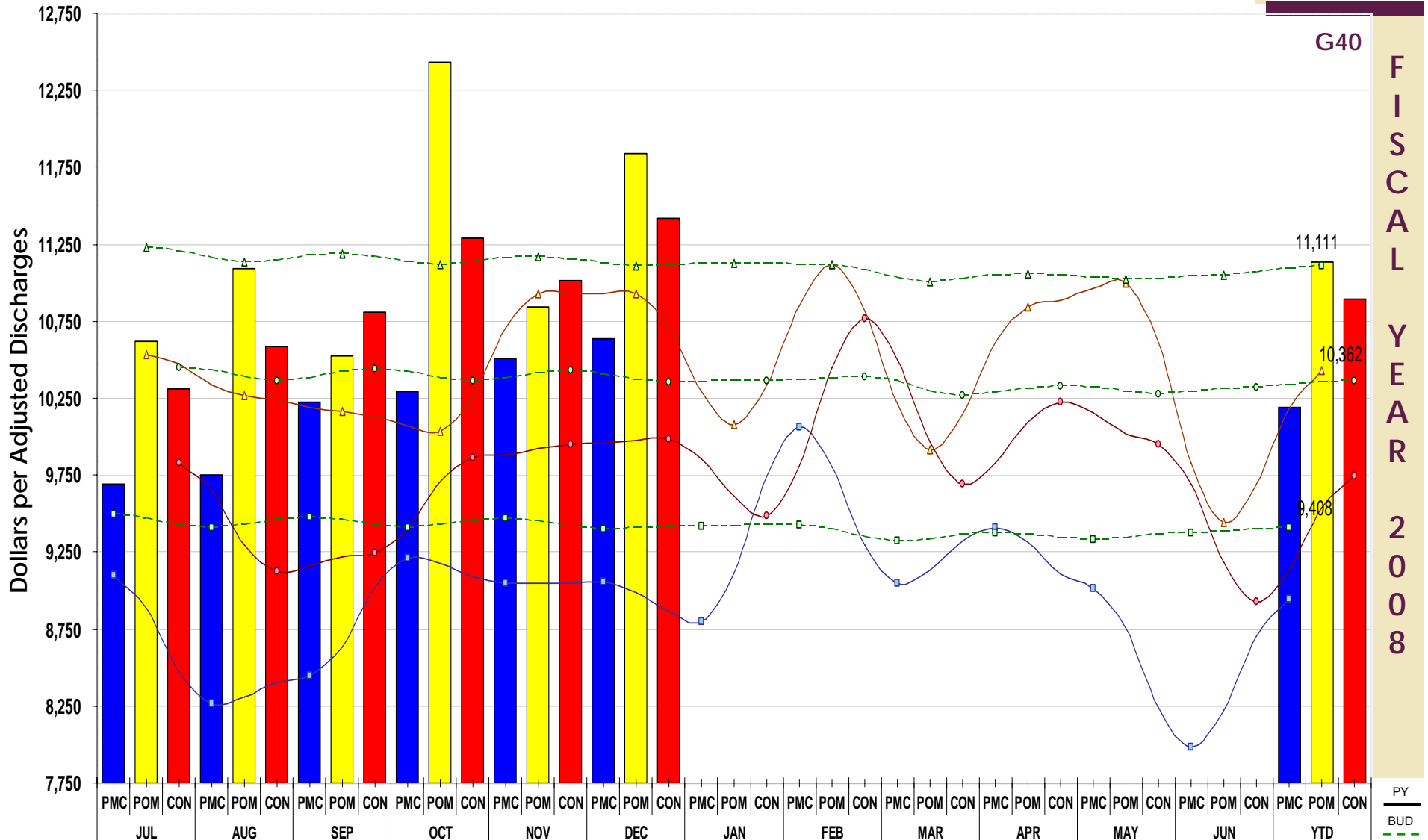
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FISCAL YEAR 2008

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	1,457	1,643	1,514	1,601	1,708	1,549	-	-	-	-	-	-	1,579	1,460
POM	1,528	1,800	1,475	1,772	1,590	1,533	-	-	-	-	-	-	1,604	1,675
CON	1,506	1,704	1,573	1,676	1,702	1,594	-	-	-	-	-	-	1,624	1,558

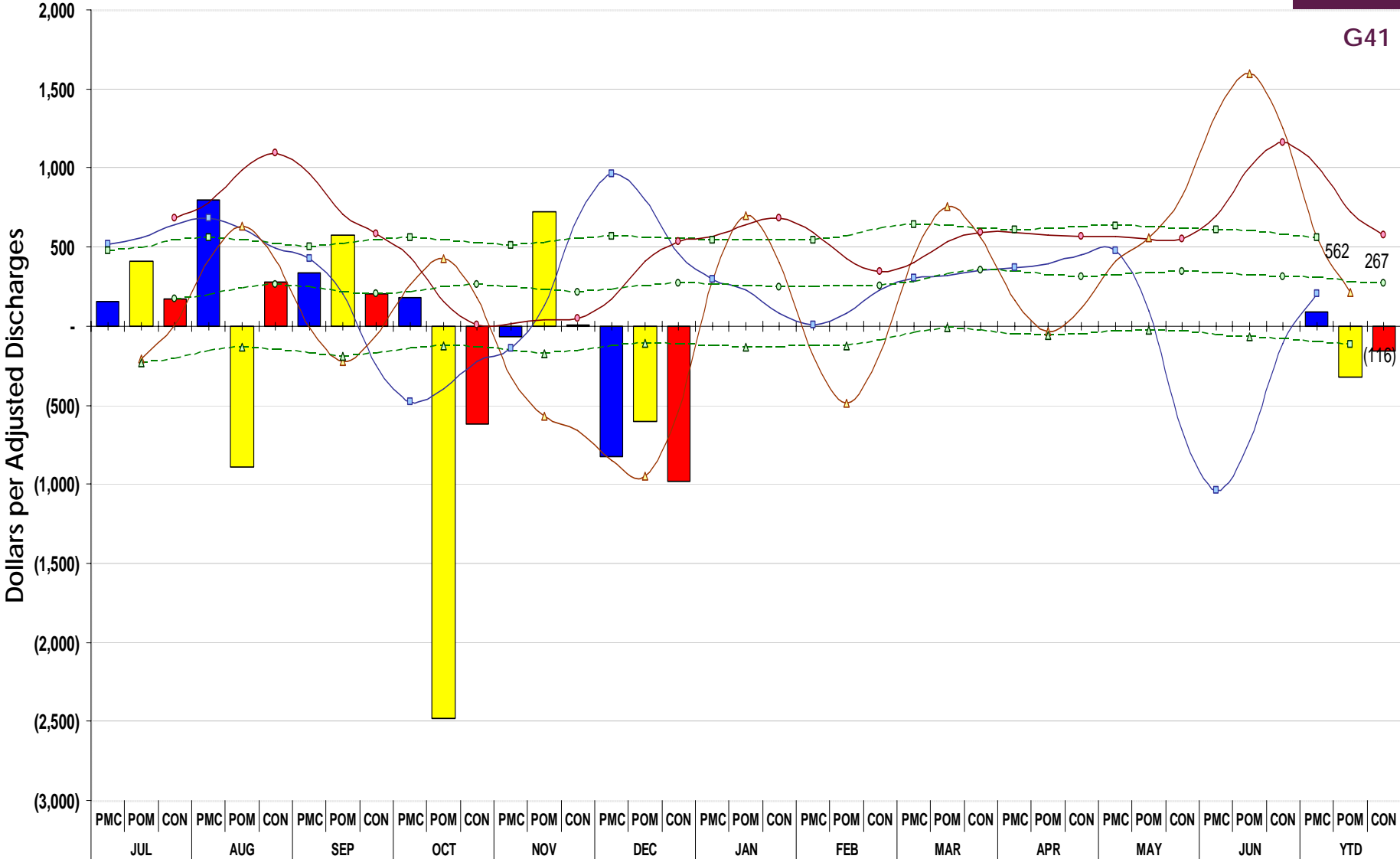


# Total Expenses per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
<b>PMC</b>	9,693	9,752	10,226	10,293	10,511	10,639	-	-	-	-	-	-	10,189	9,452
<b>POM</b>	10,622	11,090	10,523	12,436	10,846	11,837	-	-	-	-	-	-	11,134	11,172
<b>CON</b>	10,309	10,589	10,807	11,291	11,019	11,422	-	-	-	-	-	-	10,891	10,402

# Net Operating Income per Adjusted Discharges



	JUL			AUG			SEP			OCT			NOV			DEC			JAN			FEB			MAR			APR			MAY			JUN			YTD			Bud YTD		
	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON			
PMC	158	799	335	177	(72)	(827)	-	-	-	91	527	158	799	335	177	(72)	(827)	-	-	-	91	527	158	799	335	177	(72)	(827)	-	-	-	91	527	158	799	335	177	(72)	(827)			
POM	411	(889)	575	(2,480)	722	(603)	-	-	-	(323)	(162)	411	(889)	575	(2,480)	722	(603)	-	-	-	(323)	(162)	411	(889)	575	(2,480)	722	(603)	-	-	-	(323)	(162)	411	(889)	575	(2,480)	722	(603)			
CON	171	278	208	(623)	5	(985)	-	-	-	(158)	230	171	278	208	(623)	5	(985)	-	-	-	(158)	230	171	278	208	(623)	5	(985)	-	-	-	(158)	230	171	278	208	(623)	5	(985)			

# Key Variance Explanations

## December 31, 2007

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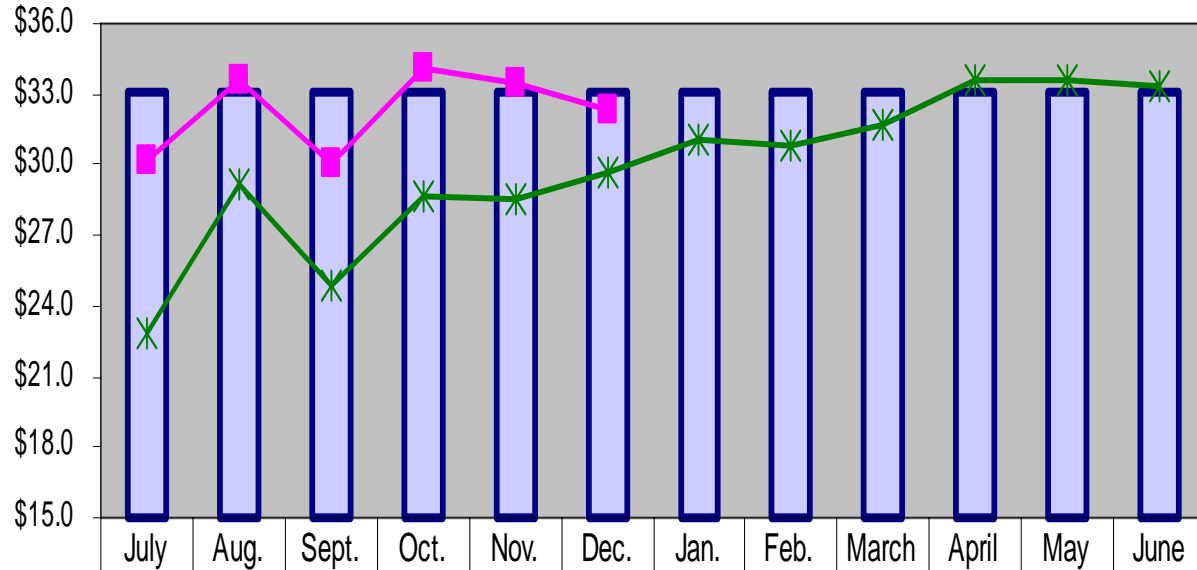
	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Net Income From Operations</b>	<b>(3,307,537)</b>	919,595		<b>(4,227,132)</b>
<b><u>Total Net Revenue:</u></b>				<b>(1,315,480)</b>
Net Patient Revenue			(714,452)	
Other Operating Revenue			(601,028)	
<b><u>Salary, Wages &amp; Contract Labor:</u></b>				<b>(3,220,242)</b>
Volume			459,036	
Rate & Efficiency			(1,012,408)	
Contract Labor			(152,139)	
<b>Incentive Compensation Bonus Award</b>			<b>(2,215,392)</b>	
<b>Bonus: Sign-on, referral, Completion, Longevity &amp; noncash</b>			<b>(299,339)</b>	
<b><u>Benefits:</u></b>				<b>(193,120)</b>
FICA			(98,597)	
Pension			(46,059)	
Other			(48,464)	
<b><u>Supplies:</u></b>				<b>(22,840)</b>
Volume			146,368	
Rate & Efficiency			28,887	
<b>Da Vinci Supplies</b>			<b>(198,095)</b>	
<b><u>Professional Fees &amp; Purchase Services:</u></b>				<b>205,217</b>
<b>Disaster Expenses</b>			<b>(110,922)</b>	
Other			316,139	
<b><u>Depreciation:</u></b>				<b>(112,826)</b>
Close out and operationalize misc. CIPs			(112,826)	
<b><u>Other Direct Expenses:</u></b>				<b>432,159</b>
POP Rent - operationalize			<b>(182,000)</b>	
<b>Holiday Gift Cards</b>			<b>(94,000)</b>	
Other			708,159	
<b>Total Actual to Budget Variance for December 2007:</b>			<u>\$ (4,227,132)</u>	<u>\$ (4,227,132)</u>

