

ADDENDUM C

Financial Statements

May 2007

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Board Financial Report

Table of Contents

	PAGE
Financial Report Narrative	3-7
Balanced Scorecard Comparisons	8
Budget Comparison Graphs – Statistical Indicators	9-22
Budget Comparison Graphs – Payor Mix & Case Mix	23-26
Summary of Key Indicators	27-29
Budget Comparison Graphs – Weighted Patient Days	30-35
Key Variance	36-37
Key Variance Highlights – YTD	38
Cash Collections	39
Consolidated Balance Sheet	40
Consolidated – YTD 2007 Actual vs. Budget Analysis	41
Consolidated – MTD 2007 Actual vs. Budget Analysis	42
Consolidated – YTD 2007 vs YTD 2006	43
Consolidated – Monthly Trend	44
Consolidated – Cash Flow Statement	45
Bond Covenant Ratios	46
Balanced Scorecard Graphs	47-52
HealthWoRx Dashboard	53-55
Flash Report	56-57

May 2007 Financial Results Executive Summary and Highlights

3

Statistics:

	Apr vs May		May	Act vs Bud		YTD	YTD	Act vs Bud
	Apr	May	% Change	Budget	% Variance	Actual	Budget	% Variance
CONSOLIDATED								
Patient Days Acute	9,746	9,656	-0.9%	9,922	-2.7%	103,256	107,221	-3.7%
Patient Days SNF	6,466	6,514	0.7%	6,591	-1.2%	70,737	71,224	-0.7%
ADC Acute	324.88	311.48	-4.1%	320.08	-2.7%	308.22	320.06	-3.7%
ADC SNF	215.53	210.13	-2.5%	212.61	-1.2%	211.16	212.61	-0.7%
Surgeries CVS Cases	13	15	15.4%	11	36.4%	123	117	5.1%
Surgeries Total	918	1,057	15.1%	1,041	1.5%	10,712	11,249	-4.8%
Number of Births	416	410	-1.4%	499	-17.8%	4,953	5,393	-8.2%
NORTH								
Patient Days Acute	7,234	6,940	-4.1%	7,396	-6.2%	77,220	79,923	-3.4%
Patient Days SNF	2,635	2,677	1.6%	2,747	-2.5%	29,247	29,684	-1.5%
ADC Acute	241.14	223.87	-7.2%	238.59	-6.2%	230.51	238.57	-3.4%
ADC SNF	87.83	86.35	-1.7%	88.61	-2.6%	87.30	88.61	-1.5%
SOUTH								
Patient Days Acute	2,512	2,716	8.1%	2,526	7.5%	26,036	27,298	-4.6%
Patient Days SNF	3,831	3,837	0.2%	3,844	-0.2%	41,490	41,540	-0.1%
ADC Acute	83.73	87.60	4.6%	81.49	7.5%	77.72	81.48	-4.6%
ADC SNF	127.70	123.77	-3.1%	124.00	-0.2%	123.85	124.00	-0.1%

May 2007 Financial Results

Executive Summary and Highlights (cont'd)

Balance Sheet:

Current Cash & Cash Equivalents decreased \$6.0 million from \$122.0 million in April to \$116.0 million in May. Total Cash and Investments are \$101.6 million, compared to \$121.6 million at June 30, 2006. Days Cash on Hand went from 104 days in April to 100 in May compared to 128 in June 06.

Net Accounts Receivable increased to \$90.3 million in May as compared to \$89.6 million in April. Gross A/R days increased from 54.6 days in April to 54.9 days in May. May patient account collections including capitation are \$33.6 million compared to budget of \$29.9 million. May YTD collections are \$324.4 million compared to budget of \$328.7 million.

Construction in Progress increased \$3.4 million from \$140.6 million in April to \$144.0 million in May. The increase is attributed to Pomerado Phase I construction costs \$0.8 million, Building Expansion A & E Services and construction costs \$1.4 million, and the Multi-purpose and 64 Slice CT construction and equipment \$0.8 million.

Other Current Liabilities decreased \$1.9 million from \$13.7 million to \$11.8 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in May.

May 2007 Financial Results

Executive Summary and Highlights (cont'd)

5

Income Statement:

Gross Patient Revenue for YTD reflects an unfavorable budget variance of \$9.0 million. This unfavorable variance is composed of \$13.5 million unfavorable volume variance and \$4.5 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$10.7 million budget variance.

Inpatient Ancillary revenue represents a \$14.5 million unfavorable budget variance. North reflects \$0.7 million favorable variance and South reflects \$15.2 unfavorable variance. The unfavorable variance is primarily due to the Surgery, Pharmacy and supply departments.

Outpatient revenue reflects a favorable budget variance of \$16.2 million. North has a \$15.4 million favorable variance and South has a \$1.8 million favorable variance. These two amounts are decreased by Outreach's \$1.0 million unfavorable variance.

May 2007 Financial Results

Executive Summary and Highlights (cont'd)

6

Income Statement (cont'd):

Deductions from Revenue reflect a YTD favorable variance of \$10.8 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 68.95% of gross revenue compared to a budget of 69.35%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 64.58% of YTD Gross Revenue compared to budget of 64.78%.

The net capitation reflects a favorable budget variance of \$2.2 million. Cap Premium and Out of Network Claim Expense both show an unfavorable budget variance of \$3.4 million and \$2.9 million respectively. Cap Valuation shows a favorable variance of \$8.5 million to offset.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$1.5 million. The two most significant contributors to this variance are the Foundation where actual PPH funding requests are \$616 thousand below budget and PPNC Health Development where actual grants are \$591 thousand below budget.

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$2.3 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	169,939,537	172,273,827	2,334,290
North	98,028,230	98,459,827	431,597
South	41,139,231	42,633,845	1,494,614
Central	22,435,631	23,468,393	1,032,762
Outreach	8,336,444	7,711,762	(624,682)

May 2007 Financial Results

Executive Summary and Highlights (cont'd)

Income Statement (cont'd):

Benefits Expense has a YTD unfavorable budget variance of \$2.8 million. This variance is primarily due to the employer's contribution towards deferred compensation and other pension which is unfavorable by \$974 thousand, FICA and Other Benefits which is unfavorable by \$850 thousand, Health and Dental which is unfavorable by \$552 thousand, and Workers Compensation which is unfavorable by \$393 thousand.

Supplies Expense reflects a YTD favorable budget variance of \$3.5 million. This favorable variance is composed of a \$702 thousand favorable volume variance and \$2.8 million favorable rate variance. The favorable variance is pharmacy at \$2.5 million, prosthesis at \$606 thousand, other general supplies at \$394 thousand.

Prof Fees & Purchased Services reflect a YTD unfavorable budget variance of \$5.4 million. The unfavorable variance of \$3.0 million in purchased services is due to purchased contracted services. The unfavorable variance of \$2.4 million in professional fees is due to higher legal fees, rehabilitation therapy fees, Pomerado ED calls and IT consulting.

Non-Operating Income reflects a favorable YTD variance of \$1.1 million in May. This is due to a favorable investment income variance.

Ratios & Margins:

All required bond covenant ratios were achieved in May 2007.

Balanced Scorecard

Financial Indicators

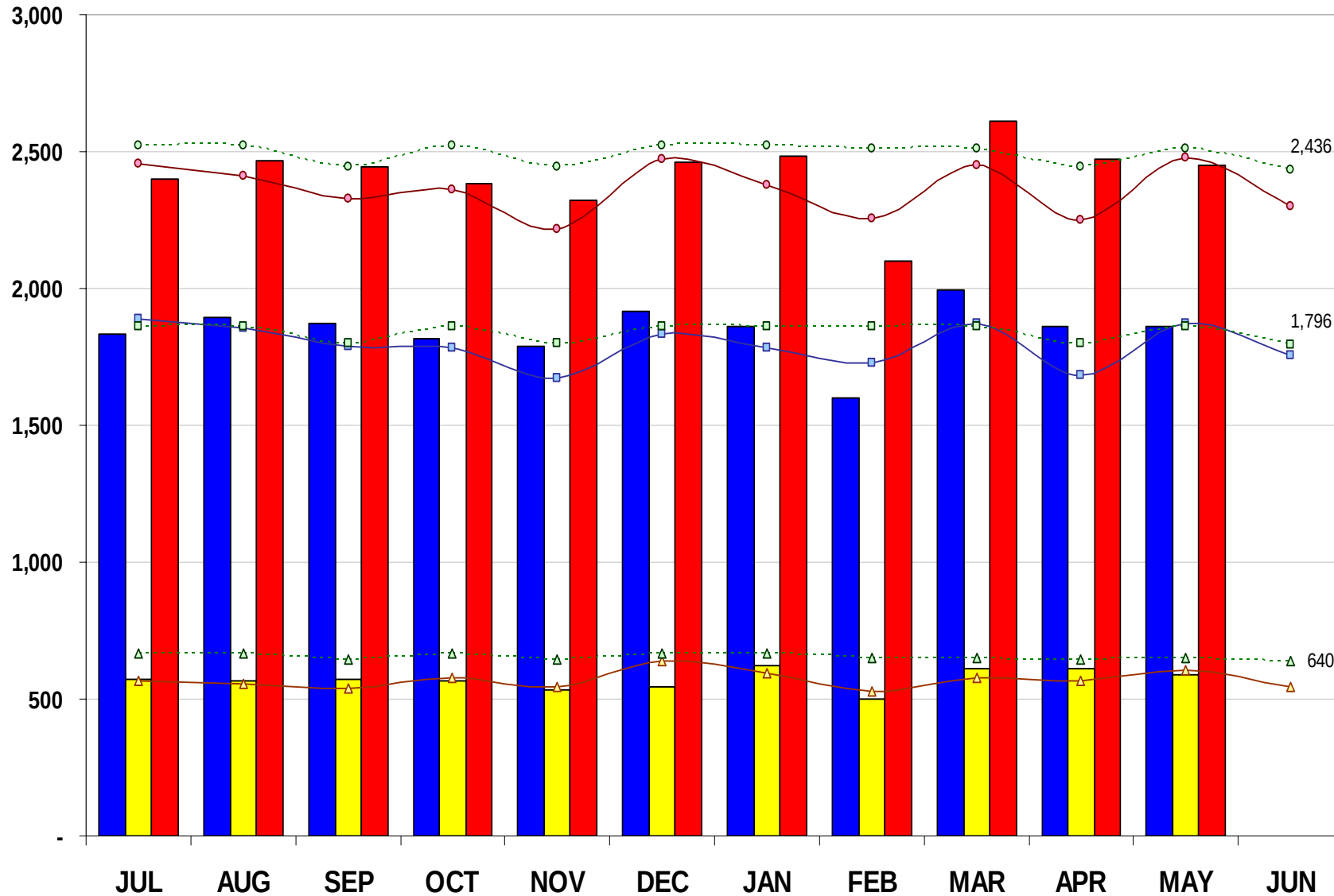
May 31, 2007

8

February	March	April	May					YTD 2007			% Actual to Budget	Prior Year Actual
Actual	Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget		Actual	Budget	Variance		
PPH Indicators:												
6.8%	9.7%	9.9%	11.1%	10.0%	1.1%	111.0%	OEBITDA Margin w/Prop Tax	9.3%	9.8%	-0.5%	94.9%	7.9%
\$ 2,628.01	\$ 2,612.71	\$ 2,536.58	\$ 2,585.86	\$ 2,481.25	\$ (104.61)	104.2%	Expenses/Wtd Day	2,544.59	\$ 2,491.94	\$ (52.65)	102.1%	2,407.24
\$ 1,523.73	\$ 1,528.84	\$ 1,489.09	\$ 1,513.14	\$ 1,476.98	\$ (36.16)	102.4%	SWB/Wtd Day	1,502.16	\$ 1,481.00	\$ (21.16)	101.4%	1,396.87
6.07	6.09	5.91	6.13	6.12	-0.01	100.2%	Prod FTE's/Adj Occupied Bed	6.03	6.12	0.09	98.5%	6.07
12,191	13,343	13,381	13,476	12,634	842	106.7%	Weighted Patient Days	142,375	144,076	(1,701)	103.0%	138,282
PPH North Indicators:												
7.0%	9.1%	9.5%	10.7%	9.8%	0.9%	109.2%	OEBITDA Margin w/Prop Tax	9.3%	9.6%	-0.3%	96.9%	8.2%
\$ 2,521.01	\$ 2,479.67	\$ 2,419.30	\$ 2,478.25	\$ 2,362.17	\$ (116.08)	104.9%	Expenses/Wtd Day	2,425.81	\$ 2,371.09	\$ (54.72)	102.3%	2,308.44
\$ 1,246.47	\$ 1,250.99	\$ 1,213.54	\$ 1,257.06	\$ 1,224.57	\$ (32.49)	102.7%	SWB/Wtd Day	1,245.41	\$ 1,226.63	\$ (18.78)	101.5%	1,175.20
5.06	5.07	4.95	5.19	5.08	-0.11	102.2%	Prod FTE's/Adj Occupied Bed	5.08	5.09	0.01	99.8%	5.16
8,473	9,345	9,254	9,129	8,701	428	104.9%	Weighted Patient Days	98,532	99,454	(922)	101.8%	96,823
PPH South Indicators:												
2.4%	12.2%	5.8%	10.3%	6.9%	3.4%	149.3%	OEBITDA Margin w/Prop Tax	7.1%	6.8%	0.3%	104.4%	4.6%
\$ 2,475.70	\$ 2,516.33	\$ 2,400.62	\$ 2,440.57	\$ 2,411.15	\$ (29.42)	101.2%	Expenses/Wtd Day	2,427.92	\$ 2,424.13	\$ (3.79)	100.2%	2,354.99
\$ 1,254.94	\$ 1,300.24	\$ 1,222.30	\$ 1,242.64	\$ 1,280.70	\$ 38.06	97.0%	SWB/Wtd Day	1,252.78	\$ 1,285.03	\$ 32.25	97.5%	1,214.74
5.36	5.57	5.24	5.32	5.58	0.26	95.3%	Prod FTE's/Adj Occupied Bed	5.38	5.58	0.20	96.4%	5.61
3,494	3,702	3,874	4,026	3,788	238	106.3%	Weighted Patient Days	40,933	41,253	(320)	103.4%	39,582

Weighted Patient Days is compared with Prior Year Actual

Admissions – Acute



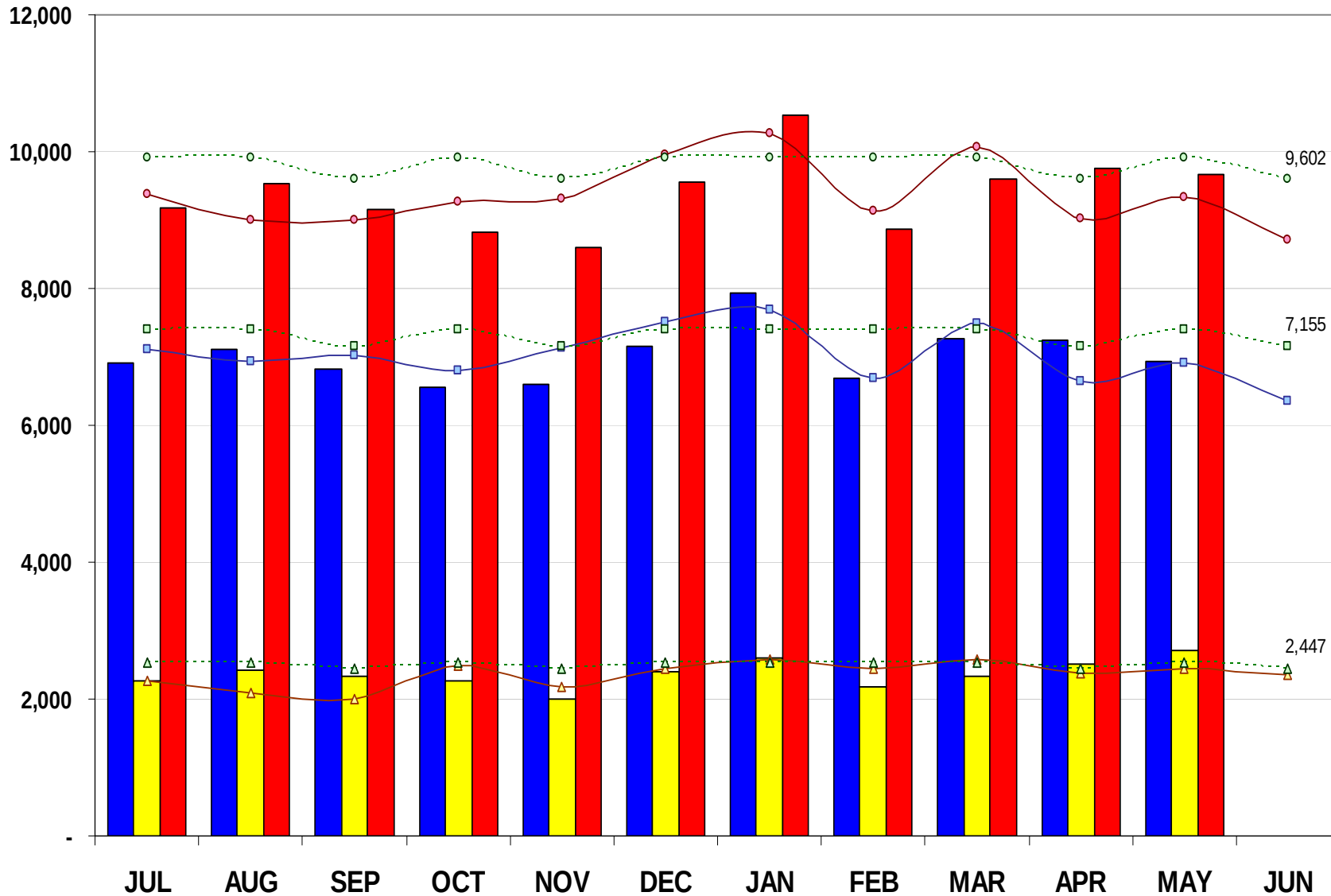
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	1,996	1,862	1,861	-	20,301	20,100
POM	570	569	572	568	532	545	620	498	613	610	591	-	6,288	7,147
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	2,472	2,452	-	26,589	27,247

Patient Days – Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

10

FISCAL
YEAR
2007



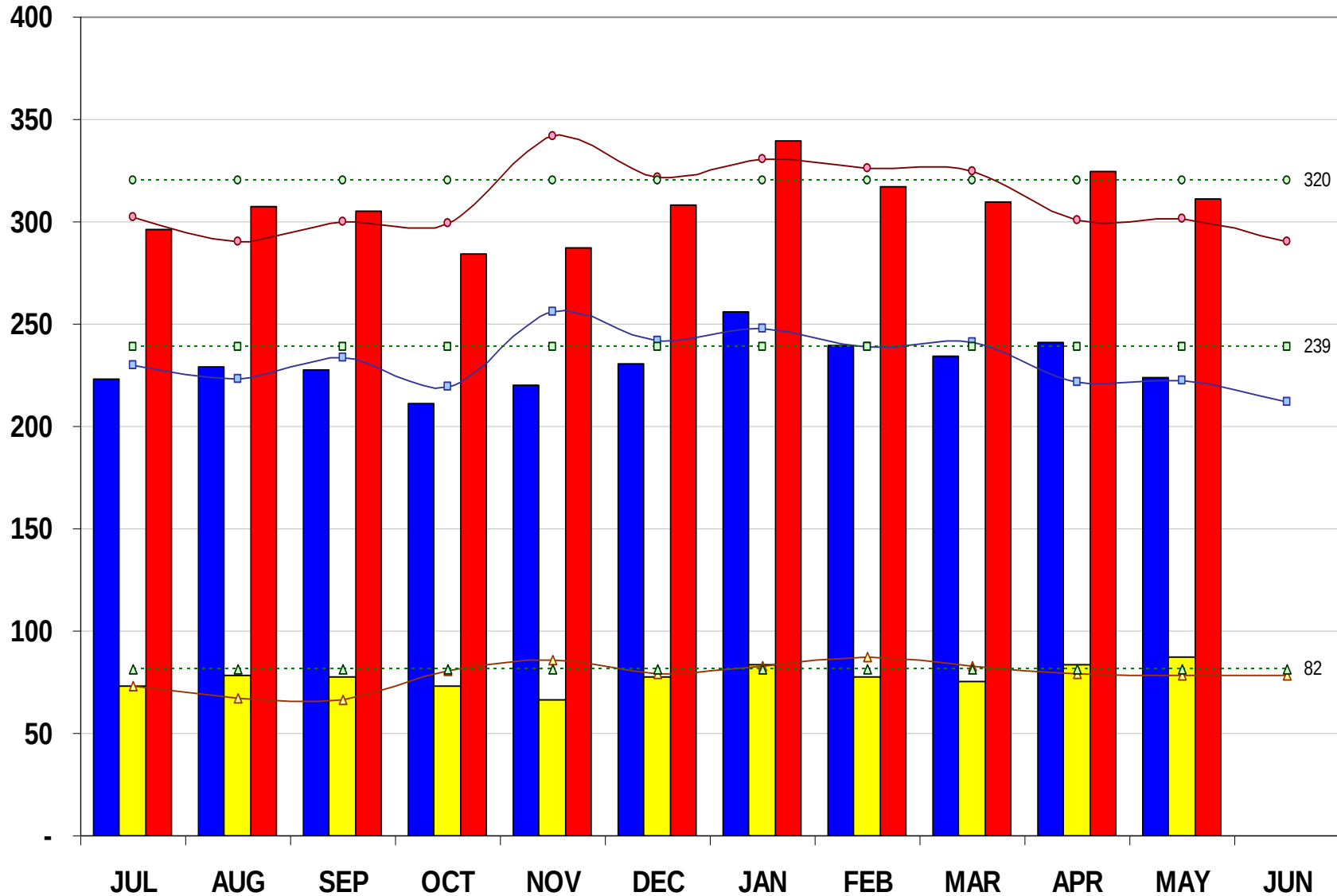
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	6,940	-	77,220	79,923
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	2,512	2,716	-	26,036	27,298
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	9,656	-	103,256	107,221

Average Daily Census – Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

11

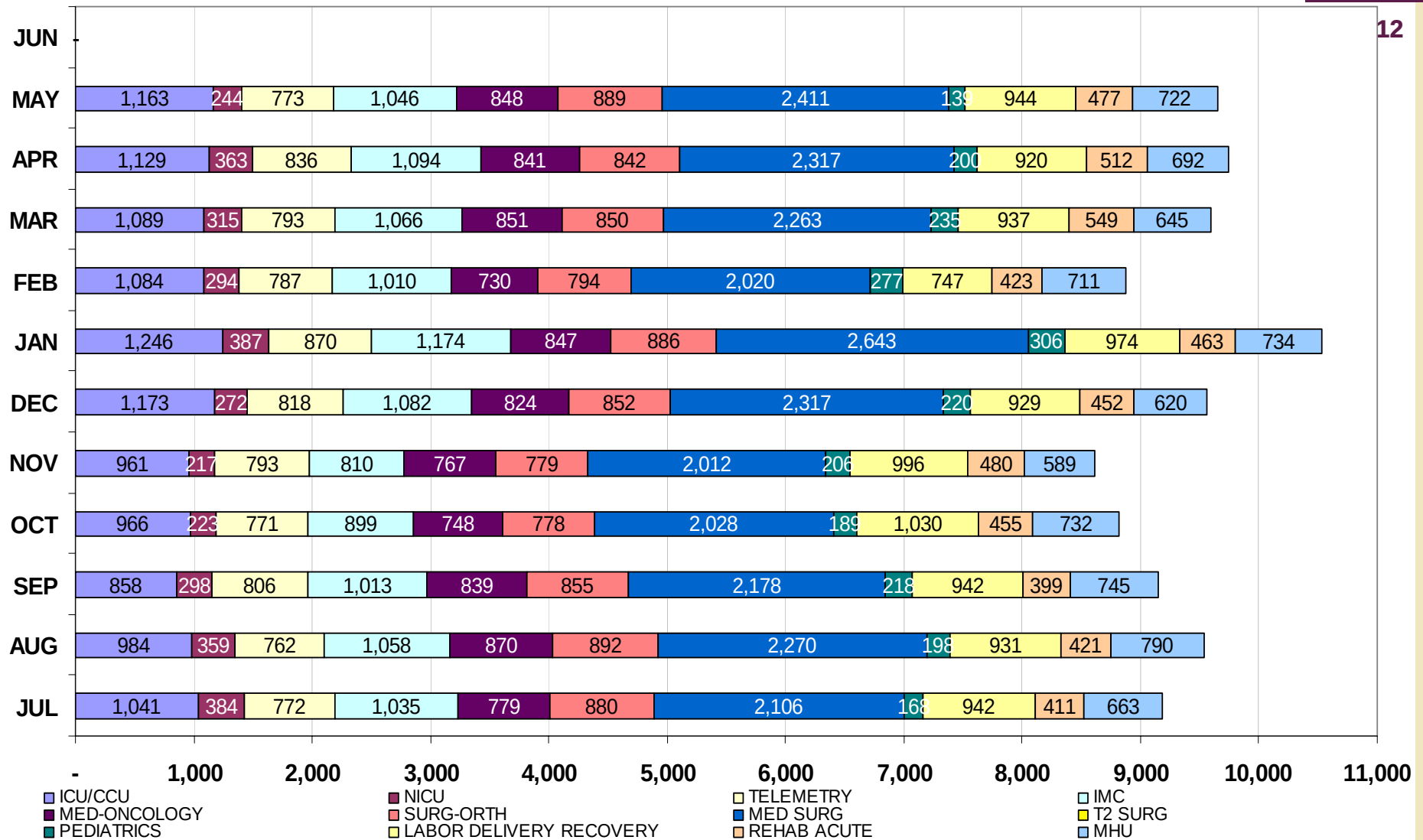
FISCAL
YEAR
2007



	<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	223	229	227	211	220	231	256	239	234	241	224	-	231	239
POM	73	78	78	73	67	78	84	78	75	84	88	-	78	81
CON	296	308	305	284	287	308	340	317	309	325	311	-	308	320

Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU



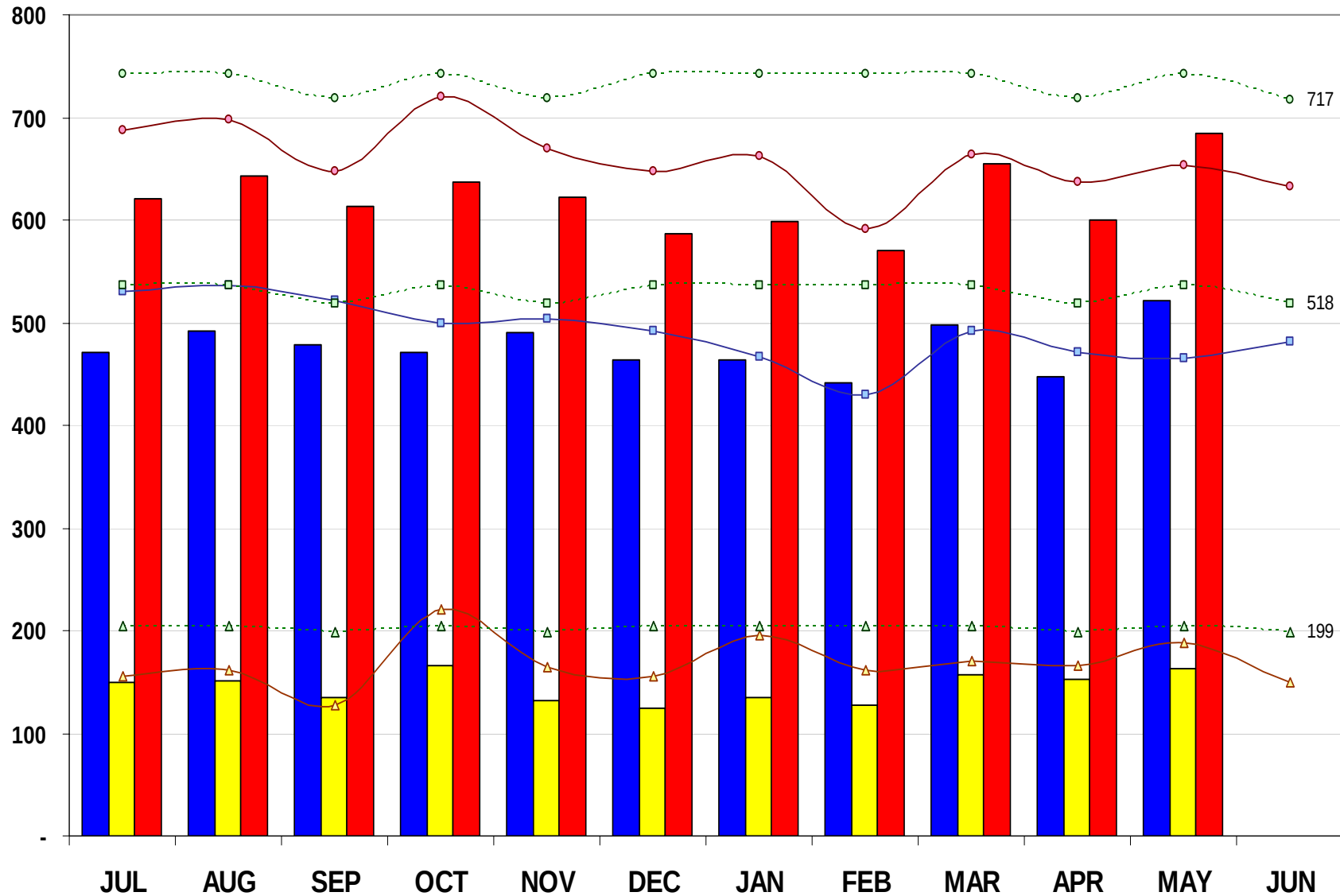
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	7,258	7,234	6,940	-	77,220	79,923
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	2,335	2,512	2,716	-	26,036	27,298
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	9,656	-	103,256	107,221

Surgeries (In-Patient)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

13

FISCAL
YEAR
2007



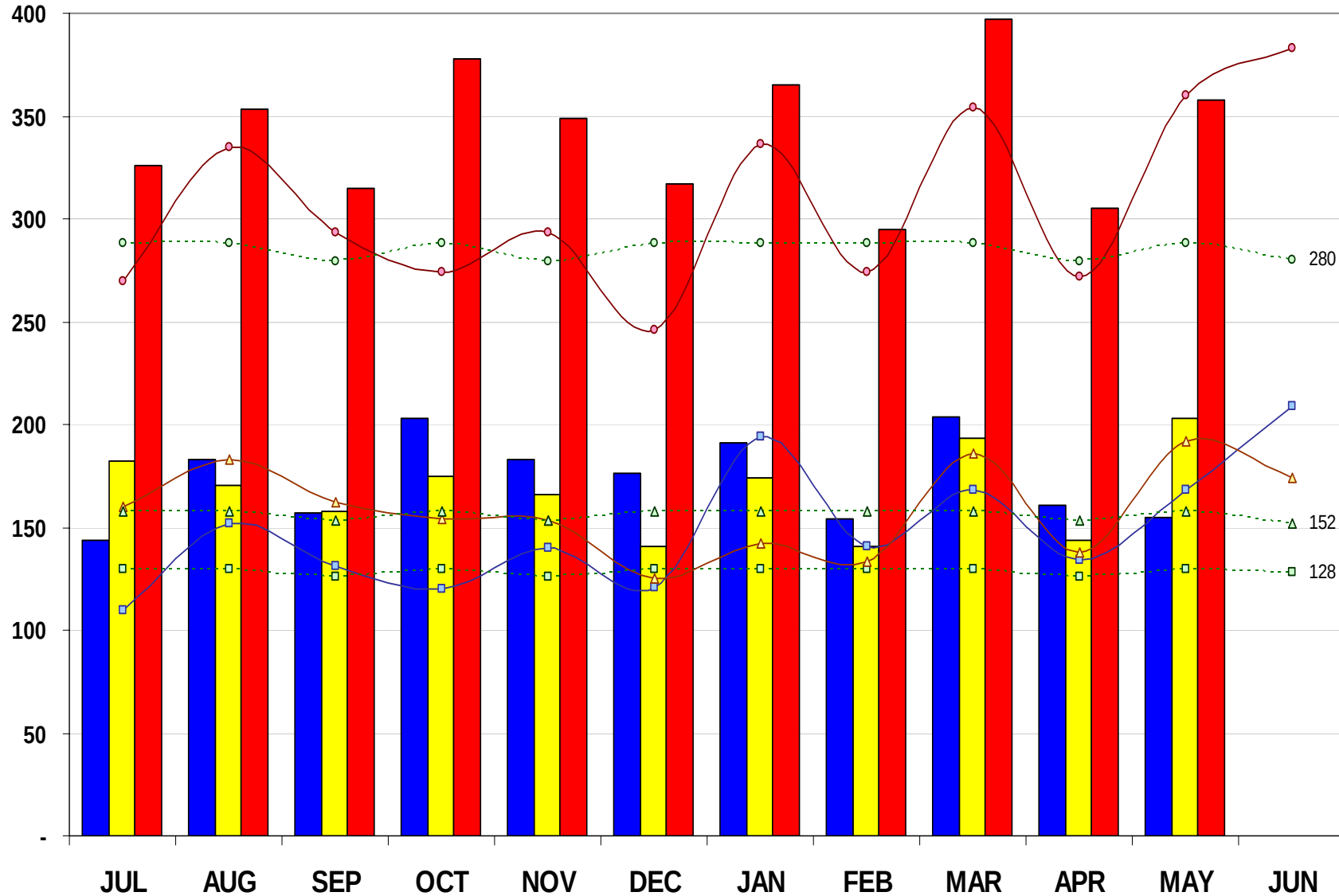
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	471	492	478	471	490	463	464	442	498	447	521	-	5,237	5,801
POM	150	151	135	166	132	124	135	128	157	153	163	-	1,594	2,217
CON	621	643	613	637	622	587	599	570	655	600	684	-	6,831	8,018

Surgeries (Out-Patient)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

14

FISCAL
YEAR
2007

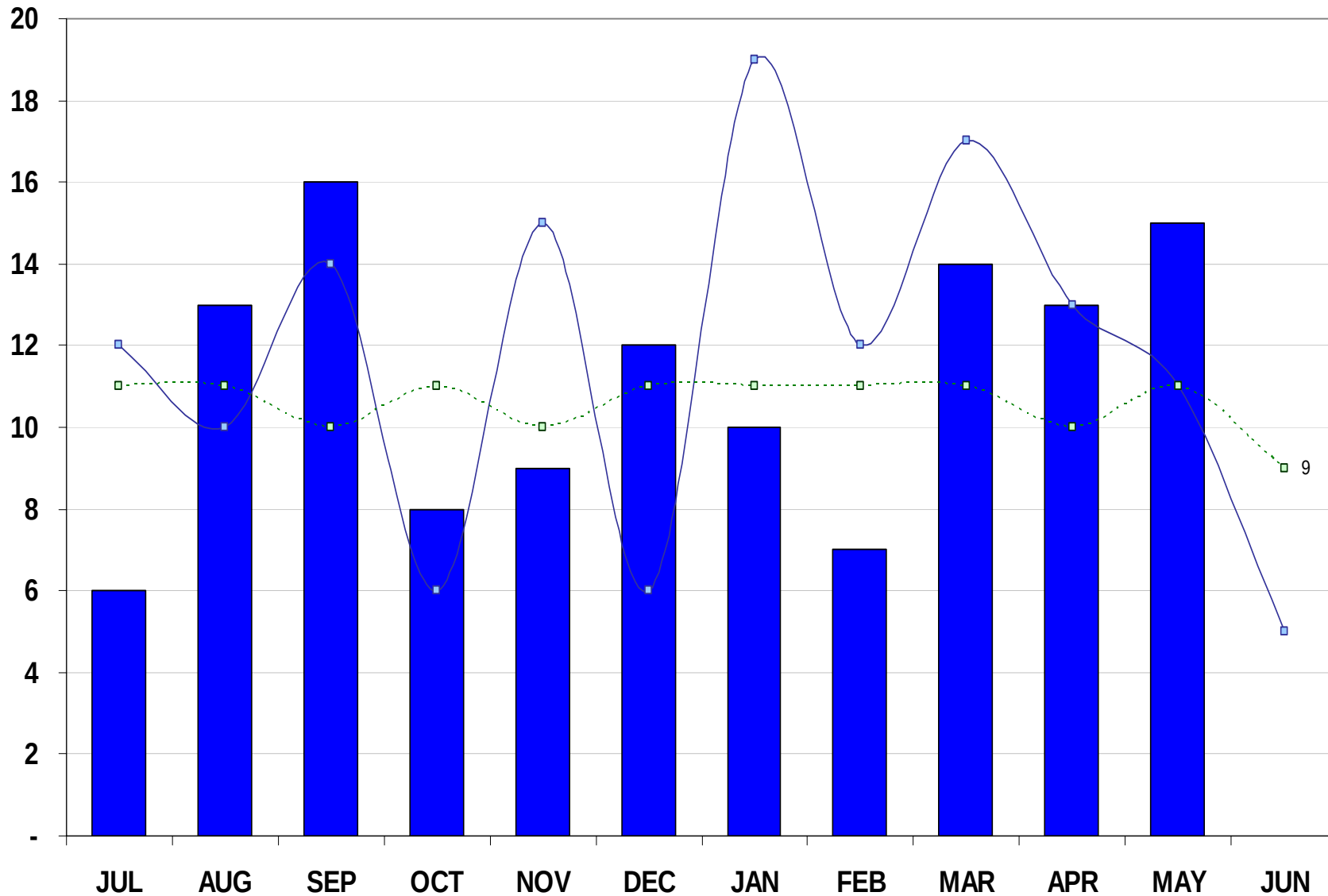


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	144	183	157	203	183	176	191	154	204	161	155	-	1,911	1,406
POM	182	170	158	175	166	141	174	141	193	144	203	-	1,847	1,708
CON	326	353	315	378	349	317	365	295	397	305	358	-	3,758	3,114

Surgeries – CVS (PMC)