## Supplies Expense-Dec 07 YTD

Descriptions	Actual YTD	Budget YTD	Variances
Supplies surgical general	2,412,957	1,996,498	(416,459)
Supplies other medical	7,487,359	7,119,102	(368,257)
Other non medical	3,431,614	3,226,606	(205,008)
Other minor equipment	524,727	404,102	(120,625)
Prosthesis	7,156,838	7,065,682	(91,156)
Supplies employee apparel	70,877	46,686	(24,191)
Supplies food/meat	273,269	257,878	(15,391)
Supplies cleaning	207,281	192,912	(14,369)
Supplies radioactive	402,500	390,808	(11,692)
Supplies office/administration	545,494	535,312	(10,182)
Supplies oxygen/gas	138,780	132,436	(6,344)
Supplies linen	18,140	13,472	(4,668)
Supplies anesthesia material	6,132	4,352	(1,780)
Supplies forms	295,939	306,556	10,617
Supplies food other	1,314,123	1,324,976	10,853
Sutures surgical needles	759,540	776,792	17,252
Instruments minor equipment	185,217	209,814	24,597
Supplies iv solutions	234,970	259,874	24,904
Supplies x-ray material	12,550	38,306	25,756
Supplies surgical pack	863,999	938,598	74,599
Supplies pharmaceutical	5,843,871	6,387,028	543,157
<b>TOTAL</b>	<b>32,186,175</b>	<b>31,627,790</b>	<b>(558,385)</b>

Da Vinci expenses = \$198,095  
in Surgical General expense

### PBS Monthly Collections in Millions



<b>FY08 Goal</b>	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1	\$33.1
<b>Pr. Yr Actual</b>	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8	\$31.7	\$33.6	\$33.6	\$33.3
<b>Curr. Yr Actual</b>	\$30.2	\$33.6	\$30.0	\$34.1	\$33.4	\$32.4						

Palomar Pomerado Health  
Consolidated Balance Sheet  
As of December 31, 2007

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$7,454,889	\$6,237,688	\$1,365,825
Cash Marketable Securities	68,464,790	66,434,916	107,847,524
<b>Total Cash &amp; Cash Equivalents</b>	<b>75,919,679</b>	<b>72,672,604</b>	<b>109,213,349</b>
<b>Patient Accounts Receivable</b>	<b>196,143,932</b>	<b>202,446,906</b>	<b>160,767,031</b>
Allowance on Accounts	-104,792,440	-113,650,933	-81,286,268
<b>Net Accounts Receivable</b>	<b>91,351,492</b>	<b>88,795,973</b>	<b>79,480,763</b>
Inventories	7,003,935	6,903,051	7,025,980
Prepaid Expenses	4,910,479	5,026,849	2,071,008
Other	11,586,207	19,111,990	5,094,523
<b>Total Current Assets</b>	<b>190,771,792</b>	<b>192,510,467</b>	<b>202,885,623</b>
<b>Non-Current Assets</b>			
Restricted Assets	375,410,967	137,836,615	173,111,797
Restricted by Donor	300,765	299,451	296,184
Board Designated	19,045,674	21,435,031	0
<b>Total Restricted Assets</b>	<b>394,757,406</b>	<b>159,571,097</b>	<b>173,407,981</b>
Property Plant & Equipment	366,173,418	366,951,600	373,271,092
Accumulated Depreciation	-225,267,036	-224,713,145	-222,304,232
Construction in Process	169,503,671	162,164,361	121,244,746
<b>Net Property Plant &amp; Equipment</b>	<b>310,410,053</b>	<b>304,402,816</b>	<b>272,211,606</b>
Investment in Related Companies	1,970,019	238,469	265,204
Deferred Financing Costs	20,307,960	17,024,886	17,245,255
Other Non-Current Assets	6,085,426	5,822,686	5,715,558
<b>Total Non-Current Assets</b>	<b>733,530,864</b>	<b>487,059,954</b>	<b>468,845,604</b>
<b>Total Assets</b>	<b>\$924,302,656</b>	<b>\$679,570,421</b>	<b>\$671,731,227</b>

	Current Month	Prior Month	Prior Fiscal Year End
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$21,761,957	\$25,976,944	\$27,500,989
Accrued Payroll	17,209,515	15,360,726	14,778,493
Accrued PTO	13,689,914	13,338,914	12,638,138
Accrued Interest Payable	1,454,870	877,481	1,906,574
Current Portion of Bonds	9,660,000	9,660,000	13,220,000
Est Third Party Settlements	-315,752	-404,508	-2,579,788
Other Current Liabilities	19,718,485	19,240,230	12,085,069
<b>Total Current Liabilities</b>	<b>83,178,989</b>	<b>84,049,787</b>	<b>79,549,475</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	531,968,848	285,158,801	294,723,824
<b>General Fund Balance</b>			
Unrestricted	289,808,385	288,627,356	297,161,750
Restricted for Other Purpose	300,765	299,451	296,184
Board Designated	19,045,674	21,435,031	0
<b>Total Fund Balance</b>	<b>309,154,824</b>	<b>310,361,838</b>	<b>297,457,934</b>
<b>Total Liabilities / Fund Balance</b>	<b>\$924,302,656</b>	<b>\$679,570,421</b>	<b>\$671,731,227</b>

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
FY 2008 Year-to-Date as of December**

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				Variance		\$/Weighted Pt Days		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	14,465	14,994	(529)					
Admissions - SNF	534	576	(42)					
Patient Days - Acute	56,376	57,368	(992)					
Patient Days - SNF	38,311	38,854	(543)					
ALOS - Acute	3.89	3.83	0.06					
ALOS - SNF	73.11	68.16	4.95					
Weighted Patient Days	78,374	78,686	(312)					
<b>Revenue:</b>								
Gross Revenue	\$ 692,195,258	\$ 680,339,986	\$ 11,855,272 F	\$ (2,697,635)	\$ 14,552,907	\$ 8,831.95	\$ 8,646.26	\$ 185.69
Deductions from Rev	(484,201,483)	(472,006,768)	(12,194,715) U	1,871,567	(14,066,282)	(6,178.09)	(5,998.61)	(179.48)
Net Patient Revenue	207,993,775	208,333,218	(339,443) U	(826,068)	486,625	2,653.86	2,647.65	6.21
Other Oper Revenue	4,755,539	7,548,804	(2,793,265) U	(29,932)	(2,763,333)	60.68	95.94	(35.26)
<b>Total Net Revenue</b>	<b>212,749,314</b>	<b>215,882,022</b>	<b>(3,132,708) U</b>	<b>(856,000)</b>	<b>(2,276,708)</b>	<b>2,714.54</b>	<b>2,743.59</b>	<b>(29.05)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	103,791,225	99,198,198	(4,593,027) U	393,333	(4,986,360)	1,324.31	1,260.68	(63.62)
Benefits	25,984,209	25,011,860	(972,349) U	99,175	(1,071,524)	331.54	317.87	(13.67)
Supplies	32,186,175	31,627,790	(558,385) U	125,408	(683,793)	410.67	401.95	(8.72)
Prof Fees & Purch Svc	30,903,260	31,495,666	592,406 F	124,884	467,522	394.30	400.27	5.97
Depreciation	10,981,206	10,649,142	(332,064) U	42,225	(374,289)	140.11	135.34	(4.78)
Other	12,044,505	13,232,676	1,188,171 F	52,469	1,135,702	153.68	168.17	14.49
<b>Total Expenses</b>	<b>215,890,580</b>	<b>211,215,333</b>	<b>(4,675,247) U</b>	<b>837,496</b>	<b>(5,512,743)</b>	<b>2,754.62</b>	<b>2,684.28</b>	<b>(70.34)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(3,141,266)</b>	<b>4,666,689</b>	<b>(7,807,955) U</b>	<b>(18,504)</b>	<b>(7,789,451)</b>	<b>(40.08)</b>	<b>59.31</b>	<b>(99.39)</b>
Property Tax Revenue	6,750,000	6,750,000	-	(26,765)	26,765	86.13	85.78	0.34
Non-Operating Income	2,814,406	397,908	2,416,498 F	(1,578)	2,418,076	35.91	5.06	30.85
<b>Net Income (Loss)</b>	<b>\$ 6,423,140</b>	<b>\$ 11,814,597</b>	<b>\$ (5,391,457) U</b>	<b>\$ (46,846)</b>	<b>\$ (5,344,611)</b>	<b>\$ 81.95</b>	<b>\$ 150.15</b>	<b>\$ (68.19)</b>
Net Income Margin	2.8%	5.2%	-2.4%					
OEBITDA Margin w/o Prop Tax	3.5%	6.8%	-3.3%					
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
 Month-to-Date as of December FY 2008