15

FISCAL
YEAR
2007



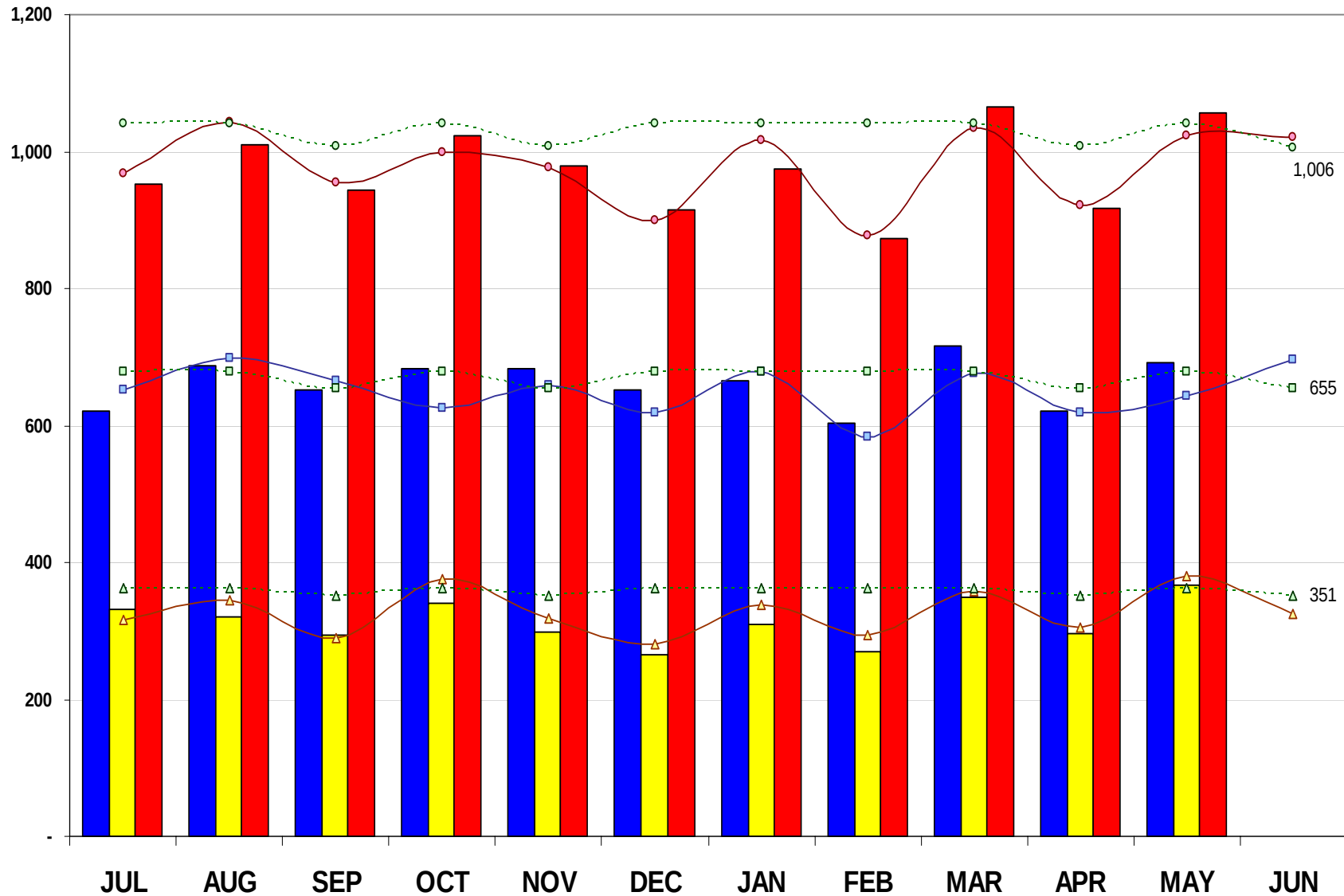
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	6	13	16	8	9	12	10	7	14	13	15	-	123	117

Total Surgeries

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

16

FISCAL
YEAR
2007



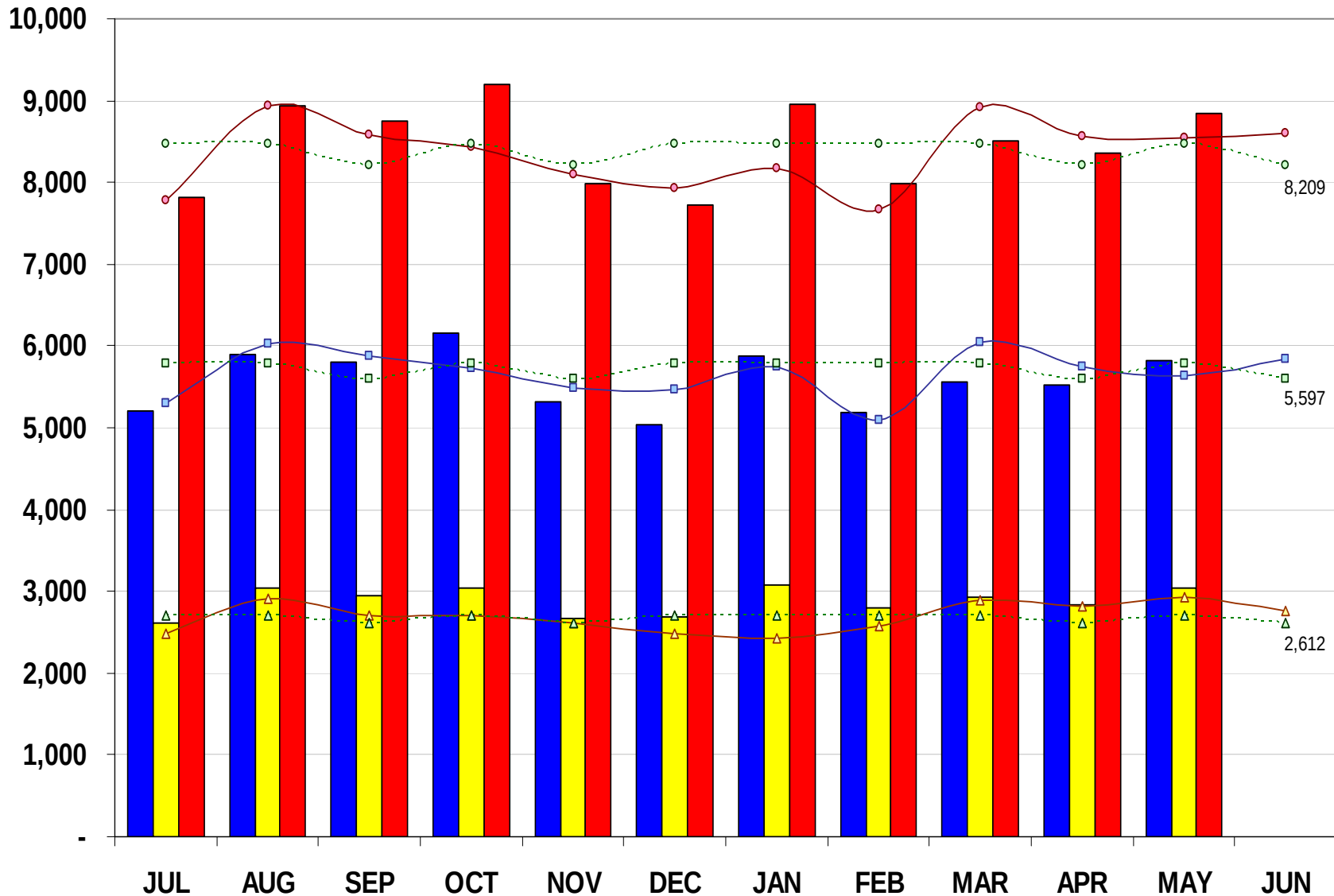
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	621	688	651	682	682	651	665	603	716	621	691	-	7,271	7,324
POM	332	321	293	341	298	265	309	269	350	297	366	-	3,441	3,925
CON	953	1,009	944	1,023	980	916	974	872	1,066	918	1,057	-	10,712	11,249

Outpatient Registration

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

17

FISCAL
YEAR
2007



8,209

5,597

2,612

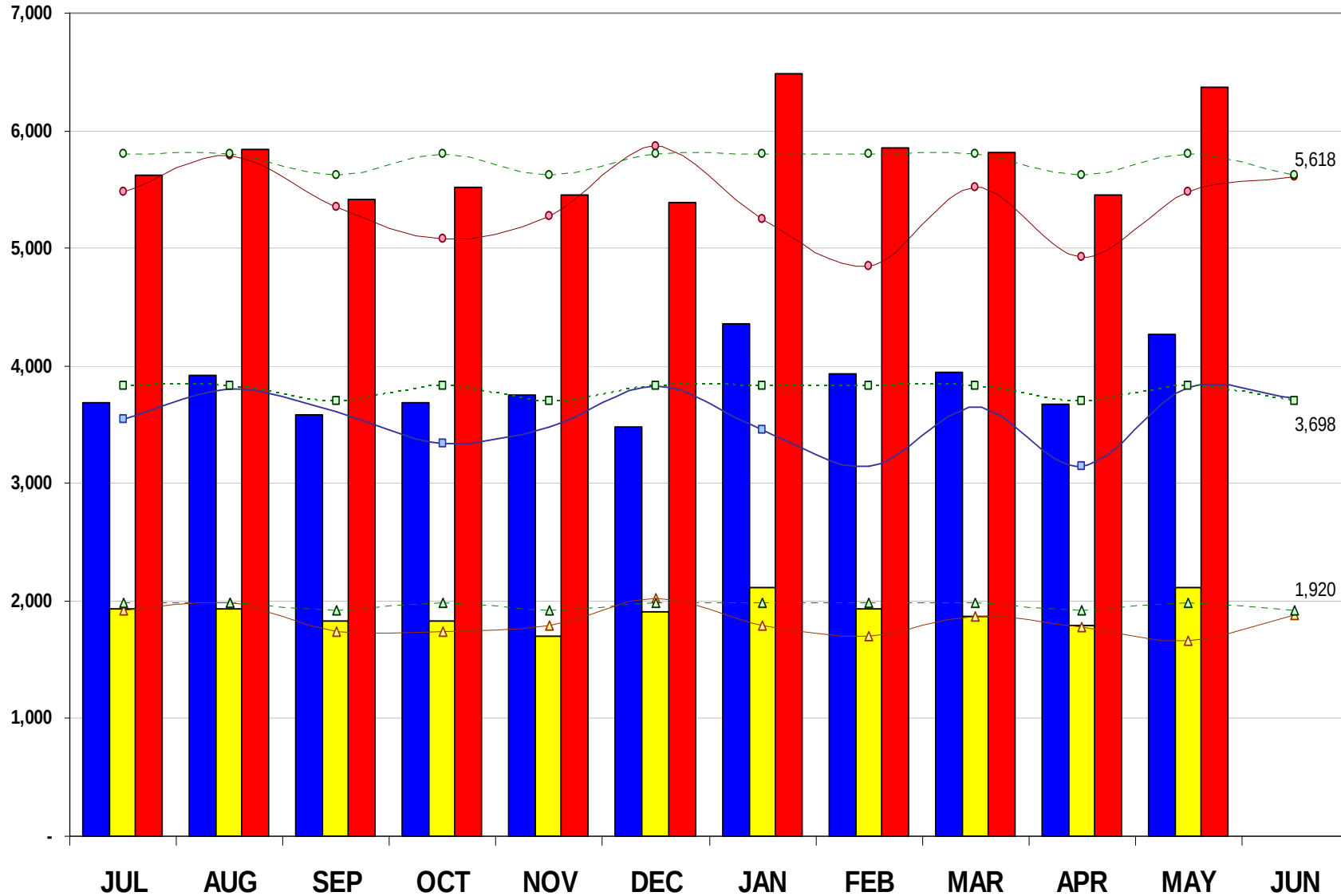
■ PMC
■ POM
■ CON
— PY PMC
— PY POM
— PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	5,204	5,900	5,800	6,158	5,326	5,030	5,872	5,183	5,569	5,526	5,813	-	61,381	62,463
POM	2,615	3,044	2,944	3,033	2,659	2,690	3,086	2,800	2,930	2,834	3,033	-	31,668	29,145
CON	7,819	8,944	8,744	9,191	7,985	7,720	8,958	7,983	8,499	8,360	8,846	-	93,049	91,608

ER Visits includes Trauma

18

FISCAL
YEAR
2007



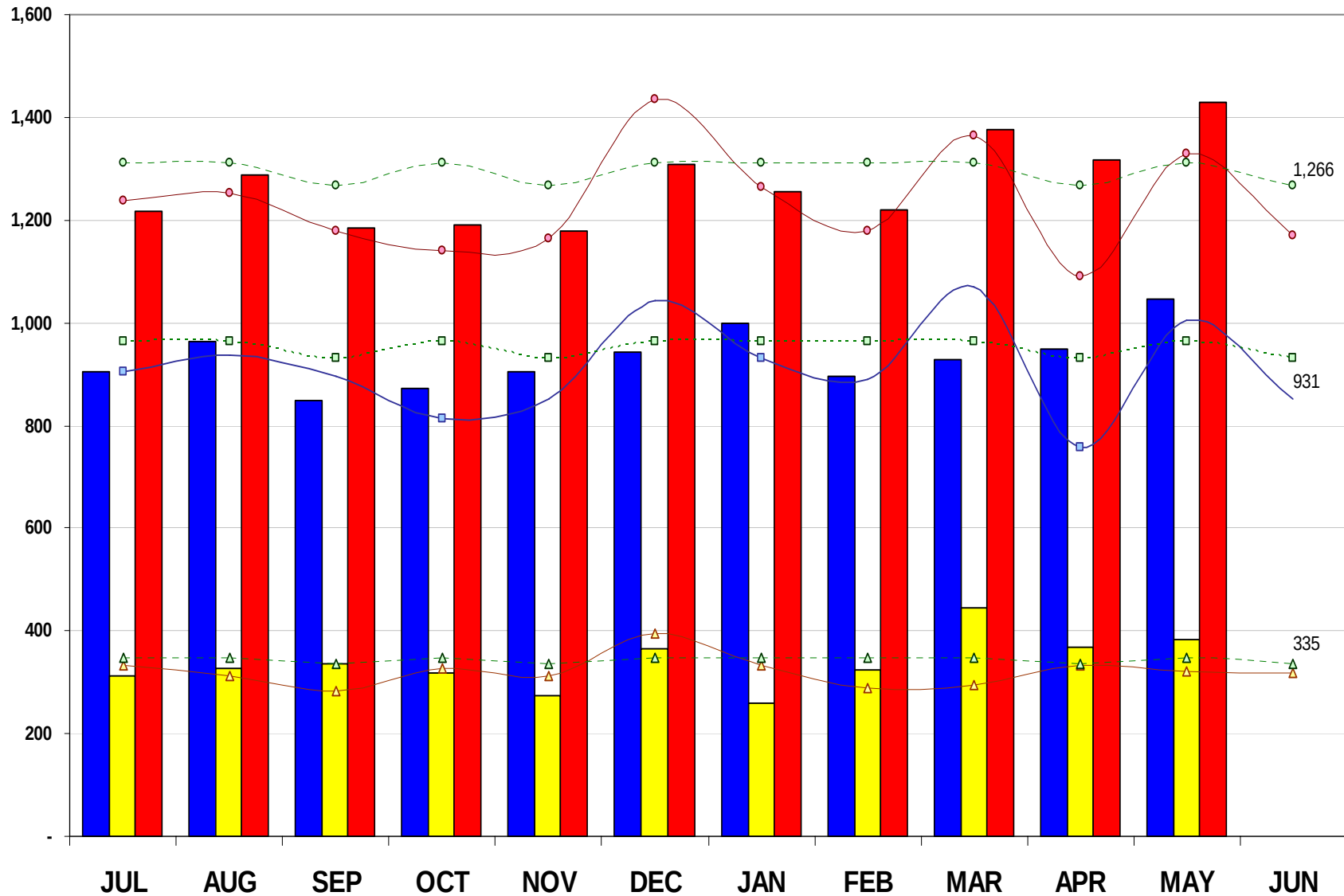
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	3,685	3,916	3,589	3,686	3,751	3,478	4,359	3,928	3,951	3,670	4,262	-	42,275	41,335
POM	1,930	1,930	1,828	1,828	1,703	1,910	2,120	1,931	1,867	1,789	2,109	-	20,945	21,422
CON	5,615	5,846	5,417	5,514	5,454	5,388	6,479	5,859	5,818	5,459	6,371	-	63,220	62,757

ER Admissions includes Trauma

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

19

FISCAL
YEAR
2007



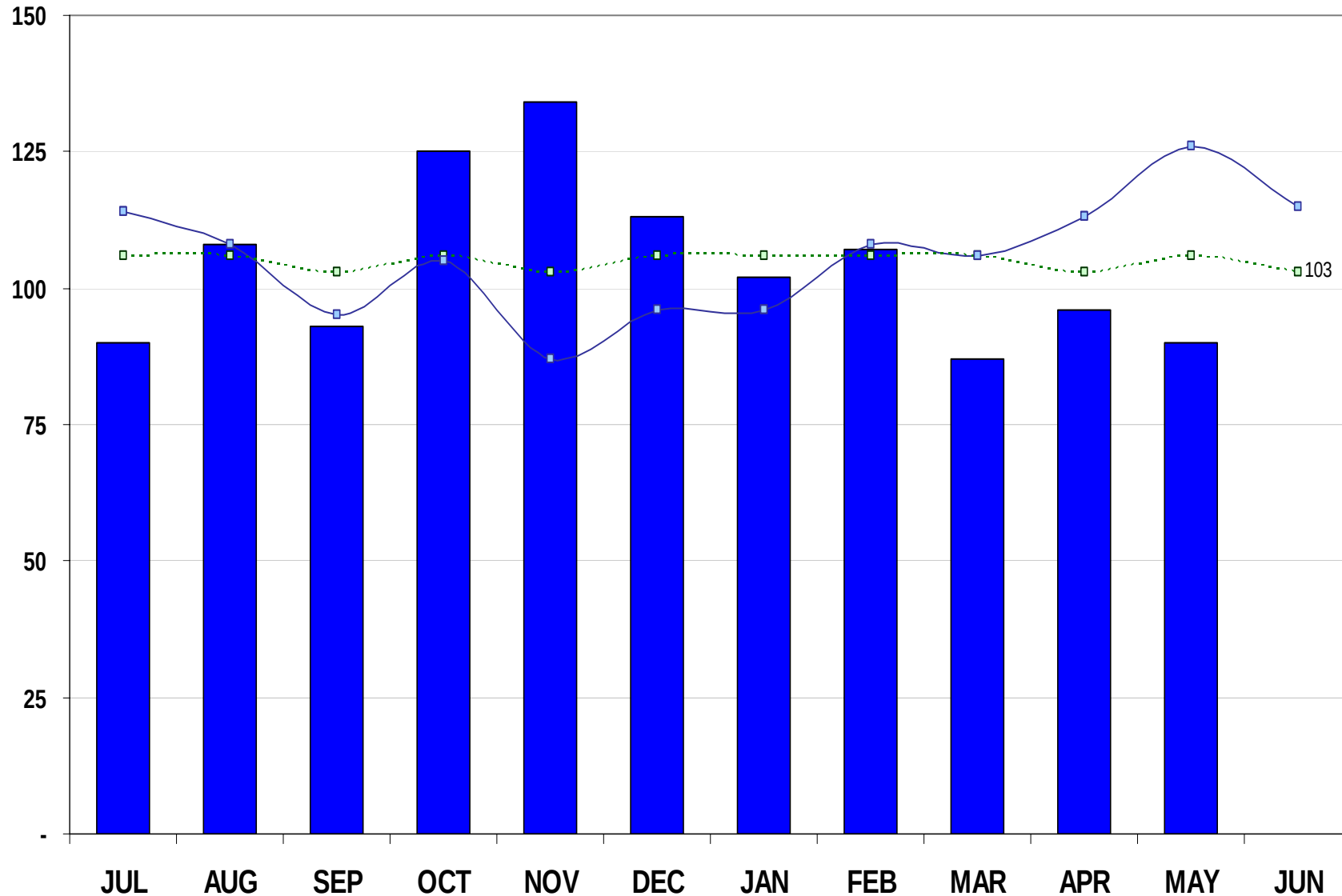
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	905	963	850	873	906	944	998	895	929	949	1,046	-	10,258	10,414
POM	311	326	335	318	274	364	258	324	446	367	382	-	3,705	3,750
CON	1,216	1,289	1,185	1,191	1,180	1,308	1,256	1,219	1,375	1,316	1,428	-	13,963	14,164