	Variance			\$/Weighted Pt Days				
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	2,432	2,526	(94)					
Admissions - SNF	97	97	-					
Patient Days - Acute	9,397	9,666	(269)					
Patient Days - SNF	6,441	6,546	(105)					
ALOS - Acute	3.82	3.83	(0.01)					
ALOS - SNF	68.52	68.19	0.33					
Weighted Patient Days	13,000	13,258	(258)					
<b>Revenue:</b>								
Gross Revenue	\$ 114,323,264	\$ 114,616,558	\$ (293,294) U	\$ (2,230,432)	\$ 1,937,138	\$ 8,794.10	\$ 8,645.09	\$ 149.01
Deductions from Rev	(79,944,031.00)	(79,522,873)	(421,158) U	1,547,511	(1,968,669)	(6,149.54)	(5,998.10)	(151.44)
Net Patient Revenue	34,379,233	35,093,685	(714,452) U	(682,921)	(31,531)	2,644.56	2,646.98	(2.43)
Other Oper Revenue	657,106	1,258,134	(601,028) U	(24,483)	(576,545)	50.55	94.90	(44.35)
<b>Total Net Revenue</b>	<b>35,036,339</b>	<b>36,351,819</b>	<b>(1,315,480) U</b>	<b>(707,405)</b>	<b>(608,075)</b>	<b>2,695.10</b>	<b>2,741.88</b>	<b>(46.78)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	19,926,214	16,705,972	(3,220,242) U	325,097	(3,545,339)	1,532.79	1,260.07	(272.72)
Benefits	4,406,086	4,212,966	(193,120) U	81,984	(275,104)	338.93	317.77	(21.16)
Supplies	5,349,701	5,326,861	(22,840) U	103,660	(126,500)	411.52	401.78	(9.73)
Prof Fees & Purch Svc	4,989,017	5,194,234	205,218 F	101,080	104,137	383.77	391.78	8.01
Depreciation	1,887,683	1,774,857	(112,826) U	34,539	(147,365)	145.21	133.87	(11.34)
Other	1,785,175	2,217,335	432,160 F	43,149	389,011	137.32	167.25	29.92
<b>Total Expenses</b>	<b>38,343,876</b>	<b>35,432,224</b>	<b>(2,911,651) U</b>	<b>689,509</b>	<b>(3,601,160)</b>	<b>2,949.53</b>	<b>2,672.52</b>	<b>(277.01)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(3,307,537)</b>	<b>919,595</b>	<b>(4,227,131) U</b>	<b>(17,895)</b>	<b>(4,209,236)</b>	<b>(254.43)</b>	<b>69.36</b>	<b>(323.79)</b>
Property Tax Revenue	1,125,000	1,125,000	- -	(21,892)	21,892	86.54	84.85	1.68
Non-Operating Income	76,272	66,318	9,954 F	(1,291)	11,245	5.87	5.00	0.86
<b>Net Income (Loss)</b>	<b>\$ (2,106,265)</b>	<b>\$ 2,110,913</b>	<b>\$ (4,217,177) U</b>	<b>\$ (41,078)</b>	<b>\$ (4,176,099)</b>	<b>\$ (162.02)</b>	<b>\$ 159.22</b>	<b>\$ (321.24)</b>
Net Income Margin	-5.7%	5.5%	-11.2%					
OEBITDA Margin w/o Prop Tax	-3.8%	7.1%	-10.9%					
OEBITDA Margin with Prop Tax	-0.8%	10.0%	-10.8%					

F= Favorable variance  
 U= Unfavorable variance



**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
December 2007 YTD vs. December 2006 YTD

	December 06			Variance		\$/Weighted Pt Days		
	December 07 YTD	YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	14,465	14,476	(11)					
Admissions - SNF	534	583	(49)					
Patient Days - Acute	56,376	54,854	1,522					
Patient Days - SNF	38,311	38,831	(520)					
ALOS - Acute	3.89	3.77	0.12					
ALOS - SNF	73.11	67.41	5.70					
Weighted Patient Days	78,374	75,536	2,838					
<b>Revenue:</b>								
Gross Revenue	\$ 692,195,258	\$ 606,493,620	\$ 85,701,638 F	\$ 22,786,868	\$ 62,914,770	\$ 8,831.95	\$ 8,029.20	\$ 802.75
Deductions from Rev	(484,201,483.00)	(418,941,064)	(65,260,419) U	(15,740,240)	(49,520,179)	(6,178.09)	(5,546.24)	(631.84)
Net Patient Revenue	207,993,775	187,552,556	20,441,219 F	7,046,629	13,394,590	2,653.86	2,482.96	170.91
Other Oper Revenue	4,755,539	5,218,772	(463,233) U	196,077	(659,310)	60.68	69.09	(8.41)
<b>Total Net Revenue</b>	<b>212,749,314</b>	<b>192,771,328</b>	<b>19,977,986 F</b>	<b>7,242,706</b>	<b>12,735,280</b>	<b>2,714.54</b>	<b>2,552.05</b>	<b>162.49</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	103,791,225	92,018,168	(11,773,057) U	(3,457,260)	(8,315,797)	1,324.31	1,218.20	(106.10)
Benefits	25,984,209	22,920,634	(3,063,575) U	(861,162)	(2,202,413)	331.54	303.44	(28.10)
Supplies	32,186,175	29,829,599	(2,356,576) U	(1,120,742)	(1,235,834)	410.67	394.91	(15.77)
Prof Fees & Purch Svc	30,903,260	25,385,507	(5,517,753) U	(953,771)	(4,563,982)	394.30	336.07	(58.23)
Depreciation	10,981,206	9,992,076	(989,130) U	(375,417)	(613,713)	140.11	132.28	(7.83)
Other	12,044,505	10,718,349	(1,326,156) U	(402,704)	(923,452)	153.68	141.90	(11.78)
<b>Total Expenses</b>	<b>215,890,580</b>	<b>190,864,333</b>	<b>(25,026,247) U</b>	<b>(7,171,057)</b>	<b>(17,855,190)</b>	<b>2,754.62</b>	<b>2,526.80</b>	<b>(227.82)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(3,141,266)</b>	<b>1,906,995</b>	<b>(5,048,261) U</b>	<b>71,649</b>	<b>(5,119,910)</b>	<b>(40.08)</b>	<b>25.25</b>	<b>(65.33)</b>
Property Tax Revenue	6,750,000	6,324,996	425,004 F	237,640	187,364	86.13	83.73	2.39
Non-Operating Income	2,814,406	1,536,323	1,278,083 F	57,722	1,220,361	35.91	20.34	15.57
<b>Net Income (Loss)</b>	<b>\$ 6,423,140</b>	<b>\$ 9,768,314</b>	<b>\$ (3,345,174) U</b>	<b>\$ 367,010</b>	<b>\$ (3,712,184)</b>	<b>\$ 81.95</b>	<b>\$ 129.32</b>	<b>\$ (47.36)</b>
Net Income Margin	2.8%	4.7%	-1.9%					
OEBITDA Margin w/o Prop Tax	3.5%	5.8%	-2.3%					
OEBITDA Margin with Prop Tax	6.5%	8.8%	-2.3%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
**Actual Dec 07 YTD + 6 Month Budget**  
**FY 08 Projection**

				Variance		\$/Weighted Pt Days		
	6 Act + 6 Bud	FY 08 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	29,298	29,827	(529)					
Admissions - SNF	1,105	1,147	(42)					
Patient Days - Acute	113,119	114,111	(992)					
Patient Days - SNF	76,720	77,263	(543)					
Weighted Patient Days	40,085	40,397	(312)					
<b>Revenue:</b>								
Gross Revenue	\$ 1,365,120,538	\$ 1,353,265,267	\$ 11,855,271 F	\$ (10,451,736)	\$ 22,307,007	\$ 34,055.65	\$ 33,499.15	\$ 556.49
Deductions from Rev	(951,077,781)	(938,883,067)	(12,194,714) U	7,251,319	(19,446,033)	(23,726.53)	(23,241.41)	(485.12)
Net Patient Revenue	414,042,757	414,382,200	(339,443) U	(3,200,417)	2,860,974	10,329.12	10,257.75	71.37
Other Oper Revenue	12,304,340	15,097,606	(2,793,266) U	(116,604)	(2,676,662)	306.96	373.73	(66.77)
<b>Total Net Revenue</b>	<b>426,347,097</b>	<b>429,479,806</b>	<b>(3,132,709) U</b>	<b>(3,317,021)</b>	<b>184,312</b>	<b>10,636.08</b>	<b>10,631.48</b>	<b>4.60</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	201,947,186	197,354,158	(4,593,028) U	1,524,234	(6,117,262)	5,037.97	4,885.37	(152.61)
Benefits	50,729,496	49,757,147	(972,349) U	384,292	(1,356,641)	1,265.55	1,231.70	(33.84)
Supplies	63,472,658	62,914,273	(558,385) U	485,909	(1,044,294)	1,583.45	1,557.40	(26.05)
Prof Fees & Purch Svc	60,336,424	60,928,830	592,406 F	470,574	121,832	1,505.21	1,508.25	3.04
Depreciation	21,675,696	21,343,632	(332,064) U	164,844	(496,908)	540.74	528.35	(12.40)
Other	25,205,793	26,393,963	1,188,170 F	203,850	984,320	628.81	653.36	24.56
<b>Total Expenses</b>	<b>423,367,253</b>	<b>418,692,003</b>	<b>(4,675,250) U</b>	<b>3,233,703</b>	<b>(7,908,953)</b>	<b>10,561.74</b>	<b>10,364.43</b>	<b>(197.30)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>2,979,844</b>	<b>10,787,803</b>	<b>(7,807,958) U</b>	<b>(83,318)</b>	<b>(7,724,641)</b>	<b>74.34</b>	<b>267.04</b>	<b>(192.71)</b>
Property Tax Revenue	13,500,000	13,500,000	- -	(104,265)	104,265	336.78	334.18	2.60
Non-Operating Income	3,212,319	795,822	2,416,497 F	(6,146)	2,422,643	80.14	19.70	60.44
<b>Net Income (Loss)</b>	<b>\$ 19,692,163</b>	<b>\$ 25,083,625</b>	<b>\$ (5,391,457) U</b>	<b>\$ (193,730)</b>	<b>\$ (5,197,732)</b>	<b>\$ 491.26</b>	<b>\$ 620.93</b>	<b>\$ (129.67)</b>
Net Income Margin	4.4%	5.6%	-1.2%					
OEBITDA Margin w/o Prop Tax	5.5%	7.1%	-1.6%					
OEBITDA Margin with Prop Tax	8.5%	10.1%	-1.6%					

F= Favorable variance

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
MONTHLY TREND**

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	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>Statistics:</b>							
Admissions - Acute	2,378	2,480	2,369	2,386	2,420	2,432	14,465
Admissions - SNF	98	83	95	82	79	97	534
Patient Days - Acute	9,000	9,910	9,617	9,161	9,291	9,397	56,376
Patient Days - SNF	6,453	6,703	6,262	6,200	6,252	6,441	38,311
LOS - Acute	3.77	4.03	4.03	3.85	3.84	3.82	3.89
LOS - SNF	74.17	77.94	63.90	68.89	90.61	68.52	73.11
Weighted Patient Days	12,587	13,756	13,284	12,775	12,969	13,000	78,374
Adjusted Discharges	3,283	3,357	3,250	3,272	3,305	3,357	19,822
<b>Revenue:</b>							
Gross Revenue	\$ 111,773,221	\$ 122,404,049	\$ 116,030,872	\$ 113,082,612	\$ 114,581,236	\$ 114,323,264	\$ 692,195,258
Deductions from Rev	(78,069,250)	(86,911,029)	(80,952,920)	(79,532,906)	(78,791,347)	(79,944,031)	(484,201,483)
Net Patient Revenue	33,703,971	35,493,020	35,077,952	33,549,706	35,789,889	34,379,233	207,993,775
Other Oper Revenue	701,388	986,768	719,079	1,046,518	644,683	657,106	4,755,539
<b>Total Net Revenue</b>	<b>34,405,359</b>	<b>36,479,788</b>	<b>35,797,031</b>	<b>34,596,224</b>	<b>36,434,572</b>	<b>35,036,339</b>	<b>212,749,314</b>
<b>Expenses:</b>							
Salaries, Wages & Contr Labor	16,158,669	16,464,478	16,477,521	17,451,691	17,312,652	19,926,214	103,791,225
Benefits	4,208,437	4,396,919	4,327,260	4,393,500	4,252,006	4,406,086	25,984,209
Supplies	4,942,769	5,720,791	5,111,919	5,436,382	5,624,615	5,349,701	32,186,175
Prof Fees & Purch Svc	4,291,556	5,235,293	5,463,126	5,405,362	5,518,907	4,989,017	30,903,260
Depreciation	1,787,630	1,785,978	1,804,198	1,804,702	1,911,015	1,887,683	10,981,206
Other	2,455,357	1,944,304	1,937,161	2,125,075	1,797,432	1,785,175	12,044,505
<b>Total Expenses</b>	<b>33,844,418</b>	<b>35,547,763</b>	<b>35,121,185</b>	<b>36,616,712</b>	<b>36,416,627</b>	<b>38,343,876</b>	<b>215,890,580</b>
<b>Net Inc Before Non-Oper Income</b>	<b>560,941</b>	<b>932,026</b>	<b>675,846</b>	<b>(2,020,488)</b>	<b>17,945</b>	<b>(3,307,537)</b>	<b>(3,141,266)</b>
Property Tax Revenue	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	6,750,000
Non-Operating Income	331,466	517,863	795,728	174,686	918,390	76,272	2,814,406
<b>Net Income (Loss)</b>	<b>\$ 2,017,407</b>	<b>\$ 2,574,888</b>	<b>\$ 2,596,574</b>	<b>\$ (720,802)</b>	<b>\$ 2,061,335</b>	<b>\$ (2,106,265)</b>	<b>6,423,140</b>
Net Income Margin	5.8%	5.8%	7.3%	-2.1%	5.2%	-5.7%	2.8%
OEBITDA Margin w/o Prop Tax	6.8%	6.1%	7.0%	-0.6%	4.9%	-3.8%	3.5%
OEBITDA Margin with Prop Tax	10.1%	8.6%	10.1%	2.6%	7.7%	-0.8%	6.5%

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
FY 2008 Year-to-Date as of December**

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				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	14,465	14,994	(529)					
Admissions - SNF	534	576	(42)					
Patient Days - Acute	56,376	57,368	(992)					
Patient Days - SNF	38,311	38,854	(543)					
ALOS - Acute	3.89	3.83	0.06					
ALOS - SNF	73.11	68.16	4.95					
Adjusted Discharges	19,822	20,306	(484)					
<b>Revenue:</b>								
Gross Revenue	\$ 692,195,258	\$ 680,339,986	\$ 11,855,272 F	\$ (16,216,121)	\$ 28,071,393	\$ 34,920.56	\$ 33,504.38	\$ 1,416.17
Deductions from Rev	(484,201,483)	(472,006,768)	(12,194,715) U	11,250,432	(23,445,147)	(24,427.48)	(23,244.69)	(1,182.78)
Net Patient Revenue	207,993,775	208,333,218	(339,443) U	(4,965,689)	4,626,246	10,493.08	10,259.69	233.39
Other Oper Revenue	4,755,539	7,548,804	(2,793,265) U	(179,928)	(2,613,337)	239.91	371.75	(131.84)
<b>Total Net Revenue</b>	<b>212,749,314</b>	<b>215,882,022</b>	<b>(3,132,708) U</b>	<b>(5,145,617)</b>	<b>2,012,909</b>	<b>10,732.99</b>	<b>10,631.44</b>	<b>101.55</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	103,791,225	99,198,198	(4,593,027) U	2,364,421	(6,957,448)	5,236.16	4,885.17	(351.00)
Benefits	25,984,209	25,011,860	(972,349) U	596,166	(1,568,515)	1,310.88	1,231.75	(79.13)
Supplies	32,186,175	31,627,790	(558,385) U	753,858	(1,312,243)	1,623.76	1,557.56	(66.20)
Prof Fees & Purch Svc	30,903,260	31,495,666	592,406 F	750,709	(158,303)	1,559.04	1,551.05	(7.99)
Depreciation	10,981,206	10,649,142	(332,064) U	253,826	(585,890)	553.99	524.43	(29.56)
Other	12,044,505	13,232,676	1,188,171 F	315,405	872,766	607.63	651.66	44.03
<b>Total Expenses</b>	<b>215,890,580</b>	<b>211,215,333</b>	<b>(4,675,247) U</b>	<b>5,034,385</b>	<b>(9,709,632)</b>	<b>10,891.46</b>	<b>10,401.62</b>	<b>(489.84)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(3,141,266)</b>	<b>4,666,689</b>	<b>(7,807,955) U</b>	<b>(111,232)</b>	<b>(7,696,723)</b>	<b>(158.47)</b>	<b>229.82</b>	<b>(388.29)</b>
Property Tax Revenue	6,750,000	6,750,000	- -	(160,888)	160,888	340.53	332.41	8.12
Non-Operating Income	2,814,406	397,908	2,416,498 F	(9,484)	2,425,982	141.98	19.60	122.39
<b>Net Income (Loss)</b>	<b>\$ 6,423,140</b>	<b>\$ 11,814,597</b>	<b>\$ (5,391,457) U</b>	<b>\$ (281,605)</b>	<b>\$ (5,109,852)</b>	<b>\$ 324.04</b>	<b>\$ 581.83</b>	<b>\$ (257.79)</b>
Net Income Margin	2.8%	5.2%	-2.4%					
OEBITDA Margin w/o Prop Tax	3.5%	6.8%	-3.3%					
OEBITDA Margin with Prop Tax	6.5%	9.8%	-3.3%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH  
CONSOLIDATED  
Month-to-Date as of December FY 2008**

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				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	2,432	2,526	(94)					
Admissions - SNF	97	97	-					
Patient Days - Acute	9,397	9,666	(269)					
Patient Days - SNF	6,441	6,546	(105)					
ALOS - Acute	3.82	3.83	(0.01)					
ALOS - SNF	68.52	68.19	0.33					
Adjusted Discharges	3,357	3,421	(64)					
<b>Revenue:</b>								
Gross Revenue	\$ 114,323,264	\$ 114,616,558	\$ (293,294) U	\$ (2,144,244)	\$ 1,850,950	\$34,055.19	\$ 33,503.82	\$ 551.37
Deductions from Rev	(79,944,031.00)	(79,522,873)	(421,158) U	1,487,712	(1,908,870)	(23,814.13)	(23,245.51)	(568.62)
Net Patient Revenue	34,379,233	35,093,685	(714,452) U	(656,532)	(57,920)	10,241.06	10,258.31	(17.25)
Other Oper Revenue	657,106	1,258,134	(601,028) U	(23,537)	(577,491)	195.74	367.77	(172.03)
<b>Total Net Revenue</b>	<b>35,036,339</b>	<b>36,351,819</b>	<b>(1,315,480) U</b>	<b>(680,069)</b>	<b>(635,411)</b>	<b>10,436.80</b>	<b>10,626.08</b>	<b>(189.28)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	19,926,214	16,705,972	(3,220,242) U	312,535	(3,532,777)	5,935.72	4,883.36	(1,052.36)
Benefits	4,406,086	4,212,966	(193,120) U	78,816	(271,936)	1,312.51	1,231.50	(81.01)
Supplies	5,349,701	5,326,861	(22,840) U	99,655	(122,495)	1,593.60	1,557.11	(36.49)
Prof Fees & Purch Svc	4,989,017	5,194,234	205,218 F	97,174	108,043	1,486.15	1,518.34	32.18
Depreciation	1,887,683	1,774,857	(112,826) U	33,204	(146,030)	562.31	518.81	(43.50)
Other	1,785,175	2,217,335	432,160 F	41,482	390,678	531.78	648.15	116.38
<b>Total Expenses</b>	<b>38,343,876</b>	<b>35,432,224</b>	<b>(2,911,651) U</b>	<b>662,865</b>	<b>(3,574,516)</b>	<b>11,422.07</b>	<b>10,357.27</b>	<b>(1,064.79)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>(3,307,537)</b>	<b>919,595</b>	<b>(4,227,131) U</b>	<b>(17,204)</b>	<b>(4,209,927)</b>	<b>(985.27)</b>	<b>268.81</b>	<b>(1,254.07)</b>
Property Tax Revenue	1,125,000	1,125,000	-	(21,046)	21,046	335.12	328.85	6.27
Non-Operating Income	76,272	66,318	9,954 F	(1,241)	11,195	22.72	19.39	3.33
<b>Net Income (Loss)</b>	<b>\$ (2,106,265)</b>	<b>\$ 2,110,913</b>	<b>\$ (4,217,177) U</b>	<b>\$ (39,491)</b>	<b>\$ (4,177,686)</b>	<b>\$ (627.42)</b>	<b>\$ 617.05</b>	<b>\$ (1,244.47)</b>
Net Income Margin	-5.7%	5.5%	-11.2%					
OEBITDA Margin w/o Prop Tax	-3.8%	7.1%	-10.9%					
OEBITDA Margin with Prop Tax	-0.8%	10.0%	-10.8%					

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH**  
**CONSOLIDATED**  
December 2007 YTD vs. December 2006 YTD

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	December 07 YTD	December 06 YTD	Variance	Variance		\$/Adjusted Discharges			
				Volume	Rate/Eff	Actual	Budget	Variance	
<b>Statistics:</b>									
Admissions - Acute	14,465	14,476	(11)						
Admissions - SNF	534	583	(49)						
Patient Days - Acute	56,376	54,854	1,522						
Patient Days - SNF	38,311	38,831	(520)						
ALOS - Acute	3.89	3.77	0.12						
ALOS - SNF	73.11	67.41	5.70						
Adjusted Discharges	19,822	19,760	62						
<b>Revenue:</b>									
Gross Revenue	\$ 692,195,258	\$ 606,493,620	\$ 85,701,638 F	\$ 1,902,966	\$ 83,798,672	\$34,920.56	\$ 30,693.00	\$ 4,227.56	
Deductions from Rev	(484,201,483.00)	(418,941,064)	(65,260,419) U	(1,314,491)	(63,945,928)	(24,427.48)	(21,201.47)	(3,226.01)	
Net Patient Revenue	207,993,775	187,552,556	20,441,219 F	588,475	19,852,744	10,493.08	9,491.53	1,001.55	
Other Oper Revenue	4,755,539	5,218,772	(463,233) U	16,375	(479,608)	239.91	264.11	(24.20)	
<b>Total Net Revenue</b>	<b>212,749,314</b>	<b>192,771,328</b>	<b>19,977,986 F</b>	<b>604,849</b>	<b>19,373,137</b>	<b>10,732.99</b>	<b>9,755.63</b>	<b>977.36</b>	
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	103,791,225	92,018,168	(11,773,057) U	(288,721)	(11,484,336)	5,236.16	4,656.79	(579.37)	
Benefits	25,984,209	22,920,634	(3,063,575) U	(71,917)	(2,991,658)	1,310.88	1,159.95	(150.93)	
Supplies	32,186,175	29,829,599	(2,356,576) U	(93,595)	(2,262,981)	1,623.76	1,509.60	(114.17)	
Prof Fees & Purch Svc	30,903,260	25,385,507	(5,517,753) U	(79,651)	(5,438,102)	1,559.04	1,284.69	(274.35)	
Depreciation	10,981,206	9,992,076	(989,130) U	(31,352)	(957,778)	553.99	505.67	(48.32)	
Other	12,044,505	10,718,349	(1,326,156) U	(33,630)	(1,292,526)	607.63	542.43	(65.21)	
<b>Total Expenses</b>	<b>215,890,580</b>	<b>190,864,333</b>	<b>(25,026,247) U</b>	<b>(598,866)</b>	<b>(24,427,381)</b>	<b>10,891.46</b>	<b>9,659.13</b>	<b>(1,232.34)</b>	
<b>Net Inc Before Non-Oper Income</b>	<b>(3,141,266)</b>	<b>1,906,995</b>	<b>(5,048,261) U</b>	<b>5,983</b>	<b>(5,054,244)</b>	<b>(158.47)</b>	<b>96.51</b>	<b>(254.98)</b>	
Property Tax Revenue	6,750,000	6,324,996	425,004 F	19,846	405,158	340.53	320.09	20.44	
Non-Operating Income	2,814,406	1,536,323	1,278,083 F	4,820	1,273,263	141.98	77.75	64.23	
<b>Net Income (Loss)</b>	<b>\$ 6,423,140</b>	<b>\$ 9,768,314</b>	<b>\$ (3,345,174) U</b>	<b>\$ 30,650</b>	<b>\$ (3,375,824)</b>	<b>\$ 324.04</b>	<b>\$ 494.35</b>	<b>\$ (170.31)</b>	
Net Income Margin	2.8%	4.7%	-1.9%						
OEBITDA Margin w/o Prop Tax	3.5%	5.8%	-2.3%						
OEBITDA Margin with Prop Tax	6.5%	8.8%	-2.3%						