Trauma Cases (PMC)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

20

FISCAL
YEAR
2007



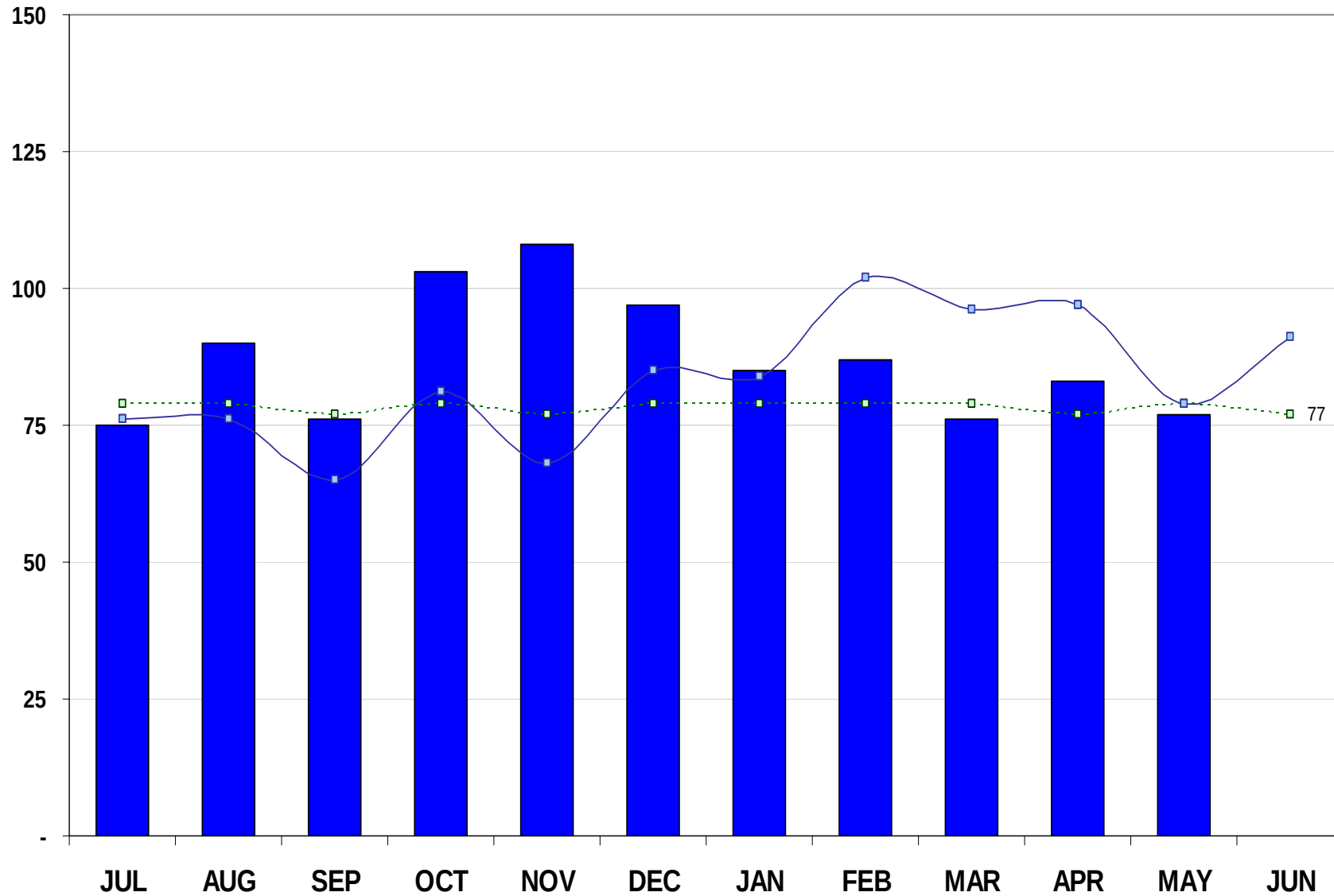
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	90	108	93	125	134	113	102	107	87	96	90	-	1,145	1,146

Trauma Admissions (PMC)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

21

FISCAL
YEAR
2007



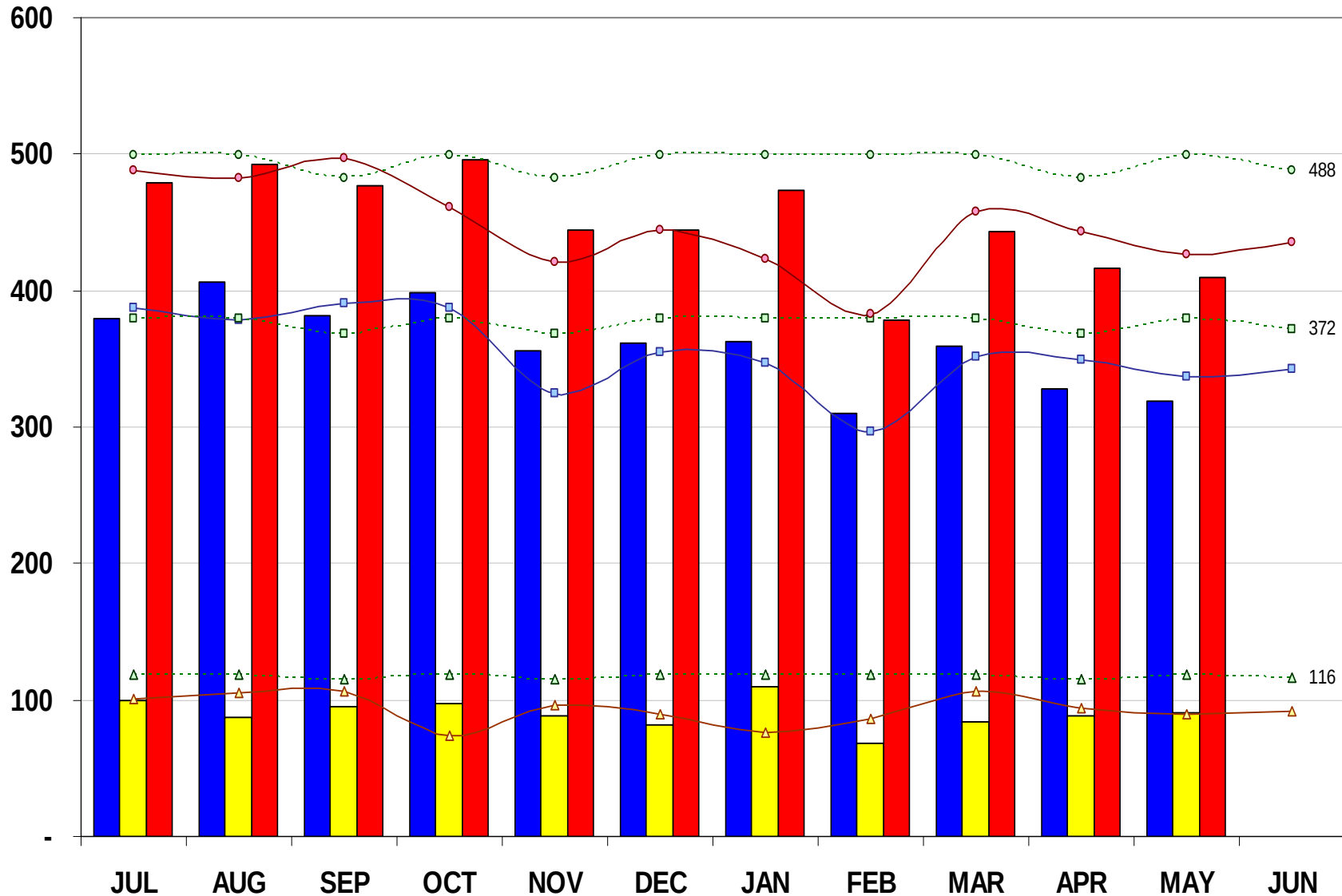
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	75	90	76	103	108	97	85	87	76	83	77	-	957	855

Deliveries

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

22

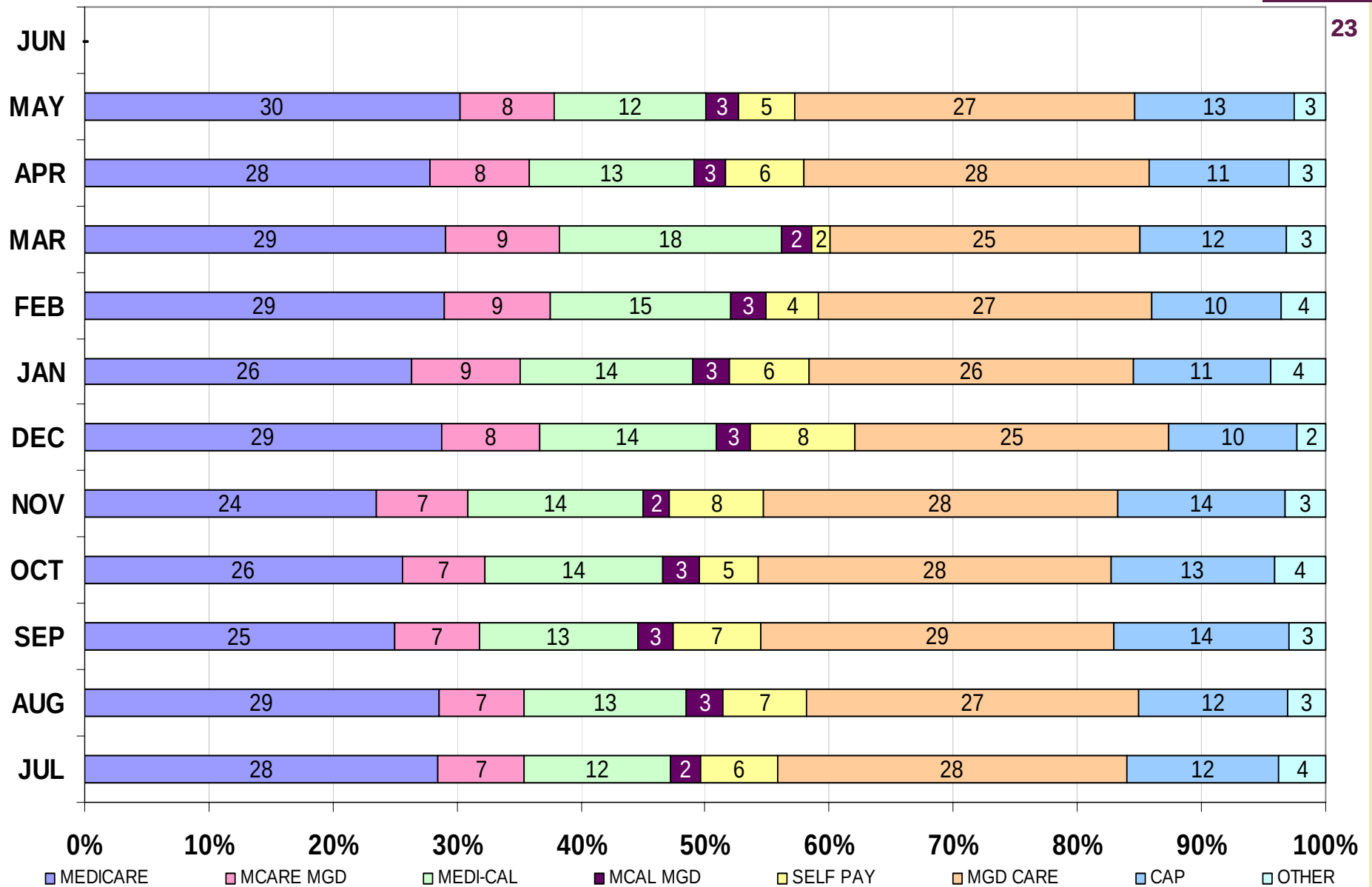
FISCAL
YEAR
2007



	<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	379	406	382	399	356	362	363	310	359	328	319	-	3,963	4,108
POM	100	87	95	97	88	82	110	68	84	88	91	-	990	1,285
CON	479	493	477	496	444	444	473	378	443	416	410	-	4,953	5,393

Payor Mix based on Gross Revenue

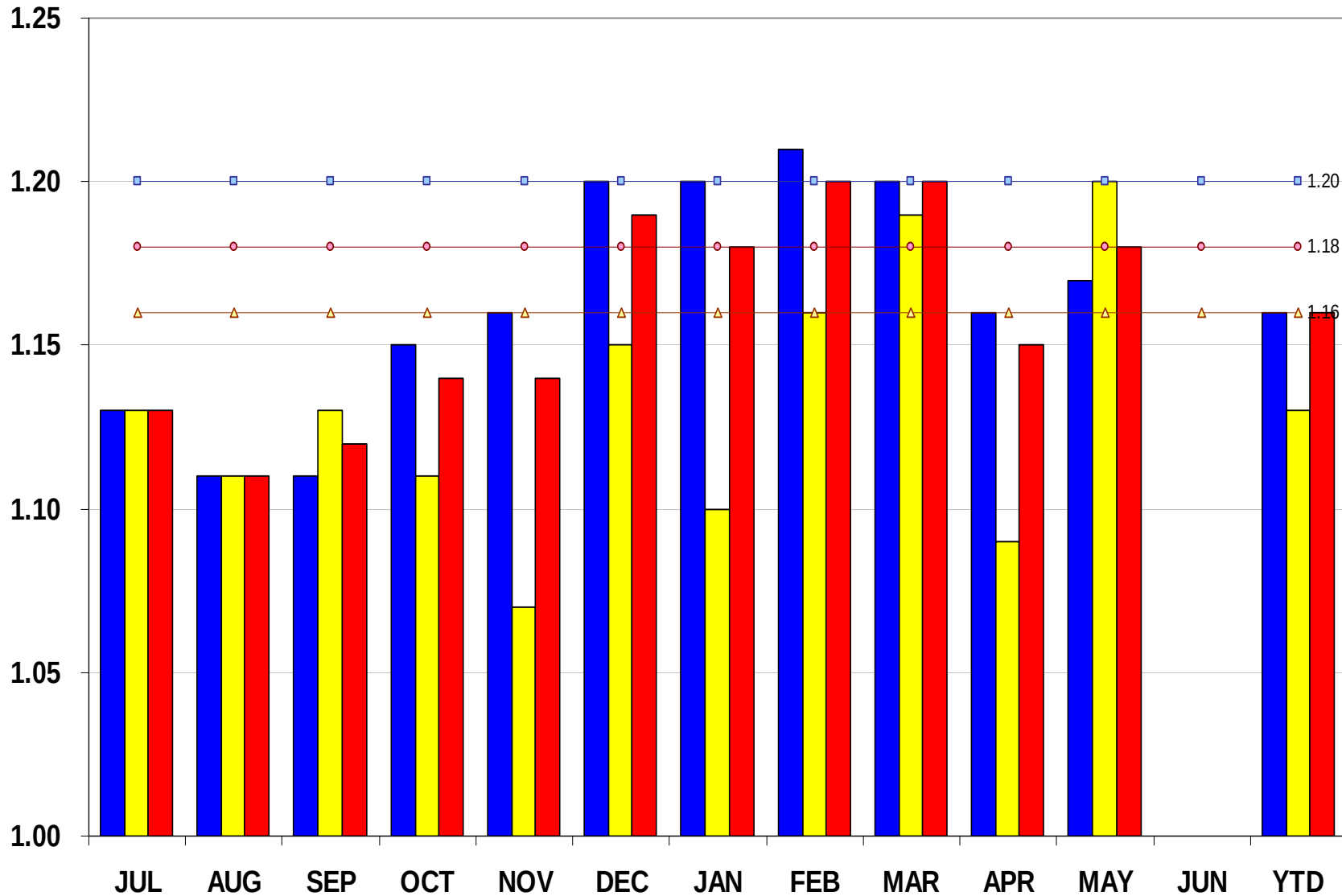
PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU



Case Mix Index

24

FISCAL
YEAR
2007

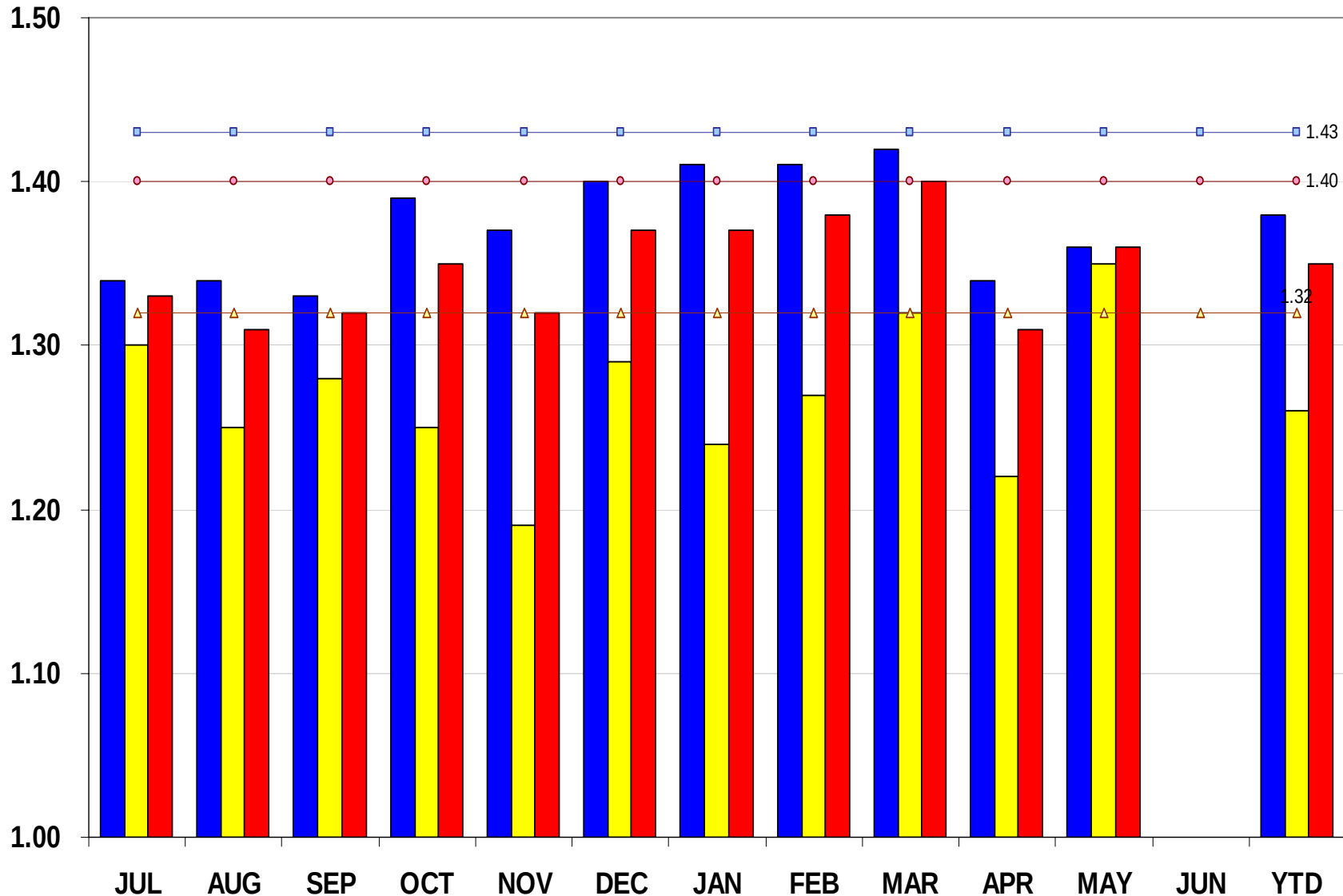


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.13	1.11	1.11	1.15	1.16	1.20	1.20	1.21	1.20	1.16	1.17	-	1.16
POM	1.13	1.11	1.13	1.11	1.07	1.15	1.10	1.16	1.19	1.09	1.20	-	1.13
CON	1.13	1.11	1.12	1.14	1.14	1.19	1.18	1.20	1.20	1.15	1.18	-	1.16