F= Favorable variance  
U= Unfavorable variance

**PALOMAR POMERADO HEALTH  
CONSOLIDATED**  
Actual Dec 07 YTD + 6 Month Budget  
FY 08 Projection

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	6 Act + 6 Bud	FY 08 Budget	Variance	Variance		\$/Adjusted Discharges		
				Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	29,298	29,827	(529)					
Admissions - SNF	1,105	1,147	(42)					
Patient Days - Acute	113,119	114,111	(992)					
Patient Days - SNF	76,720	77,263	(543)					
Adjusted Discharges	39,913	40,397	(484)					
<b>Revenue:</b>								
Gross Revenue	\$ 1,365,120,538	\$ 1,353,265,267	\$ 11,855,271 F	\$ (16,213,590)	\$ 28,068,861	\$ 34,202.40	\$ 33,499.15	\$ 703.25
Deductions from Rev	(951,077,781)	(938,883,067)	(12,194,714) U	11,248,840	(23,443,554)	(23,828.77)	(23,241.41)	(587.37)
Net Patient Revenue	414,042,757	414,382,200	(339,443) U	(4,964,749)	4,625,306	10,373.63	10,257.75	115.88
Other Oper Revenue	12,304,340	15,097,606	(2,793,266) U	(180,886)	(2,612,380)	308.28	373.73	(65.45)
<b>Total Net Revenue</b>	<b>426,347,097</b>	<b>429,479,806</b>	<b>(3,132,709) U</b>	<b>(5,145,635)</b>	<b>2,012,926</b>	<b>10,681.91</b>	<b>10,631.48</b>	<b>50.43</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	201,947,186	197,354,158	(4,593,028) U	2,364,517	(6,957,545)	5,059.68	4,885.37	(174.32)
Benefits	50,729,496	49,757,147	(972,349) U	596,145	(1,568,494)	1,271.00	1,231.70	(39.30)
Supplies	63,472,658	62,914,273	(558,385) U	753,781	(1,312,166)	1,590.28	1,557.40	(32.88)
Prof Fees & Purch Svc	60,336,424	60,928,830	592,406 F	729,994	(137,588)	1,511.70	1,508.25	(3.45)
Depreciation	21,675,696	21,343,632	(332,064) U	255,720	(587,784)	543.07	528.35	(14.73)
Other	25,205,793	26,393,963	1,188,170 F	316,228	871,942	631.52	653.36	21.85
<b>Total Expenses</b>	<b>423,367,253</b>	<b>418,692,003</b>	<b>(4,675,250) U</b>	<b>5,016,386</b>	<b>(9,691,636)</b>	<b>10,607.25</b>	<b>10,364.43</b>	<b>(242.82)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>2,979,844</b>	<b>10,787,803</b>	<b>(7,807,958) U</b>	<b>(129,250)</b>	<b>(7,678,709)</b>	<b>74.66</b>	<b>267.04</b>	<b>(192.39)</b>
Property Tax Revenue	13,500,000	13,500,000	- -	(161,745)	161,745	338.24	334.18	4.05
Non-Operating Income	3,212,319	795,822	2,416,497 F	(9,535)	2,426,032	80.48	19.70	60.78
<b>Net Income (Loss)</b>	<b>\$ 19,692,163</b>	<b>\$ 25,083,625</b>	<b>\$ (5,391,461) U</b>	<b>\$ (300,529)</b>	<b>\$ (5,090,933)</b>	<b>\$ 493.38</b>	<b>\$ 620.93</b>	<b>\$ (127.55)</b>
Net Income Margin	4.4%	5.6%	-1.2%					
OEBITDA Margin w/o Prop Tax	5.5%	7.1%	-1.6%					
OEBITDA Margin with Prop Tax	8.5%	10.1%	-1.6%					

F= Favorable variance  
U= Unfavorable variance

# Statement of Cash Flows

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Fiscal Year 2008	December	YTD
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	(3,308,287)	(3,142,518)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation Expense	1,887,683	10,981,206
Provision for bad debts	2,647,677	18,358,418
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(5,203,196)	(24,413,068)
Property Tax and other receivables	(1,336,834)	(18,413,806)
Inventories	(100,884)	37,337
Prepaid expenses and Other Non-Current assets	(1,615,180)	(3,019,041)
Accounts payable	(4,214,992)	(9,803,450)
Accrued compensation	2,199,789	2,936,680
Estimated settlement amounts due third-party payors	88,756	1,268,445
Other current liabilities	1,603,255	17,214,220
Net cash provided by operating activities	(7,352,213)	(7,995,577)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	(237,216,183)	(173,971,048)
Interest (Loss) received on investments	455,345	4,740,521
Investment in affiliates	0	(2,089,587)
Net cash used in investing activities	(236,760,838)	(171,320,114)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	3,980,253	4,922,379
Receipt of District Taxes	4,619,625	5,921,418
Net cash used in non-capital financing activities	8,599,877	10,843,797
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipment	(6,777,726)	(43,872,869)
Proceeds from sale of asset	0	0
Deferred Financing Costs	(3,283,074)	(15,430,958)
G.O. Bond Interest paid	0	(1,745,713)
Revenue Bond Interest paid	0	(1,856,203)
Proceeds from issuance of debt	246,791,175	246,791,175
Payments of Long Term Debt	0	(13,220,000)
Net cash used in activities	236,730,375	170,665,433
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,217,201	2,193,539
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	6,237,688	5,261,349
<b>CASH AND CASH EQUIVALENTS - End of period</b>	7,454,889	7,454,888

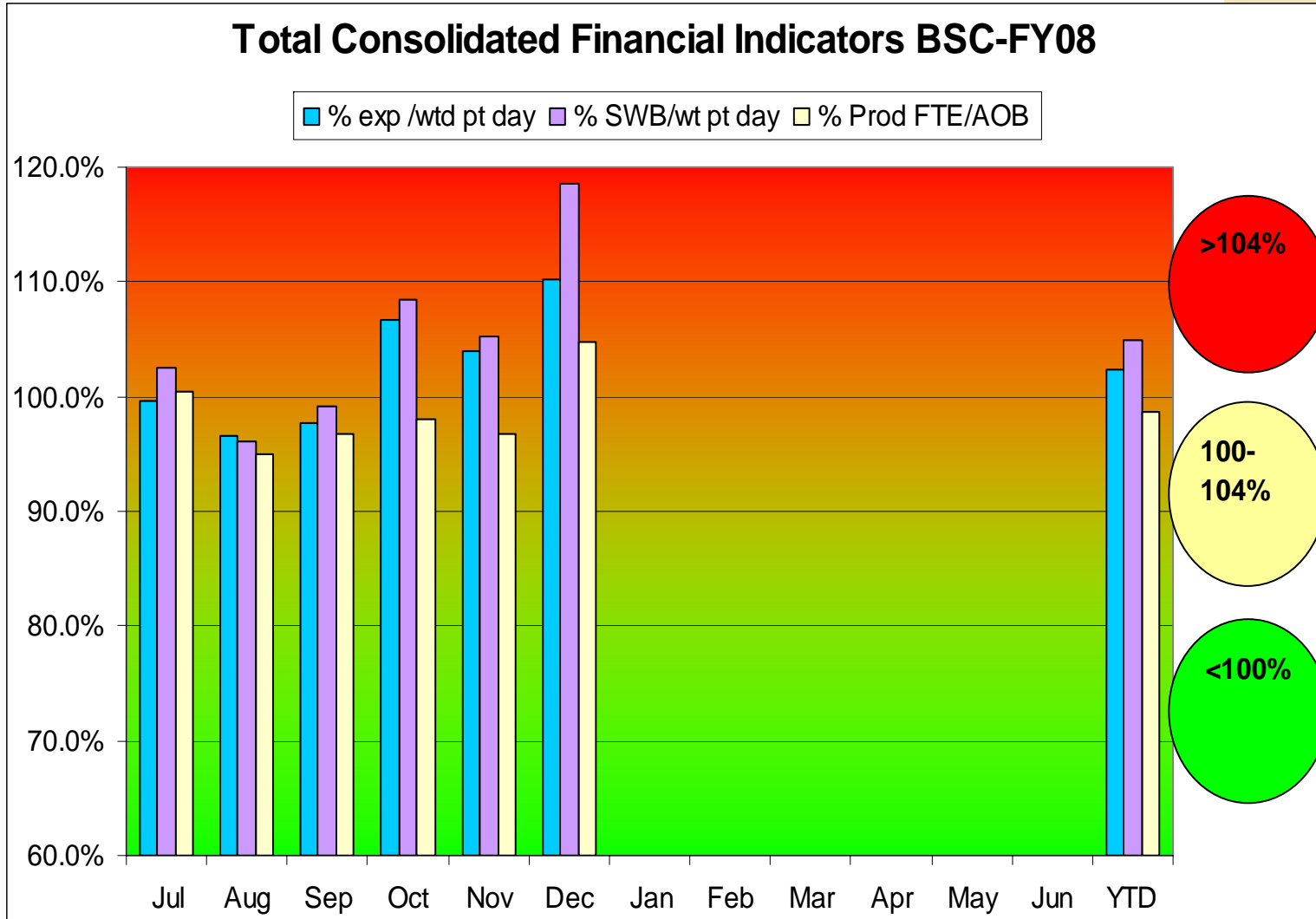


**BOND COVENANT RATIOS**

<b>Cushion Ratio</b>	<b>Jun-06</b>	<b>Jun-07</b>	<b>Dec-07</b>
Cash and Cash Equivalents	112,036,430	109,213,349	75,919,679
Board Designated Reserves	9,267,526	-	19,045,674
Trustee-held Funds	12,170,183	143,341,920	108,965,190
Total	133,474,139	252,555,269	203,930,543
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	16,972,692	16,972,692
<b>Cushion Ratio</b>	<b>12.5</b>	<b>14.9</b>	<b>12.0</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Days Cash on Hand</b>	<b>Jun-06</b>	<b>Jun-07</b>	<b>Dec-07</b>
Cash and Cash Equivalents	112,036,430	109,213,349	75,919,679
Board Designated Reserves	9,267,526	-	19,045,674
Total	121,303,956	109,213,349	94,965,353
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	364,120,335	385,355,509	215,890,580
Less: Depreciation	18,737,467	19,453,013	10,981,206
Adjusted Expenses	345,382,868	365,902,496	204,909,374
Number of days in period	365	365	184
Average Adjusted Expenses per Day	946,254	1,002,473	1,113,638
<b>Days Cash on Hand</b>	<b>128</b>	<b>109</b>	<b>85</b>
<b>REQUIREMENT</b>	<b>90</b>	<b>80</b>	<b>80</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Net Income Available for Debt Service</b>	<b>Jun-06</b>	<b>Jun-07</b>	<b>Dec-07</b>
Excess of revenue over expenses Cur Mo.	1,315,850	2,963,446	(2,106,265)
Excess of revenues over expenses YTD (General Funds)	11,558,633	21,974,509	6,423,140
ADD:			
Depreciation and Amortization	18,737,467	19,453,013	10,981,206
Interest Expense	4,405,929	3,343,683	2,115,309
Net Income Available for Debt Service	34,702,029	44,771,205	19,519,655
<b>Aggregate Debt Service</b>			
1993 Insured Refunding Revenue Bonds	3,639,772	0	0
1999 Insured Refunding Revenue Bonds	6,950,508	8,249,916	4,125,443
2006 Certificates of Participation		4,373,342	3,748,579
Aggregate Debt Service	10,590,280	12,623,258	7,874,021
<b>Net Income Available for Debt Service</b>	<b>3.28</b>	<b>3.55</b>	<b>2.48</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