Case Mix Index by Region – Excludes Deliveries

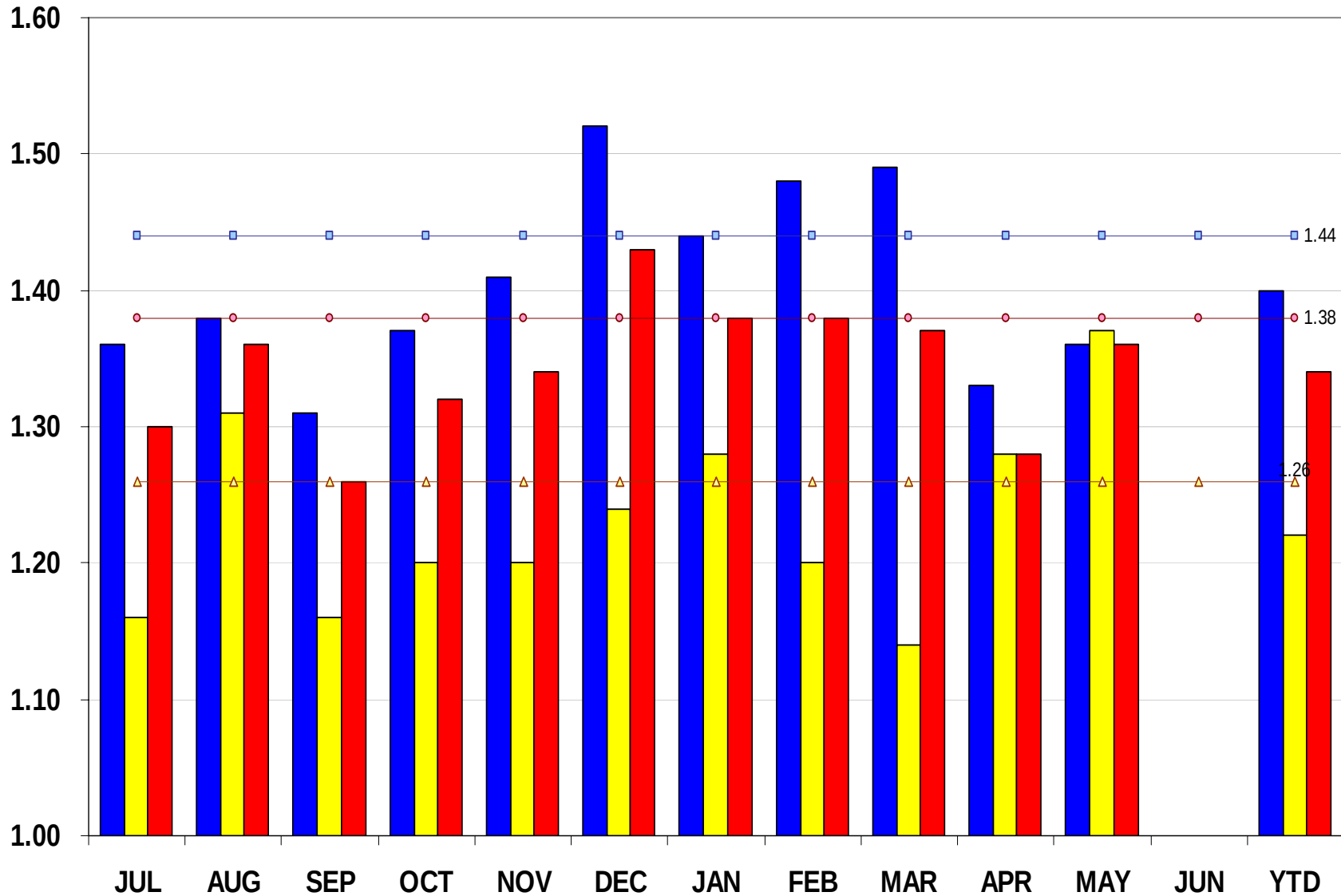
25

FISCAL
YEAR
2007



	<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>
PMC	1.34	1.34	1.33	1.39	1.37	1.40	1.41	1.41	1.42	1.34	1.36	-	1.38
POM	1.30	1.25	1.28	1.25	1.19	1.29	1.24	1.27	1.32	1.22	1.35	-	1.26
CON	1.33	1.31	1.32	1.35	1.32	1.37	1.37	1.38	1.40	1.31	1.36	-	1.35

Case Mix Index by Region – Medicare



	<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>
PMC	1.36	1.38	1.31	1.37	1.41	1.52	1.44	1.48	1.49	1.33	1.36	-	1.40
POM	1.16	1.31	1.16	1.20	1.20	1.24	1.28	1.20	1.14	1.28	1.37	-	1.22
CON	1.30	1.36	1.26	1.32	1.34	1.43	1.38	1.38	1.37	1.28	1.36	-	1.34

Summary of Key Indicators and Results FYTD May 2007

27

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	20,301	20,100	201	19,765
Pomerado Hospital	6,288	7,147	(859)	6,298
Total:	<u>26,589</u>	<u>27,247</u>	<u>(658)</u>	<u>26,063</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	530	710	(180)	575
Pomerado Hospital	513	575	(62)	554
Total:	<u>1,043</u>	<u>1,285</u>	<u>(242)</u>	<u>1,129</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	77,220	79,923	(2,703)	77,874
Pomerado Hospital	26,036	27,298	(1,262)	25,869
Total:	<u>103,256</u>	<u>107,221</u>	<u>(3,965)</u>	<u>103,743</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	29,247	29,684	(437)	28,032
Pomerado Hospital	41,490	41,540	(50)	41,566
Total:	<u>70,737</u>	<u>71,224</u>	<u>(487)</u>	<u>69,598</u>

Summary of Key Indicators and Results

FYTD May 2007 (cont'd)

28

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>WEIGHTED PATIENT DAYS:</u>				
Palomar Medical Center	98,532	99,454	(922)	77,874
Pomerado Hospital	41,490	41,540	(50)	41,566
Other Activities	2,353	3,082	(729)	18,842
Total:	<u>142,375</u>	<u>144,076</u>	<u>(1,701)</u>	<u>138,282</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.77	4.02	(0.25)	3.98
Pomerado Hospital	4.11	3.96	0.15	4.07
Total:	<u>3.85</u>	<u>4.00</u>	<u>(0.15)</u>	<u>4.01</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	56.79	40.55	16.24	47.67
Pomerado Hospital	80.10	73.65	6.45	77.40
Total:	<u>68.48</u>	<u>54.96</u>	<u>13.52</u>	<u>61.86</u>

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

29

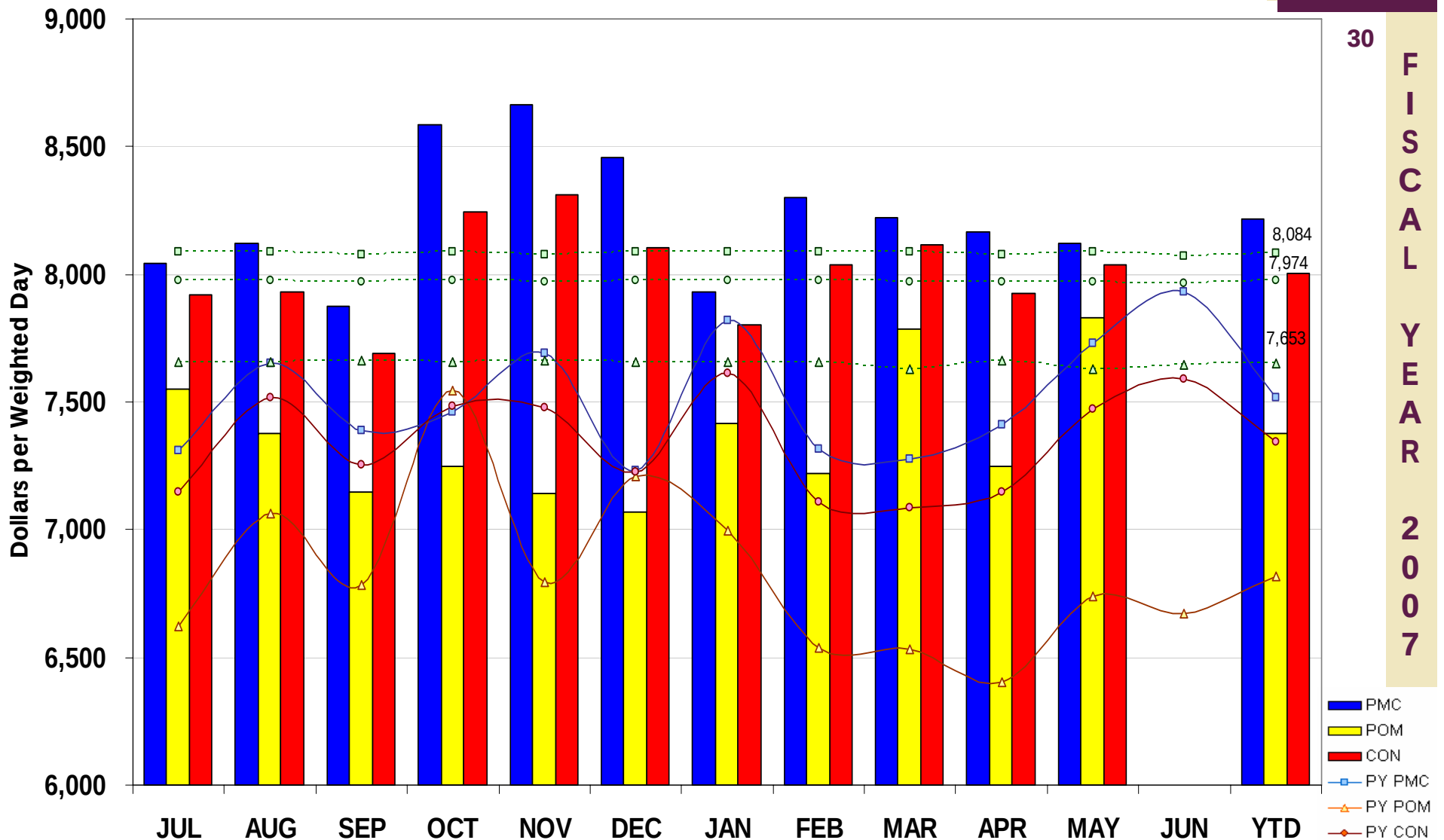
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	42,275	41,335	940	38,827
Pomerado Hospital	20,945	21,422	(477)	20,015
Total:	<u>63,220</u>	<u>62,757</u>	<u>463</u>	<u>58,842</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	10,258	10,414	(156)	10,100
Pomerado Hospital	3,705	3,750	(45)	3,532
Total:	<u>13,963</u>	<u>14,164</u>	<u>(201)</u>	<u>13,632</u>
<u>SURGERIES:</u>				
Palomar Medical Center	7,271	7,324	(53)	7,122
Pomerado Hospital	3,441	3,925	(484)	3,596
Total:	<u>10,712</u>	<u>11,249</u>	<u>(537)</u>	<u>10,718</u>
<u>BIRTHS:</u>				
Palomar Medical Center	3,963	4,108	(145)	3,905
Pomerado Hospital	990	1,285	(295)	1,023
Total:	<u>4,953</u>	<u>5,393</u>	<u>(440)</u>	<u>4,928</u>

Gross Patient Revenue per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

30

FISCAL
YEAR
2007



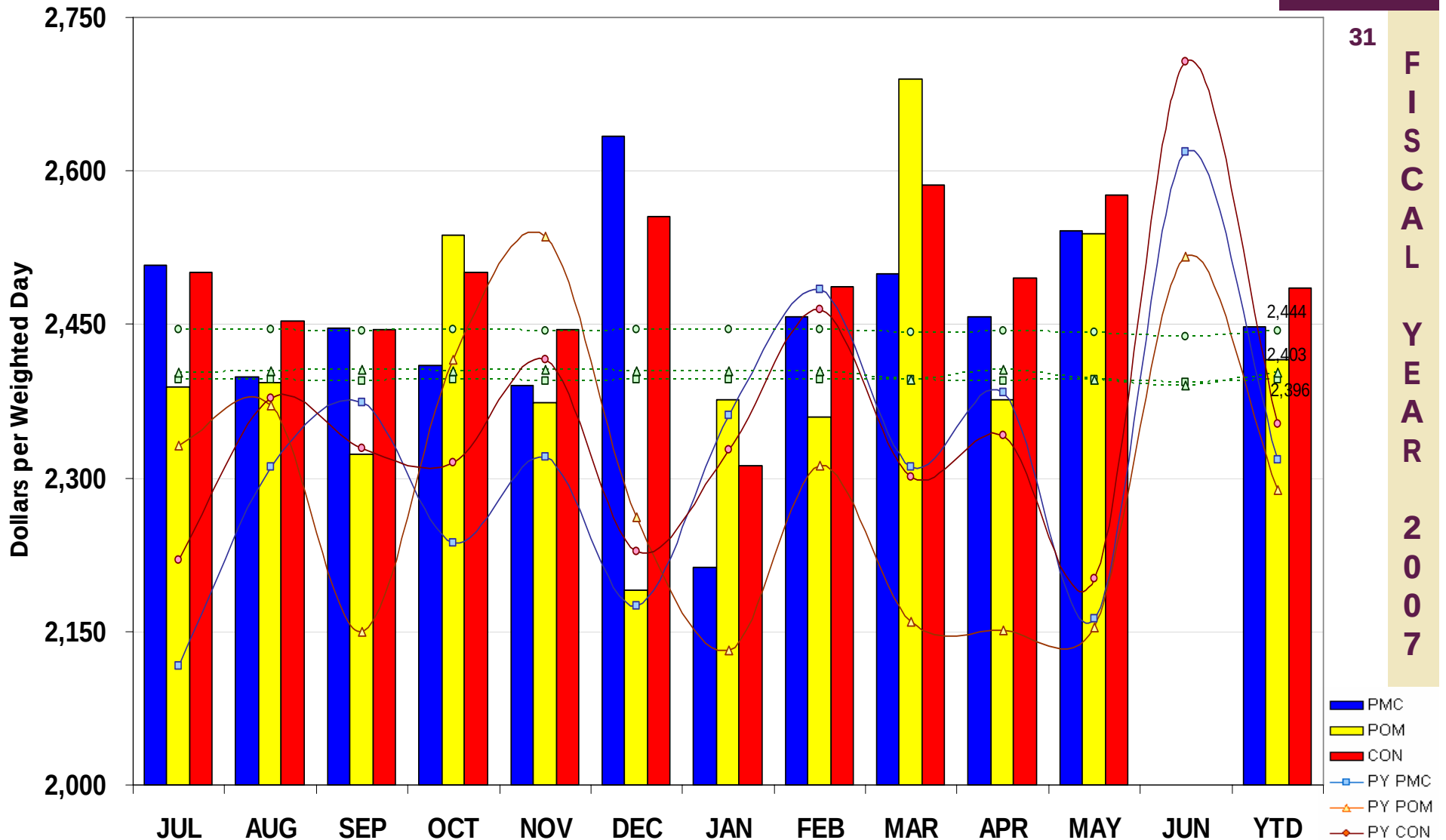
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	8,041	8,120	7,875	8,587	8,665	8,455	7,929	8,301	8,224	8,163	8,120	-	8,218	8,084
POM	7,552	7,379	7,149	7,247	7,142	7,068	7,418	7,222	7,786	7,248	7,830	-	7,377	7,653
CON	7,921	7,932	7,690	8,242	8,311	8,106	7,803	8,036	8,118	7,927	8,039	-	8,006	7,974

Net Patient Revenue per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

31

FISCAL
YEAR
2007



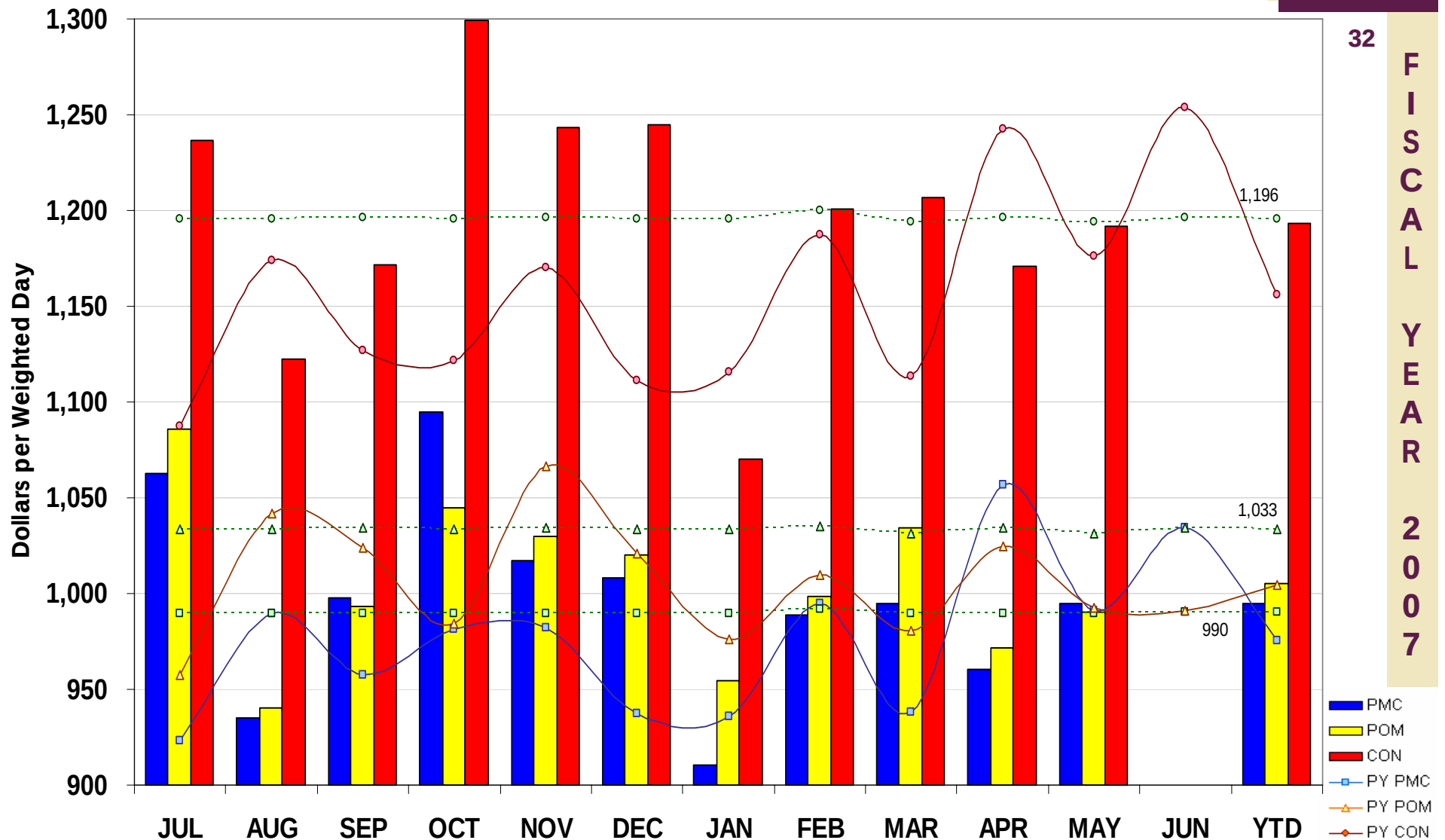
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	2,508	2,398	2,446	2,410	2,391	2,634	2,213	2,457	2,499	2,457	2,541	-	2,448	2,396
POM	2,389	2,393	2,323	2,537	2,373	2,191	2,376	2,360	2,689	2,376	2,539	-	2,416	2,403
CON	2,500	2,453	2,445	2,500	2,445	2,556	2,312	2,487	2,586	2,495	2,576	-	2,486	2,444

Salaries per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

32

FISCAL
YEAR
2007



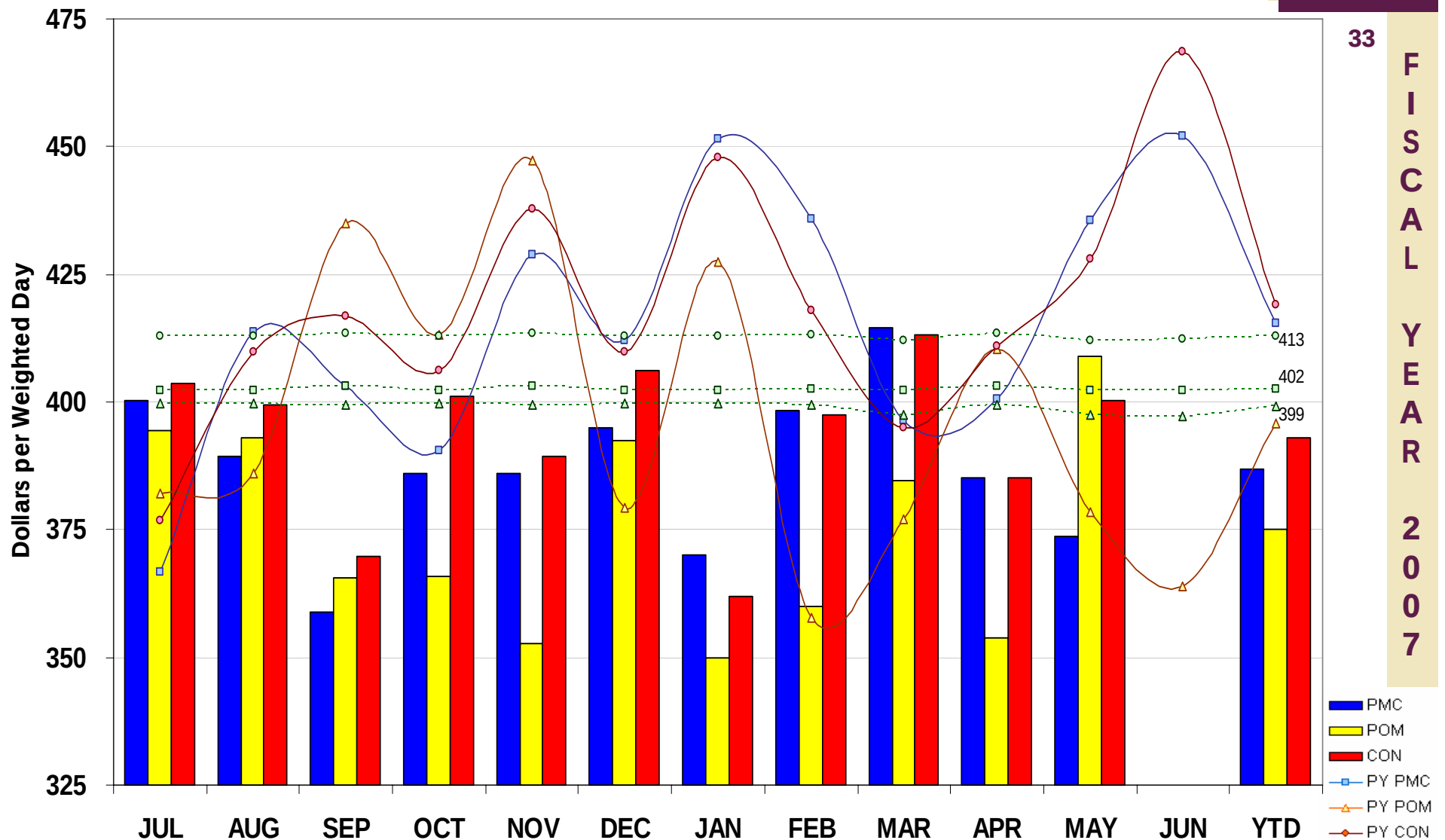
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMc	1,063	935	998	1,095	1,017	1,008	910	989	995	961	995	-	995	990
POM	1,086	940	993	1,045	1,030	1,020	955	999	1,034	972	990	-	1,005	1,033
CON	1,236	1,122	1,172	1,299	1,243	1,244	1,070	1,201	1,206	1,171	1,192	-	1,194	1,196

Supplies per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

33

FISCAL
YEAR
2007



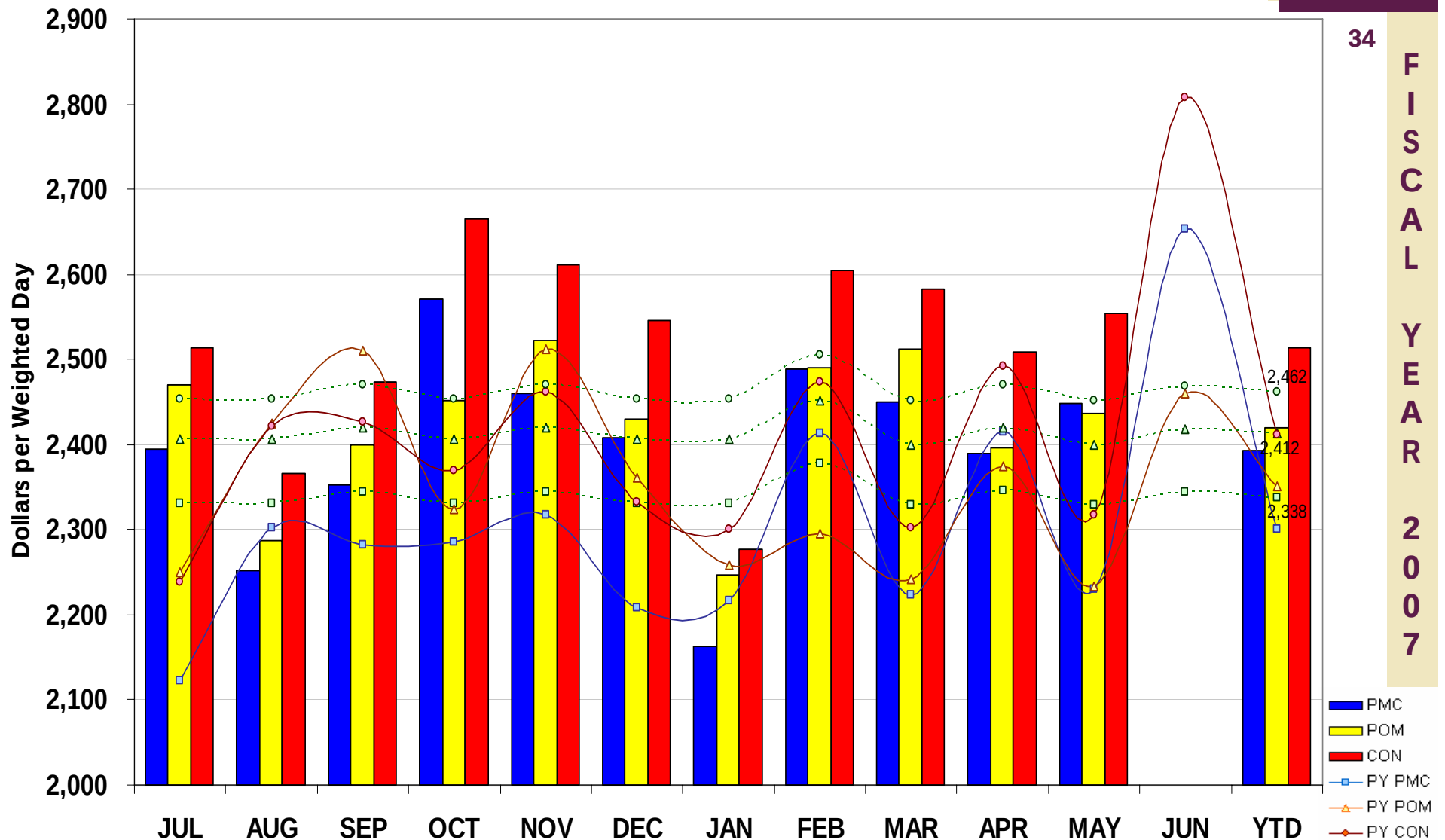
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	400	389	359	386	386	395	370	398	414	385	374	-	387	402
POM	394	393	365	366	353	392	350	360	385	354	409	-	375	399
CON	404	399	370	401	389	406	362	397	413	385	400	-	393	413

Total Expenses per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

34

FISCAL
YEAR
2007



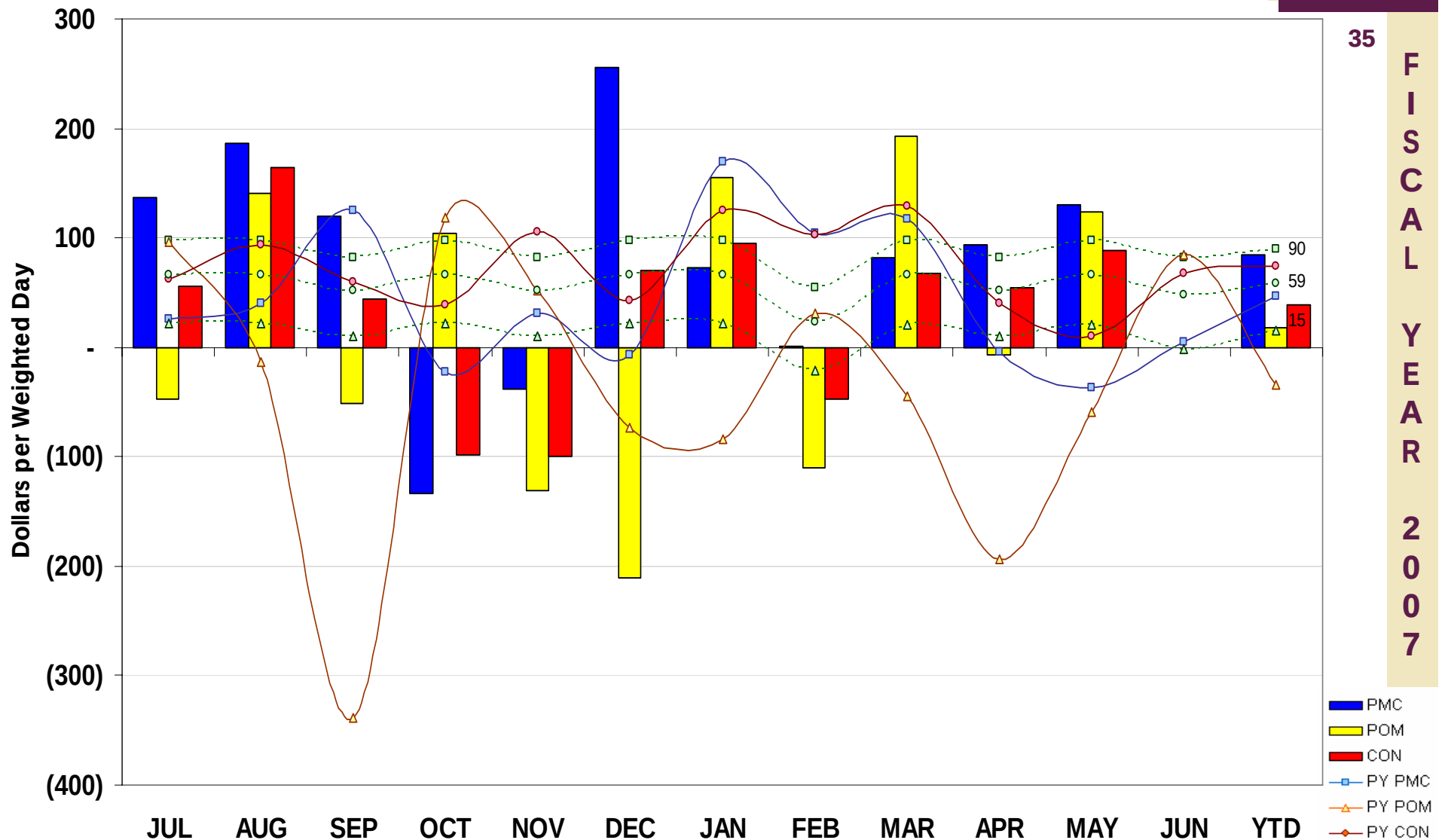
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PM	2,395	2,252	2,352	2,571	2,459	2,408	2,164	2,488	2,450	2,389	2,448	-	2,394	2,338
OM	2,469	2,287	2,400	2,451	2,522	2,430	2,247	2,490	2,512	2,397	2,436	-	2,420	2,412
CM	2,514	2,367	2,473	2,665	2,610	2,546	2,278	2,604	2,583	2,508	2,555	-	2,514	2,462

Net Operating Income per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

35

FISCAL
YEAR
2007



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMc	137	186	120	(133)	(39)	255	73	1	82	94	130	-	84	90
POM	(48)	140	(52)	105	(132)	(211)	155	(110)	192	(7)	124	-	18	15
CON	56	164	45	(98)	(100)	71	95	(47)	68	54	89	-	39	59

Key Variance Explanations May 2007

36

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Weighted Patient Days	13,476	13,333	143
(Contractual %)	68.49%	69.41%	
Gross Patient Revenue:	108,328,113	106,260,557	2,067,556
Volume variance			
Contractuals:	74,192,477	73,758,952	(433,525)
Net Capitation:	582,639	63,893	518,746
Other Operating Revenue:	905,022	1,007,597	(102,575)
PPNC Health Development			(64,196)
PPH Foundation			(33,580)
Salaries & Wages:	15,344,033	15,241,258	(102,775)
Volume variance			(163,467)
Market & performance one-time adjustments			(133,788)
Productivity			194,480
Benefits:	4,330,200	3,772,448	(557,752)
Health and Dental			(198,660)
Pension			(127,654)
Other Benefits			(88,818)
Worker's Compensation			(45,856)
FICA			(82,143)
Contract Labor:	716,871	678,828	(38,043)
Patient Accounting			(52,891)

Key Variance Explanations May 2007 (cont'd)

37

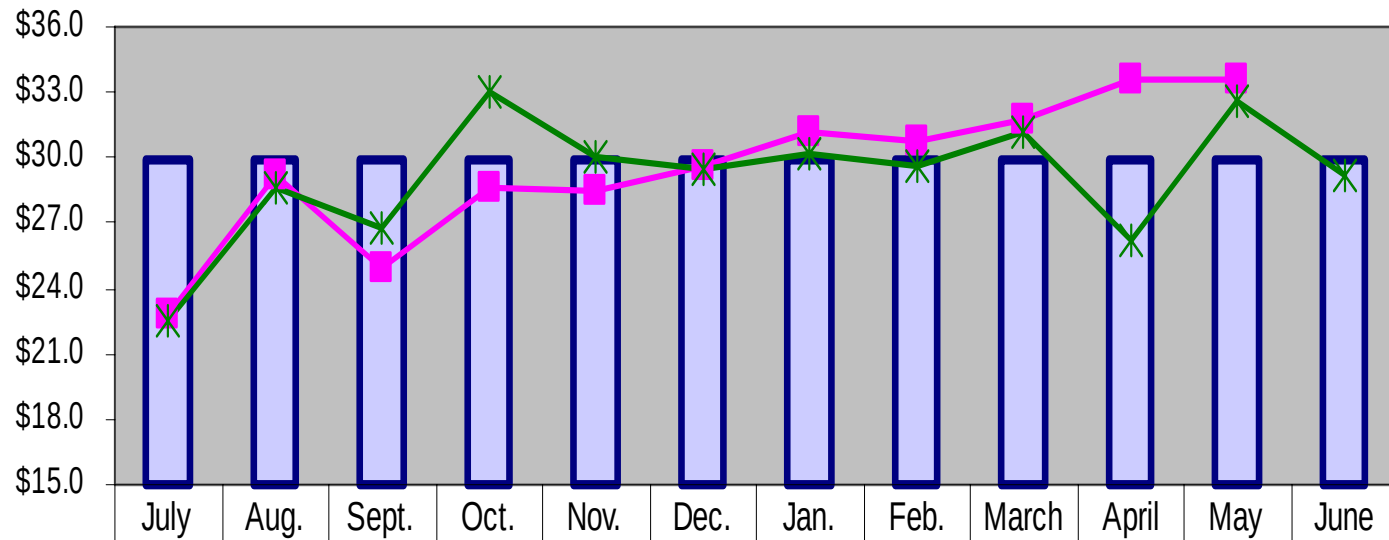
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Fees:	2,056,255	1,815,681	(240,574)
Legal Fees			(99,944)
Pomerado ED calls			(52,685)
Rehabcare Therapist fees			(44,865)
IT Consulting			(41,016)
Supplies:	5,393,600	5,495,300	101,700
Rate variance			160,639
Volume variance			(58,939)
Purchased Services:	2,621,839	2,164,495	(457,344)
Gateway/Parkway contracted services			(85,620)
Repairs & maintenance			(75,331)
PBS			(72,806)
Food services			(62,428)
HIM storage & transcription			(54,798)
Customer surveys			(34,078)
Depreciation:	1,939,371	1,573,192	(366,179)
Additional CIP's closed			(409,222)
Escondido Surgery Center			(35,695)
Other Direct Expenses:	2,025,138	1,949,209	(75,929)
Marketing/recruiting			(153,348)
Net Income From Operations	\$1,195,990	\$882,684	\$313,306