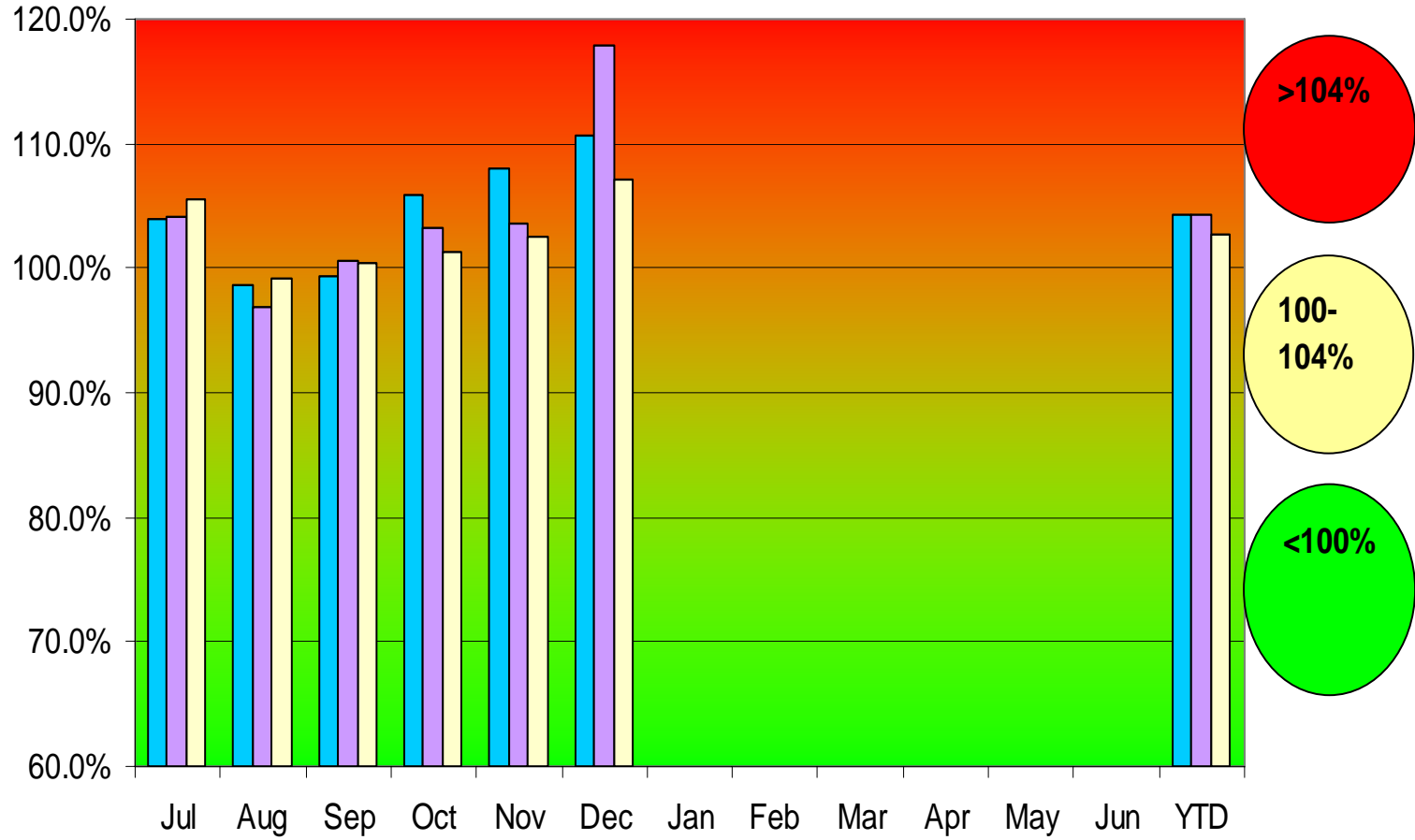
## Investment Fund Balances-Quarterly Report

<u>Investment Account:</u>	<u>Interest Payable</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dec. 31, 2007</u>	<u>Sept. 30, 2007</u>	<u>IN/(DE)CREASE</u>
Fidelity-Institutional Portfolio Treasury Fund	Monthly	3.39%	Demand	\$ 987,712	\$ 977,693	\$ 10,019
State Treasurer Local Agency Investment Fund	Quarterly	4.96%	Demand	591,699	584,203	7,496
Salomon Brothers	Various	Various	Various	34,506,994	33,689,491	817,503
Pacific Income Advisors, Inc.	Various	Various	Various	33,044,500	32,409,784	634,716
Morgan Stanley & Co.	Various	Various	Various	18,860,662	24,418,751	(5,558,089)
TOTAL INVESTMENTS AT CURRENT FAIR MARKET VALUE				<u>\$ 87,991,567</u>	<u>\$ 92,079,922</u>	<u>\$ (4,088,355)</u>
ACCRUED INTEREST INCOME RECEIVABLE				807,374	693,234	114,140
Bank of America - Cash in Checking/COR Acct.				10,862	148,355	(137,493)
TOTAL VALUE OF INVESTMENT PORTFOLIO				<u><u>\$ 88,809,803</u></u>	<u><u>\$ 92,921,511</u></u>	<u><u>\$ (4,111,708)</u></u>
<u>INVESTMENTS</u>						
<u>COMPARATIVE</u>						
12/07	\$ 87,991,567			\$ 88,509,038	\$ 92,623,030	\$ (4,113,992)
12/06	\$ 95,076,392			300,765	298,481	2,284
12/05	\$132,022,711			<u>\$ 88,809,803</u>	<u>\$ 92,921,511</u>	<u>\$ (4,111,708)</u>
12/04	\$142,752,906					
12/03	\$155,822,700					
<u>SUMMARY OF INVESTMENT PORTFOLIO BY FUND</u>						
Palomar Pomerado Unrestricted Fund				\$ 88,509,038	\$ 92,623,030	\$ (4,113,992)
Palomar Pomerado Restricted Fund				300,765	298,481	2,284
				<u>\$ 88,809,803</u>	<u>\$ 92,921,511</u>	<u>\$ (4,111,708)</u>