Key Variance Explanations for May 2007 YTD

38

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Benefits:	43,929,966	41,103,262	(2,826,704)
Pension			(974,232)
FICA and Other Benefits			(850,102)
Health and Dental			(551,794)
Worker's Compensation			(393,171)
SUI			(58,037)
Professional Fees:	22,361,603	19,926,421	(2,435,182)
Legal Fees			(1,204,777)
Pomerado ED calls			(515,051)
IT Consulting			(497,728)
Rehabcare Therapist fees			(465,962)
Purchased Services:	26,411,294	23,390,501	(3,020,793)
Collection fees			(1,484,449)
Gateway/Parkway contracted services			(801,318)
Biomed			(246,120)
Repairs & maintenance			(213,869)
HIS file storage & transcription services			(188,896)
Laundry/linen			(185,002)
Depreciation:	18,586,177	17,274,464	(1,311,713)
Additional depreciation on closed CIP's			(929,259)
Escondido Surgery Center			(382,454)

PBS Monthly Collections in Millions



FY07 Goal	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9	\$29.9
Pr. Yr Actual	\$22.6	\$28.7	\$26.8	\$33.1	\$30.1	\$29.5	\$30.2	\$29.6	\$31.2	\$26.2	\$32.6	\$29.2
Curr. Yr Actual	\$22.8	\$29.1	\$24.9	\$28.6	\$28.5	\$29.7	\$31.1	\$30.8	\$31.7	\$33.6	\$33.6	

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

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$8,875,853	\$5,405,321	\$2,001,279
Cash Marketable Securities	107,100,757	116,594,446	110,035,151
Total Cash & Cash Equivalents	115,976,610	121,999,767	112,036,430
Patient Accounts Receivable	191,397,664	190,407,193	149,045,009
Allowance on Accounts	-101,133,908	-100,762,033	-78,078,378
Net Accounts Receivable	90,263,756	89,645,160	70,966,631
Inventories	7,012,737	6,987,825	6,937,645
Prepaid Expenses	2,280,753	2,626,641	2,293,992
Other	2,459,684	3,072,931	3,868,903
Total Current Assets	217,993,540	224,332,324	196,103,601
Non-Current Assets			
Restricted Assets	202,982,051	202,496,024	66,734,609
Restricted by Donor	295,342	294,738	288,265
Board Designated	-14,708,670	-16,901,820	9,267,526
Total Restricted Assets	188,568,723	185,888,942	76,290,400
Property Plant & Equipment	333,892,527	334,888,037	343,335,572
Accumulated Depreciation	-223,706,708	-223,101,695	-220,455,460
Construction in Process	144,024,330	140,632,551	85,858,842
Net Property Plant & Equipment	254,210,149	252,418,893	208,738,954
Investment in Related Companies	1,792,536	1,860,579	268,203
Deferred Financing Costs	4,912,998	4,948,960	3,354,469
Other Non-Current Assets	2,563,124	2,563,124	2,594,765
Total Non-Current Assets	452,047,530	447,680,498	291,246,791
Total Assets	\$670,041,070	\$672,012,822	\$487,350,392

Liabilities

Current Liabilities

Accounts Payable	\$20,108,100	\$23,679,476	\$23,154,953
Accrued Payroll	21,028,350	20,433,736	13,504,395
Accrued PTO	12,527,796	12,315,623	11,133,368
Accrued Interest Payable	1,326,493	2,697,055	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-797,989	-845,493	-995,051
Other Current Liabilities	11,810,692	13,716,104	9,482,924
Total Current Liabilities	79,223,442	85,216,501	71,290,863

Long Term Liabilities

Bonds & Contracts Payable	297,317,071	297,169,587	151,347,395
---------------------------	-------------	-------------	-------------

General Fund Balance

Unrestricted	307,913,893	306,233,819	255,156,342
Restricted for Other Purpose	295,342	294,738	288,265
Board Designated	-14,708,670	-16,901,820	9,267,526
Total Fund Balance	293,500,565	289,626,737	264,712,133

Total Liabilities / Fund Balance

	\$670,041,070	\$672,012,822	\$487,350,392
--	----------------------	----------------------	----------------------

PALOMAR POMERADO HEALTH
CONSOLIDATED
Year-to-Date as of May FY 2007

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	26,589	27,247	(658)					
Admissions - SNF	1,043	1,285	(242)					
Patient Days - Acute	103,256	107,221	(3,965)					
Patient Days - SNF	70,737	71,224	(487)					
ALOS - Acute	3.85	4.00	(0.15)					
ALOS - SNF	68.48	54.96	13.52					
Weighted Pt Days	142,375	144,076	(1,701)					
Revenue:								
Gross Revenue	\$ 1,139,875,148	\$ 1,148,907,310	\$ (9,032,162) U	\$ (13,564,309)	\$ 4,532,147	\$ 8,006.15	\$ 7,974.31	\$ 31.83
Deductions from Rev	(785,990,279)	(796,798,718)	10,808,439 F	9,407,220	1,401,219	(5,520.56)	(5,530.41)	9.84
Net Patient Revenue	353,884,869	352,108,592	1,776,277 F	(4,157,089)	5,933,366	2,485.58	2,443.91	41.67
Other Oper Revenue	9,621,189	11,083,567	(1,462,378) U	(130,856)	(1,331,522)	67.58	76.93	(9.35)
Total Net Revenue	363,506,058	363,192,159	313,899 F	(4,287,944)	4,601,843	2,553.16	2,520.84	32.32
Expenses:								
Salaries, Wages & Contr Labor	169,939,537	172,273,827	2,334,290 F	2,033,911	300,379	1,193.61	1,195.71	2.11
Benefits	43,929,966	41,103,262	(2,826,704) U	485,276	(3,311,980)	308.55	285.29	(23.26)
Supplies	55,960,575	59,485,031	3,524,456 F	702,296	2,822,160	393.05	412.87	19.82
Prof Fees & Purch Svc	48,772,897	43,316,922	(5,455,975) U	511,411	(5,967,386)	342.57	300.65	(41.91)
Depreciation	18,586,177	17,274,464	(1,311,713) U	203,947	(1,515,660)	130.54	119.90	(10.65)
Other	20,783,062	21,261,992	478,930 F	251,025	227,905	145.97	147.57	1.60
Total Expenses	357,972,214	354,715,498	(3,256,717) U	4,187,867	(7,444,583)	2,514.29	2,462.00	(52.29)
Net Inc Before Non-Oper Income	5,533,844	8,476,661	(2,942,818) U	(100,078)	(2,842,739)	38.87	58.83	(19.97)
Property Tax Revenue	11,595,826	11,595,826	- -	(136,903)	136,903	81.45	80.48	0.96
Non-Operating Income	1,881,394	803,638	1,077,756 F	(9,488)	1,087,244	13.21	5.58	7.64
Net Income (Loss)	\$ 19,011,064	\$ 20,876,125	\$ (1,865,062) U	\$ (246,469)	\$ (1,618,592)	\$ 133.53	\$ 144.90	\$ (11.37)
Net Income Margin	4.9%	5.5%	-0.6%					
OEBITDA Margin w/o Prop Tax	6.3%	6.8%	-0.5%					
OEBITDA Margin with Prop Tax	9.3%	9.8%	-0.5%					

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of May FY 2007

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,452	2,509	(57)					
Admissions - SNF	97	119	(22)					
Patient Days - Acute	9,656	9,922	(266)					
Patient Days - SNF	6,514	6,591	(77)					
ALOS - Acute	3.85	4.00	(0.15)					
ALOS - SNF	65.14	54.93	10.21					
Weighted Pt Days	13,476	13,333	143					
Revenue:								
Gross Revenue	\$ 108,328,113	\$ 106,260,557	\$ 2,067,556 F	\$ 1,139,673	\$ 927,883	\$ 8,038.60	\$ 7,969.74	\$ 68.85
Deductions from Rev	(73,609,838)	(73,695,059)	85,221 F	(790,399)	875,620	(5,462.29)	(5,527.27)	64.98
Net Patient Revenue	34,718,275	32,565,498	2,152,777 F	349,274	1,803,503	2,576.30	2,442.47	133.83
Other Oper Revenue	905,022	1,007,597	(102,575) U	10,807	(113,382)	67.16	75.57	(8.41)
Total Net Revenue	35,623,297	33,573,095	2,050,202 F	360,080	1,690,122	2,643.46	2,518.05	125.42
Expenses:								
Salaries, Wages & Contr Labor	16,060,904	15,920,086	(140,818) U	(170,747)	29,929	1,191.82	1,194.04	2.22
Benefits	4,330,200	3,772,448	(557,752) U	(40,461)	(517,291)	321.33	282.94	(38.39)
Supplies	5,393,600	5,495,300	101,700 F	(58,939)	160,639	400.24	412.16	11.92
Prof Fees & Purch Svc	4,678,094	3,980,176	(697,918) U	(42,688)	(655,230)	347.14	298.52	(48.62)
Depreciation	1,939,371	1,573,192	(366,179) U	(16,873)	(349,306)	143.91	117.99	(25.92)
Other	2,025,138	1,949,209	(75,929) U	(20,906)	(55,023)	150.28	146.19	(4.08)
Total Expenses	34,427,307	32,690,411	(1,736,896) U	(350,613)	(1,386,283)	2,554.71	2,451.84	(102.87)
Net Inc Before Non-Oper Income	1,195,990	882,684	313,306 F	9,467	303,839	88.75	66.20	22.55
Property Tax Revenue	1,054,167	1,054,166	1 F	11,306	(11,305)	78.23	79.06	(0.84)
Non-Operating Income	(351,328)	73,058	(424,386) U	784	(425,170)	(26.07)	5.48	(31.55)
Net Income (Loss)	\$ 1,898,829	\$ 2,009,908	\$ (111,079) U	\$ 21,557	\$ (132,636)	\$ 140.90	\$ 150.75	\$ (9.84)
Net Income Margin	5.0%	5.7%	-0.7%					
OEBITDA Margin w/o Prop Tax	8.3%	7.0%	1.3%					
OEBITDA Margin with Prop Tax	11.1%	10.0%	1.1%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
May 2007 vs May 2006**

	Month Activity			Variance		\$/Wtg Pt Day		
	May-07	May-06	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,452	2,478	(26)					
Admissions - SNF	97	112	(15)					
Patient Days - Acute	9,656	9,340	316					
Patient Days - SNF	6,514	6,486	28					
ALOS - Acute	3.85	3.84	0.01					
ALOS - SNF	65.14	62.37	2.77					
Weighted Pt Days	13,476	12,634	842					
Revenue:								
Gross Revenue	\$ 108,328,113	\$ 94,418,434	\$ 13,909,679 F	\$ 6,292,569	\$ 7,617,110	\$ 8,038.60	\$ 7,473.36	\$ 565.24
Deductions from Rev	(73,609,838)	(66,597,867)	(7,011,971) U	(4,438,452)	(2,573,519)	(5,462.29)	(5,271.32)	(190.97)
Net Patient Revenue	34,718,275	27,820,567	6,897,708 F	1,854,117	5,043,591	2,576.30	2,202.04	374.26
Other Oper Revenue	905,022	664,191	240,831 F	44,265	196,566	67.16	52.57	14.59
Total Net Revenue	35,623,297	28,484,758	7,138,539 F	1,898,383	5,240,156	2,643.46	2,254.61	388.85
Expenses:								
Salaries, Wages & Contr Labor	16,060,904	14,858,678	(1,202,226) U	(990,265)	(211,961)	1,191.82	1,176.09	(15.73)
Benefits	4,330,200	1,509,659	(2,820,541) U	(100,612)	(2,719,929)	321.33	119.49	(201.84)
Supplies	5,393,600	5,407,662	14,062 F	(360,397)	374,459	400.24	428.02	27.79
Prof Fees & Purch Svc	4,678,094	4,163,265	(514,829) U	(277,463)	(237,366)	347.14	329.53	(17.61)
Depreciation	1,939,371	1,650,956	(288,415) U	(110,029)	(178,386)	143.91	130.68	(13.24)
Other	2,025,138	1,686,506	(338,632) U	(112,398)	(226,234)	150.28	133.49	(16.79)
Total Expenses	34,427,307	29,276,726	(5,150,581) U	(1,951,164)	(3,199,417)	2,554.71	2,317.30	(237.42)
Net Inc Before Non-Oper Income	1,195,990	(791,968)	1,987,958 F	(52,781)	2,040,739	88.75	(62.69)	151.44
Property Tax Revenue	1,054,167	908,333	145,834 F	60,536	85,298	78.23	71.90	6.33
Non-Operating Income	(351,328)	18,743	(370,071) U	1,249	(371,320)	(26.07)	1.48	(27.55)
Net Income (Loss)	\$ 1,898,829	\$ 135,108	\$ 1,763,721 F	\$ 9,004	\$ 1,754,717	\$ 140.90	\$ 10.69	\$ 130.21
Net Income Margin	5.0%	0.5%	4.5%					
OEBITDA Margin w/o Prop Tax	8.3%	2.9%	5.4%					
OEBITDA Margin with Prop Tax	11.1%	5.9%	5.2%					

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MONTHLY TREND**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	YTD
Statistics:												
Admissions - Acute	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	2,609	2,472	2,452	26,589
Admissions - SNF	104	99	90	104	87	99	105	80	94	84	97	1,043
Patient Days - Acute	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	9,593	9,746	9,656	103,256
Patient Days - SNF	6,635	6,517	6,308	6,590	6,278	6,503	6,526	5,914	6,486	6,466	6,514	70,737
LOS - Acute	3.86	3.82	3.70	3.64	3.74	3.88	4.11	4.07	3.69	3.99	3.85	3.85
LOS - SNF	72.12	63.27	64.37	69.37	64.72	71.46	66.59	73.01	64.86	82.90	65.14	68.48
Weighted Pt Days	12,517	13,150	12,568	12,431	12,042	12,813	14,443	12,191	13,343	13,381	13,476	142,375
Revenue:												
Gross Revenue	\$ 99,141,914	\$ 104,303,733	\$ 96,648,451	\$ 102,455,908	\$ 100,077,561	\$ 103,866,051	\$ 112,702,867	\$ 97,967,724	\$ 108,311,925	\$ 106,070,900	\$ 108,328,113	\$ 1,139,875,148
Deductions from Rev	(67,846,129)	(72,046,060)	(65,925,304)	(71,374,464)	(70,633,148)	(71,115,954)	(79,305,827)	(67,647,339)	(73,806,883)	(72,679,326)	(73,609,838)	(785,990,279)
Net Patient Revenue	31,295,785	32,257,673	30,723,147	31,081,444	29,444,413	32,750,097	33,397,040	30,320,385	34,505,042	33,391,574	34,718,275	353,884,869
Other Oper Revenue	872,741	1,024,339	917,501	836,197	790,479	777,515	875,290	856,254	870,451	895,400	905,022	9,621,189
Total Net Revenue	32,168,526	33,282,012	31,640,648	31,917,641	30,234,892	33,527,612	34,272,330	31,176,639	35,375,493	34,286,974	35,623,297	363,506,058
Expenses:												
Salaries, Wages & Contr Lal	15,474,327	14,754,829	14,727,754	16,146,815	14,968,840	15,945,604	15,457,289	14,639,864	16,097,064	15,666,248	16,060,904	169,939,537
Benefits	3,710,570	3,719,161	3,639,220	4,022,437	3,833,574	3,995,671	4,181,695	3,935,903	4,302,222	4,259,311	4,330,200	43,929,966
Supplies	5,053,134	5,252,262	4,645,918	4,986,864	4,688,222	5,203,199	5,226,986	4,844,066	5,511,182	5,155,141	5,393,600	55,960,575
Prof Fees & Purch Svc	3,957,885	4,023,887	4,535,289	4,491,200	4,212,258	4,164,990	4,603,211	4,603,755	4,864,744	4,637,586	4,678,094	48,772,897
Depreciation	1,647,188	1,661,866	1,661,093	1,668,606	1,672,974	1,680,349	1,555,220	1,634,362	1,647,658	1,817,490	1,939,371	18,586,177
Other	1,626,284	1,709,799	1,872,046	1,818,374	2,059,500	1,632,347	1,873,169	2,091,461	2,045,397	2,029,548	2,025,138	20,783,062
Total Expenses	31,469,388	31,121,804	31,081,320	33,134,296	31,435,368	32,622,160	32,897,570	31,749,411	34,468,267	33,565,324	34,427,307	357,972,214
Net Inc Before Non-Oper Inc	699,138	2,160,208	559,328	(1,216,655)	(1,200,476)	905,452	1,374,760	(572,772)	907,226	721,650	1,195,990	5,533,844
Property Tax Revenue	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,165	1,054,166	1,054,167	11,595,826
Non-Operating Income	427,875	505,503	338,114	190,429	298,286	(223,879)	(78,623)	529,360	150,153	95,509	(351,328)	1,881,394
Net Income (Loss)	\$ 2,181,179	\$ 3,719,874	\$ 1,951,605	\$ 27,940	\$ 151,976	\$ 1,735,739	\$ 2,350,303	\$ 1,010,754	\$ 2,111,544	\$ 1,871,325	\$ 1,898,829	\$ 19,011,064
Net Income Margin	6.5%	10.0%	6.1%	0.1%	0.5%	4.8%	6.5%	3.2%	5.7%	5.2%	5.0%	4.9%
OEBITDA Margin w/o Prop T	6.9%	10.3%	6.9%	1.3%	1.4%	7.1%	8.1%	3.4%	6.9%	7.0%	8.3%	6.3%
OEBITDA Margin with Prop T	10.1%	13.2%	10.2%	4.4%	4.6%	10.0%	11.0%	6.8%	9.7%	9.9%	11.1%	9.3%