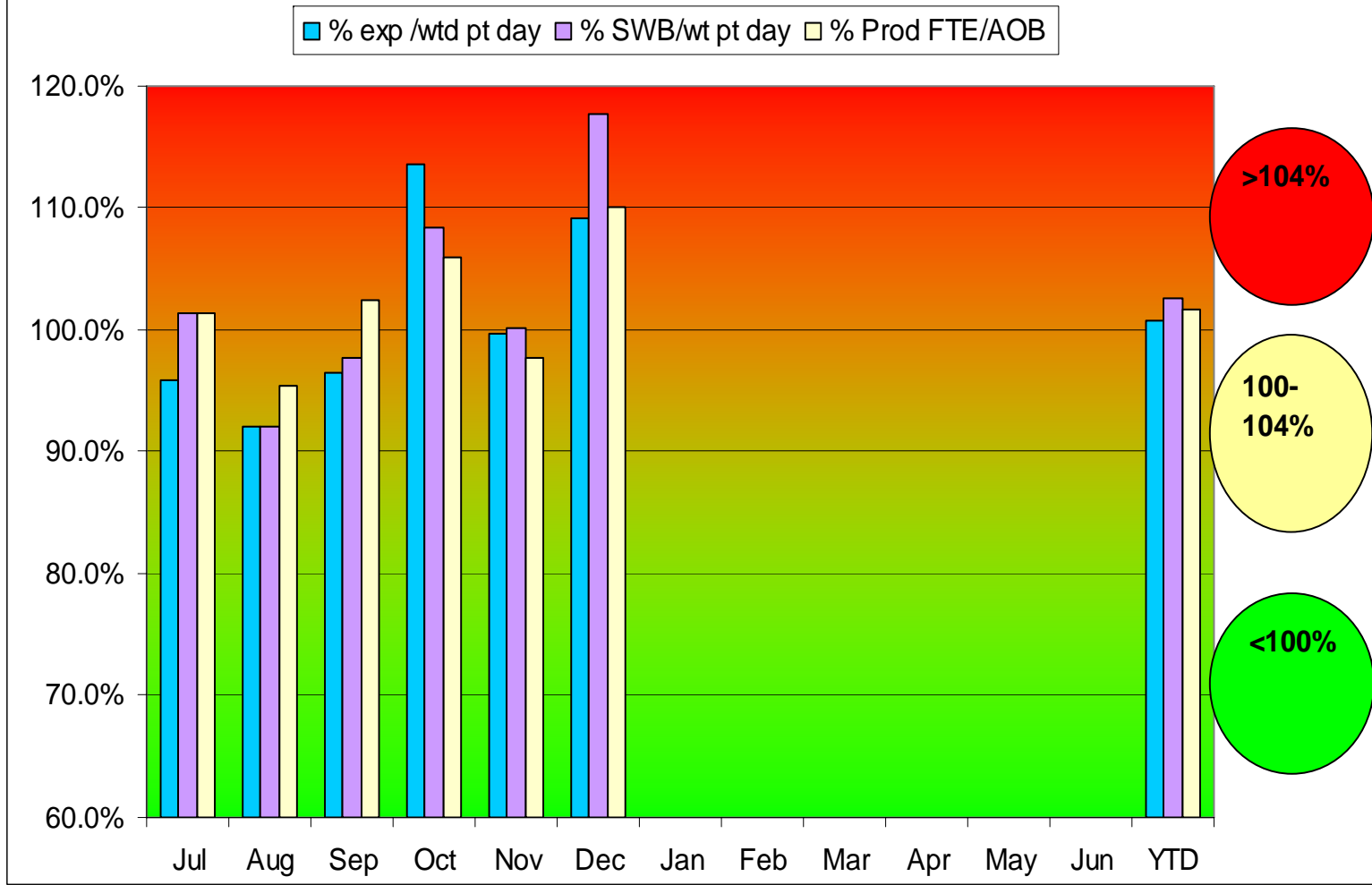


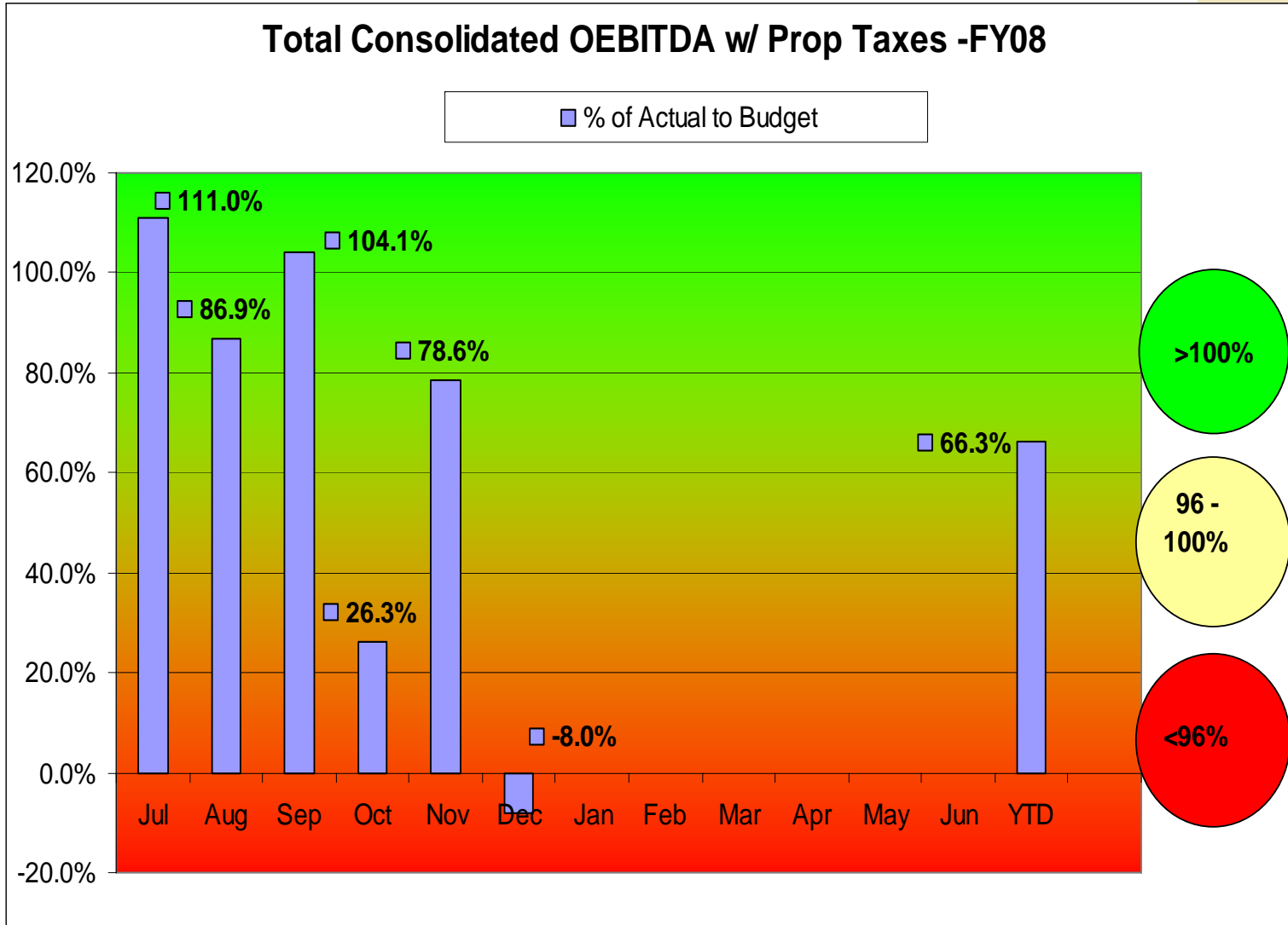
### North Consolidated Financial Indicators BSC-FY08

■ % exp /wtd pt day   ■ % SWB/wt pt day   ■ % Prod FTE/AOB

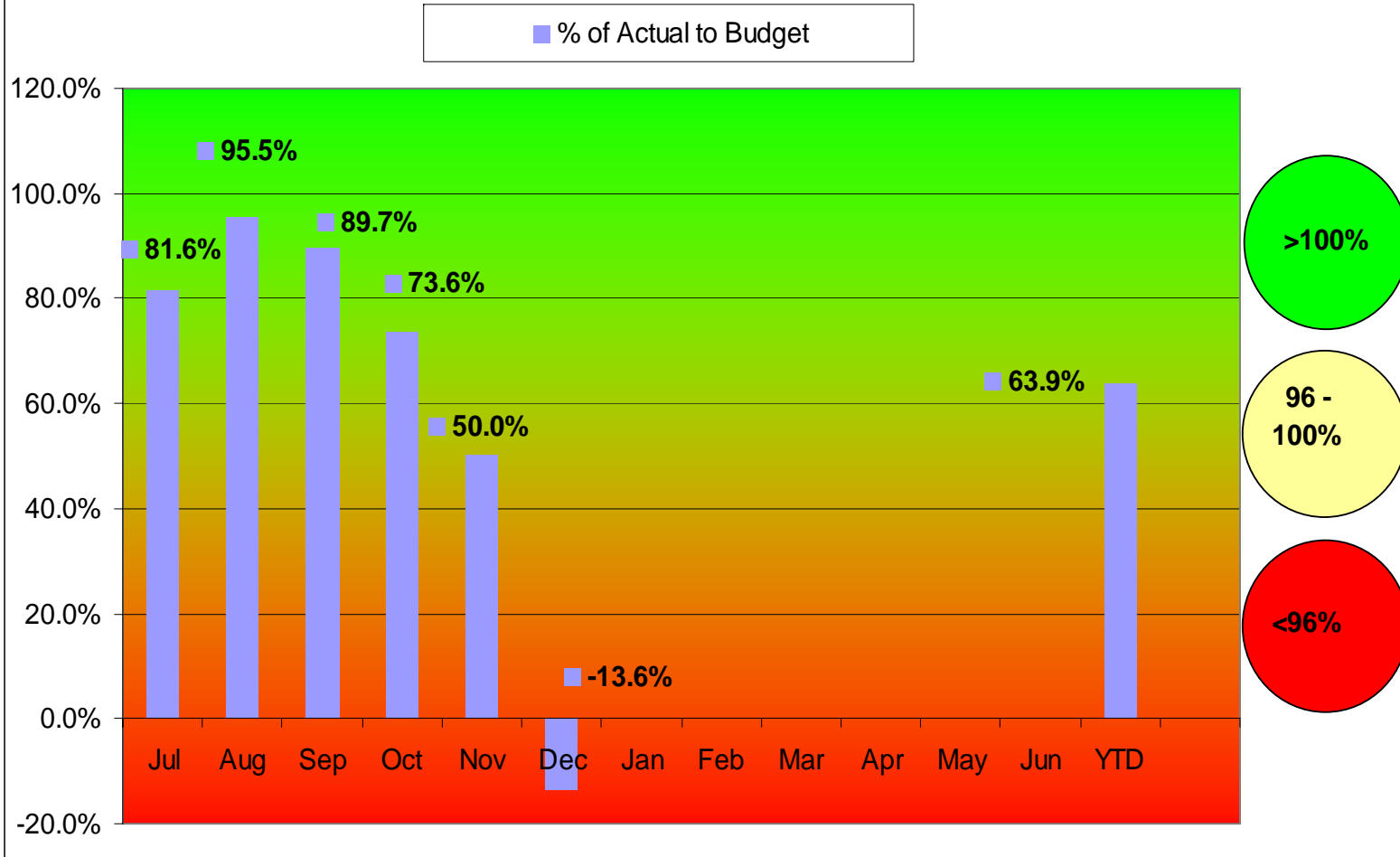


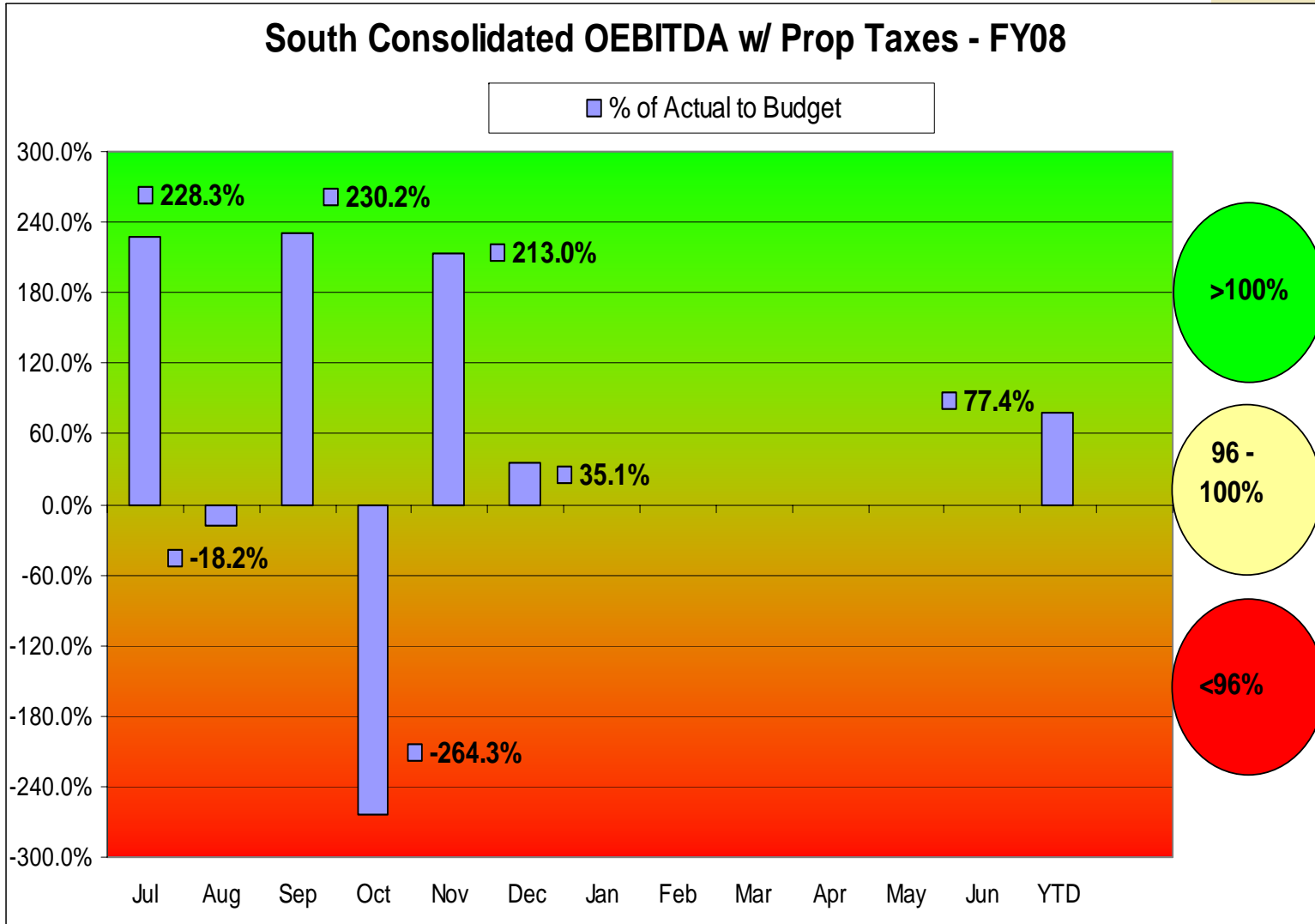
### South Consolidated Financial Indicators BSC-FY08





### North Consolidated OEBITDA w/ Prop Taxes - FY08







	Current Month End	Most Recent Month End	Most Recent Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	12/31/2007	11/30/2007	10/31/2007	12/31/2007	6/30/2007	12/31/2006	
Days in Period	31	30	31	184	365	184	
<b>Revenue</b>							
Gross for Month (Month to Date)	112,502,936	111,744,594	110,501,244	\$ 676,531,903	\$ 1,205,732,433	\$ 591,184,089	\$ 758,342
Net Revenue	\$ 33,975,887	\$ 34,728,969	\$ 32,789,418	\$ 202,456,687	\$ 371,016,682	\$ 180,434,169	\$ (753,082)
Net:Gross %	30.2%	31.1%	29.7%	29.9%	30.8%	30.5%	-0.9%
Last 3 Month Daily Average (Gross)	\$ 3,638,574	\$ 3,685,478	\$ 3,730,526	\$ 3,676,804	\$ 3,303,377	\$ 3,212,957	\$ (46,904)
Last 3 Month Daily Average (Net)	1,103,199	1,115,601	1,099,121	1,100,308	1,016,484	980,620	(12,402)
<b>Cash Collections</b>							
Month to Date	32,376,467	33,428,875	34,139,078	\$ 193,752,414	\$ 357,733,249	\$ 163,645,397	\$ (1,052,408)
Month to Date Goal	33,582,023	33,806,264	35,059,317	199,070,212	358,561,284	179,280,642	\$ (224,241)
Over (under) Goal	(1,205,556)	(377,389)	(920,239)	\$ (5,317,798)	\$ (828,035)	\$ (15,635,245)	\$ (828,167)
% of Goal	96%	99%	97%	97.3%	99.8%	91.3%	-2.5%
<b>Point of Service Collections</b>							
Month to Date Goal	328,000	328,000	328,000	1,875,000	3,265,740	1,632,870	\$ -
Over (under) Goal	\$ (122,993)	\$ (69,591)	\$ (4,041)	\$ (237,333)	\$ (21,012)	\$ (91,190)	\$ (53,402)
% of Goal	62.5%	78.8%	98.8%	87.3%	99.4%	94.4%	-16.3%
<b>Accounts Receivable</b>							
0-30	\$ 91,763,515	\$ 100,998,909	\$ 110,507,718		\$ 73,718,929	\$ 76,416,036	\$ (9,235,394)
31-60	29,336,477	26,655,827	27,942,238		19,857,146	23,923,299	2,680,650
61-90	17,767,927	18,215,569	17,834,773		13,499,609	18,079,683	(447,642)
91-180	27,222,624	25,849,766	24,852,934		26,694,468	28,448,630	1,372,858
Over 180	23,439,829	25,138,857	24,781,284		21,653,269	27,138,052	(1,699,028)
Total	\$ 189,530,372	\$ 196,858,928	\$ 205,918,946		\$ 155,423,421	\$ 174,005,700	\$ (7,328,556)
A/R Days (Gross)	52.09	53.41	55.20		47.05	54.16	-1.33
% of AR aged over 180 days	12.4%	12.8%	12.0%		14%	15.6%	0.00
Number of Accounts	60,570	61,028	60,275		61,809	NA	(458)
<b>Credit Balance Accounts:</b>							
Dollars	\$ (1,934,496)	\$ (2,287,665)	\$ (3,699,107)		\$ (3,955,501)		\$ 353,170
Number of Accounts	1,970	1,468	1,746		1,642		502

	Current Month End	Most Recent Month End	Most Recent Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	12/31/2007	11/30/2007	10/31/2007	12/31/2007	6/30/2007	12/31/2006	
Days in Period	31	30	31	184	365	184	
<b>Accounts Receivable by Major Payer</b>							
Medicare	43,023,471	43,570,604	46,005,816		\$ 31,212,504	\$ 35,262,240	\$ (547,133)
Last 3 months daily average revenue	980,937	976,727	983,702		965,874	846,557	\$ 4,210
Gross Days revenue outstanding	43.86	44.61	46.77		32.32	41.65	-0.75
MediCal (Includes M-Cal HMO)	28,574,315	28,877,573	33,515,257		23,655,071	26,767,322	(303,258)
Last 3 months daily average revenue	613,369	675,561	687,702		522,046	552,180	(62,192)
Gross Days revenue outstanding	46.59	42.75	48.74		45.31	48.48	3.84
Comm/Managed Care (Incl Mcare HMO)	84,843,423	94,653,986	94,989,226		72,445,182	73,115,816	(9,810,563)
Last 3 months daily average revenue	1,873,393	1,886,724	1,869,709		1,679,046	1,619,629	(13,331)
Gross Days revenue outstanding	45.29	50.17	50.80		43.15	45.14	-4.88
Self-Pay	33,089,164	29,756,765	31,408,647		28,110,665	33,086,417	3,332,399
Last 3 months daily average revenue	170,875	146,466	180,609		165,713	228,445	24,408
Gross Days revenue outstanding	193.65	203.16	173.90		169.63	144.83	-9.52
Bad Debt Write-offs							
M-T-D Amount net of Recovery	2,854,390	1,892,415	4,887,299	13,514,477	28,183,764	\$ 3,853,741	\$ 961,975
% of Gross Revenue (Target < 2%)	2.5%	1.7%	4.4%	2.0%	2.3%	0.7%	0.8%
Charity & Undocumented Write-offs							
M-T-D Amount	2,331,704	1,837,963	2,710,367	12,247,144	13,375,244	\$ 2,348,402	\$ 493,741
% of Gross Revenue (Target < 2%)	2.1%	1.6%	2.5%	1.8%	1.1%	0.4%	0.4%
Denial & Other Admin Adjustments							
M-T-D Amount	496,745	529,594	566,461	3,210,092	3,471,349	\$ 267,479	\$ (32,849)
% of Gross Revenue (Target < 1%)	0.4%	0.5%	0.5%	0.5%	0.3%	0.0%	0.0%

	Current Month End	Most Recent Month End	Most Recent Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period	12/31/2007	11/30/2007	10/31/2007	12/31/2007	6/30/2007	12/31/2006	
<b>Discharged Not Final Billed (DNFB)</b>	31	30	31	184	365	184	
<b>DNFB Action Required</b>							
HIM (Waiting for Coding)	\$ 17,001,618	\$ 6,328,591	\$ 9,650,157		6,249,765		\$ 10,673,027
PBS (Correction required)	771,118	823,744	578,343		18,284		\$ (52,626)
Other holds requiring correction	-	-	-		-		\$ -
<b>Total Action Required</b>	<b>17,772,736</b>	<b>7,152,335</b>	<b>10,228,500</b>		<b>6,268,049</b>		<b>10,620,401</b>
<b># of AR Days action Required</b>	<b>4.88</b>	<b>1.94</b>	<b>2.74</b>		<b>1.83</b>		<b>2.94</b>
<b>DNFB No Action Required</b>							
4 Day Standard Delay	\$ 20,420,634	\$ 24,171,028	\$ 19,270,871		22,948,148		\$ (3,750,394)
Other	2,787,499	2,688,420	1,127,493		664,451		99,079
<b>Total No Action Required</b>	<b>23,208,133</b>	<b>26,859,448</b>	<b>20,398,364</b>		<b>23,612,599</b>		<b>(3,651,315)</b>
<b>Total DNFB</b>	<b>\$ 40,980,869</b>	<b>\$ 34,011,783</b>	<b>\$ 30,626,864</b>		<b>29,880,648</b>		<b>6,969,086</b>
<b>Total Days in DNFB</b>	<b>11.26</b>	<b>9.23</b>	<b>8.21</b>		<b>8.73</b>		<b>2.03</b>
<b>Late Charges</b>							
<b>Late Charges from Date of Service 5 to 20 Days</b>							
Number of line items	2,076	4,142	22,384	78,806			(2,066)
Dollar amount of Charges	405,959	794,017	703,864	4,914,736			\$ (388,058)
Dollar amount of Credits	(115,628)	(359,570)	(393,481)	(2,456,779)			\$ 243,942
Net Dollar Amount	290,331	434,447	310,382	2,457,957			\$ (144,116)
Absolute Dollar Amount	\$ 405,959	\$ 794,017	\$ 703,864	\$ 6,502,835			\$ (388,058)
<b>Late Charges from Date of Service &gt; 21 Days</b>							
Number of line items	33,014	106,725	7,206	302,035			(73,711)
Dollar amount of Charges	568,410	394,261	518,436	4,007,689			174,150
Dollar amount of Credits	(422,159)	(520,654)	(426,489)	(6,817,110)			98,495
Net Dollar Amount	146,251	(126,394)	91,947	(2,809,421)			272,645
Absolute Dollar Amount	\$ 990,570	\$ 914,915	\$ 944,926	\$ 10,824,799			\$ 75,655
<b>Denials:</b>							
Inventory of OPEN denials - # encounters	2,639	3,308	3,040		1,219		(669)
Inventory of OPEN denials - (\$ at risk)	\$ 33,053,616	\$ 30,470,262	\$ 28,740,365		\$ 21,403,453		\$ 2,583,355

# Weekly Flash Report

G67

January 08	Jan 4 - 10				MTD Total	MTD Budget	% Variance
ADC (Acute)	315	0	0	0	315	312	1.12
PMC	241	0	0	0	241	235	2.55
POM	74	0	0	0	74	76	(3.31)
PCCC	86	0	0	0	86	88	(2.47)
VP	124	0	0	0	124	123	0.24
Patient Days (Acute)	2207	0	0	0	2,207	2,183	1.12
PMC	1690				1,690	1,648	2.55
POM	517				517	535	(3.31)
PCCC	599				599	614	(2.47)
VP	866				866	864	0.24
Discharges	537	0	0	0	537	570	(5.85)
PMC	420				420	440	(4.52)
POM	117				117	131	(10.36)
Number of Surgeries	224	0	0	0	224	222	0.81
PMC	141				141	151	(6.52)
POM	83				83	71	16.32
Number of Births	98	0	0	0	98	105	(6.87)
PMC	81				81	84	(3.83)
POM	17				17	21	(19.05)
Outpatient Visits (inc. L	2052	0	0	0	2,052	1,941	5.74
PMC	1322				1,322	1,281	3.18
POM	730				730	659	10.71
ER Visits	1766	0	0	0	1,766	1,674	5.47
PMC	1195				1,195	1,116	7.06
POM	571				571	558	2.29
Trauma Visits	15	0	0	0	15	27	(45.10)
IP	11				11	23	(52.24)
OP	4				4	4	(6.77)

# Weekly Flash Report (cont'd)

G68

January 08		Jan 4 - 10			MTD Total	MTD Budget	% Variance
Gross IP Revenue	19,400,880				19,400,880	19,835,866	(2.19)
Gross OP Revenue	6,680,706				6,680,706	6,045,293	10.51
Cash Collection	11,771,417				11,771,417	12,019,926	(2.07)
Days cash on hand	99				99	80	
Prod Hrs (PP14 )	187,572				187,572	191,981	2.30
PMC - North	112,744				112,744	113,766	0.90
POM - South	48,990				48,990	49,674	1.38
Others	25,838	-	-	-	25,838	28,541	9.47
Prod \$ (PP 14)	5,976,617				5,976,617	5,915,932	(1.03)
PMC - North	3,657,277				3,657,277	3,542,053	(3.25)
POM - South	1,489,290				1,489,290	1,431,302	(4.05)
Others	830,050	-	-	-	830,050	942,577	11.94