Statement of Cash Flows

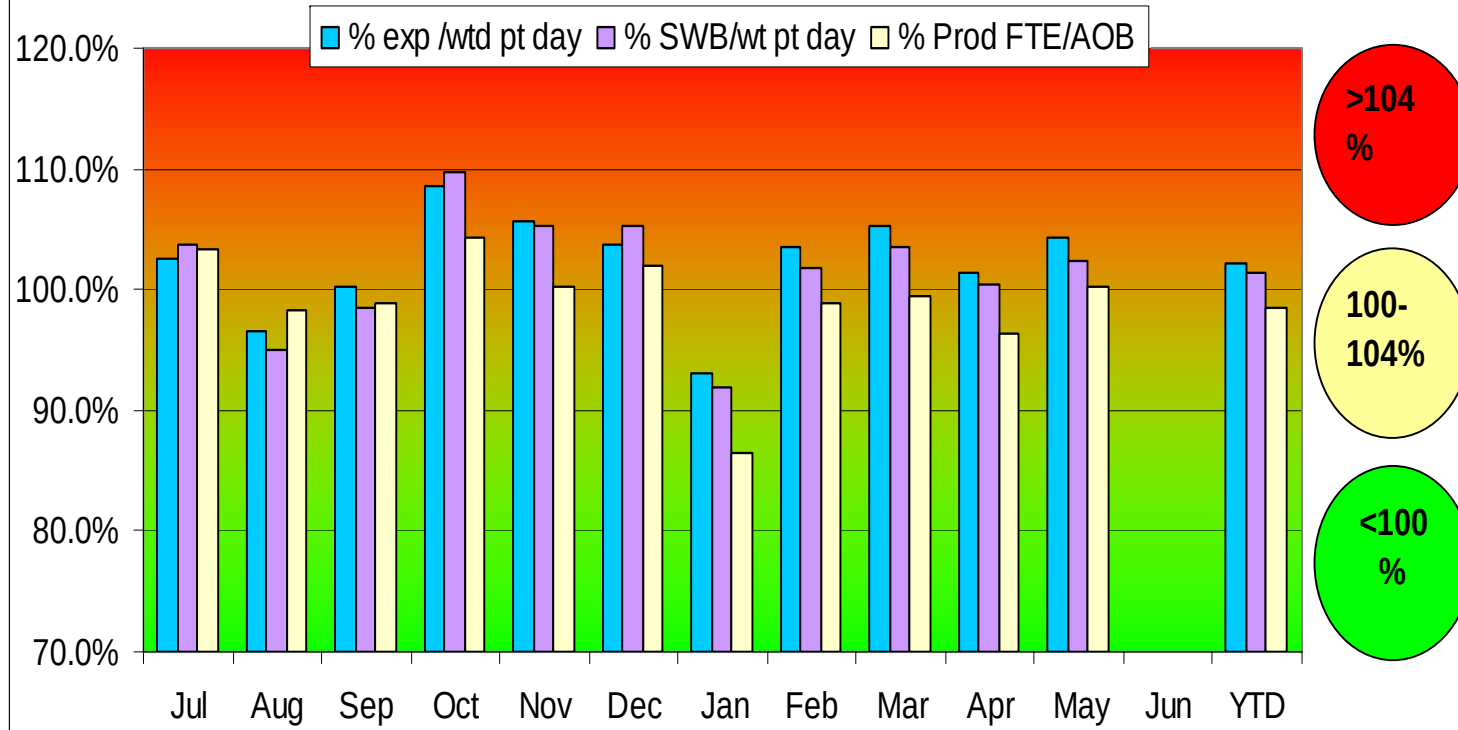
45

Fiscal Year 2007	May	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	1,195,990	5,533,344
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,939,371	18,586,177
Provision for bad debts	3,190,124	30,933,242
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,808,719)	(50,230,368)
Property Tax and other receivables	(1,333,747)	(2,954,021)
Inventories	(24,912)	(75,092)
Prepaid expenses and Other Non-Current assets	413,931	(1,463,180)
Accounts payable	(3,571,376)	(3,046,853)
Accrued comp	806,787	8,642,900
Estimated settlement amounts due third-party payors	47,504	197,062
Other current liabilities	(851,246)	1,273,602
Net cash provided by operating activities	(1,996,293)	7,396,813
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	6,813,908	(109,343,929)
Interest (Loss) received on investments	148,186	6,408,508
Investment in affiliates	97,888	1,075,810
Net cash used in investing activities	7,059,982	(101,859,611)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	1,250,091	10,921,573
Receipt of District Taxes	1,340,342	12,427,864
Net cash used in activities	2,590,433	23,349,437
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(2,878,464)	(61,347,754)
Proceeds from sale of asset	50,317	61,717
G.O. Bond Interest paid	0	(3,584,201)
Revenue Bond Interest paid	(1,355,443)	(3,423,726)
Proceeds from issuance of debt	0	159,026,893
Payments of LT Debt	0	(12,745,000)
Net cash used in activities	(4,183,590)	77,987,929
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,470,532	6,874,572
CASH AND CASH EQUIVALENTS - Beginning of period	5,405,321	2,001,279
CASH AND CASH EQUIVALENTS - End of period	8,875,853	8,875,853

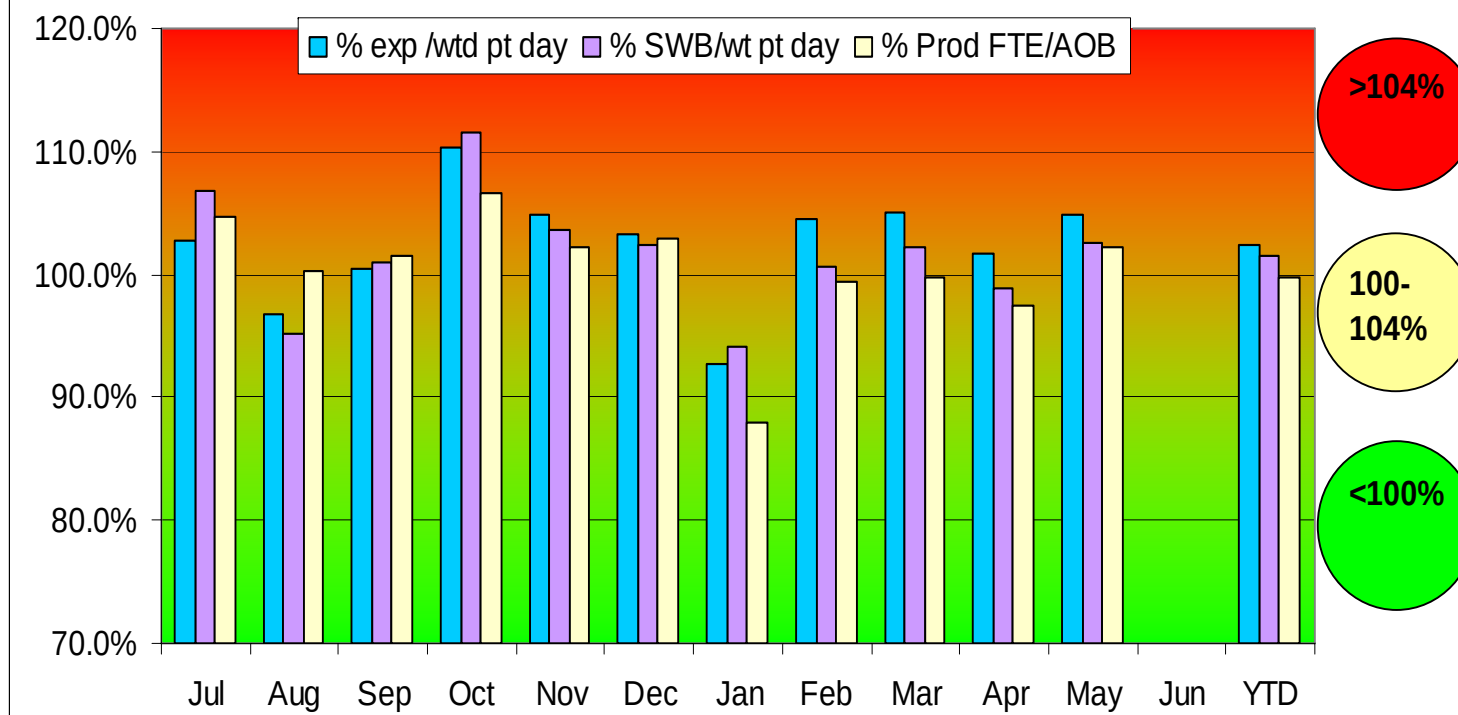
PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

CUSHION RATIO	Jun-05	Jun-06	May-07
Cash and Cash Equivalents	109,043,208	112,036,430	115,976,610
Board Designated Reserves	22,388,648	9,267,526	(14,708,670)
Trustee-held Funds	12,026,055	12,170,183	168,137,929
Total	143,457,911	133,474,139	269,405,869
Divided by:			
Max Annual Debt Service (Bond Year 2008)	10,697,594	10,697,594	16,972,692
CUSHION RATIO	13.4	12.5	15.9
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved
DAYS CASH ON HAND	Jun-05	Jun-06	May-07
Cash and Cash Equivalents	109,043,208	112,036,430	115,976,610
Board Designated Reserves	22,388,648	9,267,526	(14,708,670)
Total	131,431,856	121,303,956	101,267,940
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	340,338,156	364,120,335	357,972,214
Less: Depreciation	16,394,985	18,737,467	18,586,177
Adjusted Expenses	323,943,171	345,382,868	339,386,037
Number of days in period	365	365	335
Average Adjusted Expenses per Day	887,516	946,254	1,013,093
DAYS CASH ON HAND	148	128	100
REQUIREMENT	90	90	80
	Achieved	Achieved	Achieved
Net Income Available for Debt Service	Jun-05	Jun-06	May-07
Excess of revenue over expenses Cur Mo.	1,490,930	1,315,850	1,898,829
Excess of revenues over expenses YTD (General Funds)	17,052,649	11,558,633	19,011,064
ADD:			
Depreciation and Amortization	16,394,985	18,737,467	18,586,177
Interest Expense	5,272,031	4,405,929	4,312,785
Net Income Available for Debt Service	38,719,665	34,702,029	41,910,026
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,020,301	3,639,772	0
1999 Insured Refunding Revenue Bonds	4,356,844	6,950,508	7,562,342
2006 Certificates of Participation			3,748,578
Aggregate Debt Service	10,377,145	10,590,280	7,562,342
Net Income Available for Debt Service	3.73	3.28	5.54
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

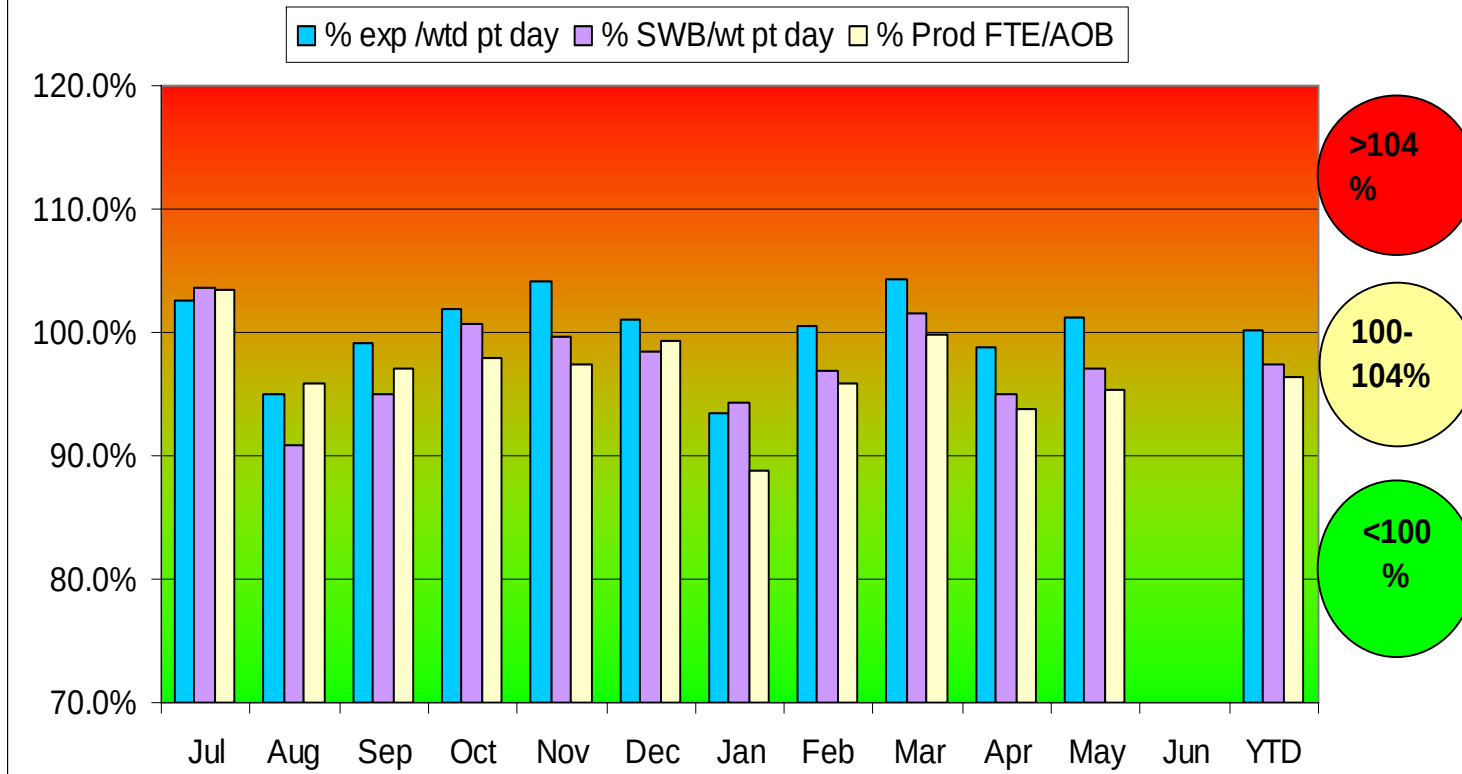
Total Consolidated Financial Indicators BSC-FY07



North Consolidated Financial Indicators BSC-FY07

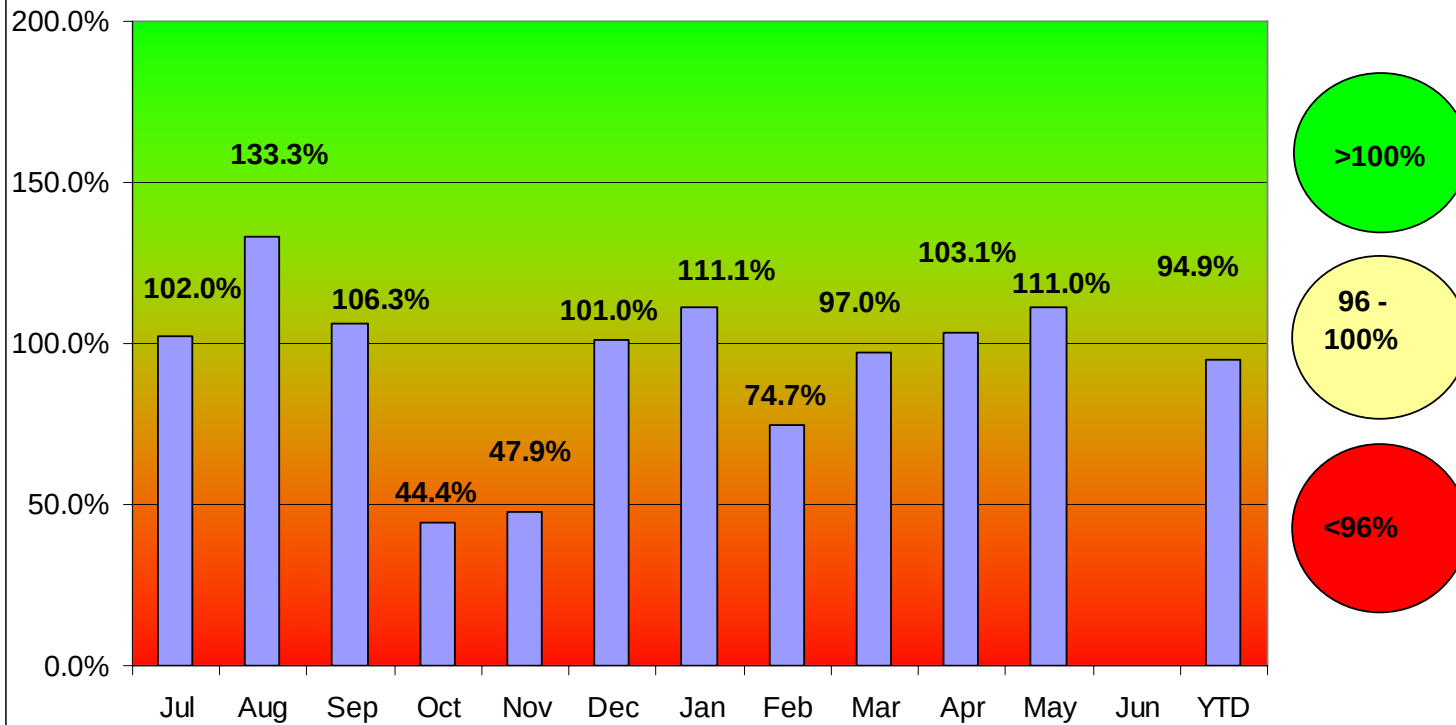


South Consolidated Financial Indicators BSC-FY07

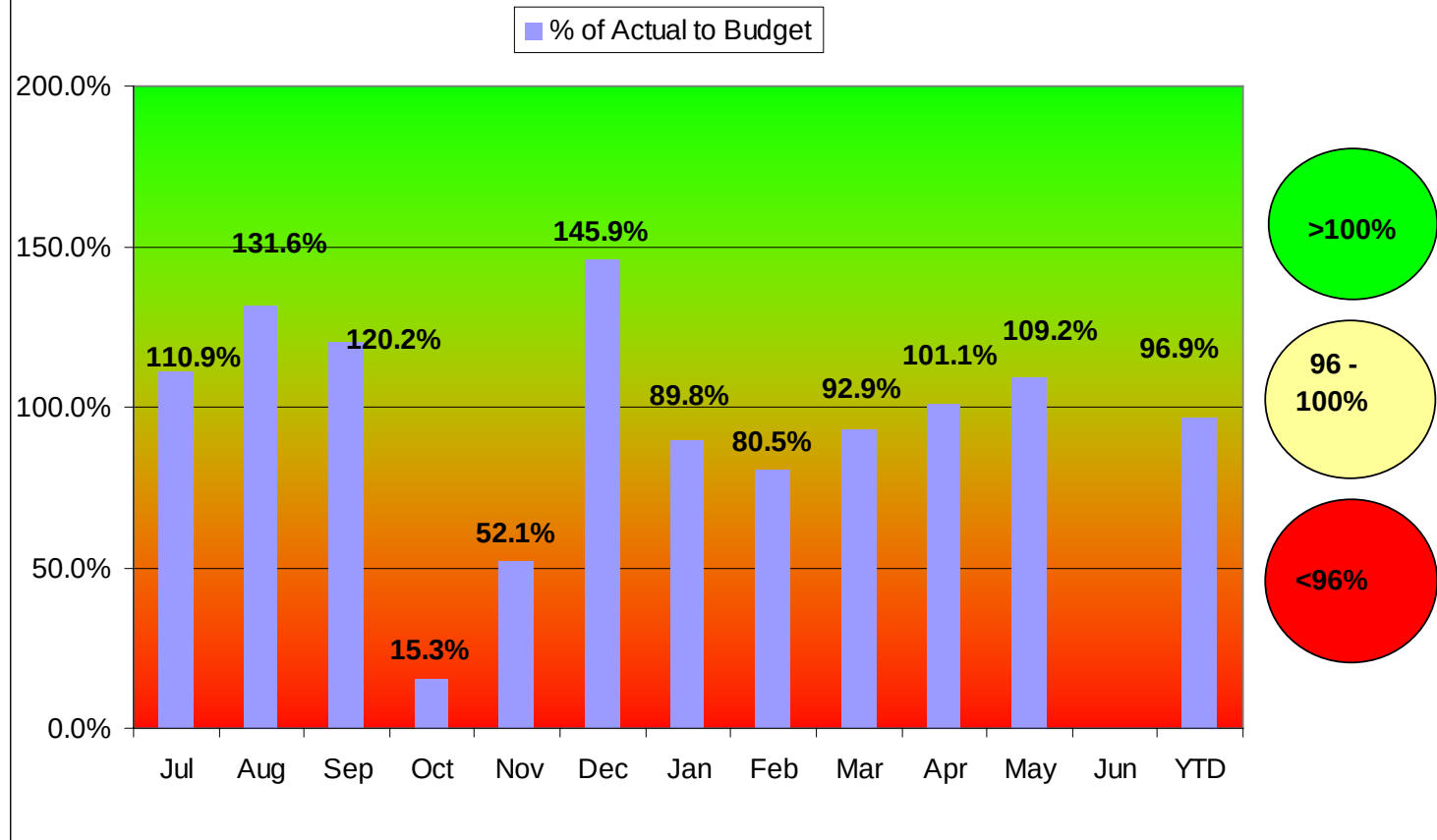


Total Consolidated OEBITDA w/ Prop Taxes -FY07

■ % of Actual to Budget

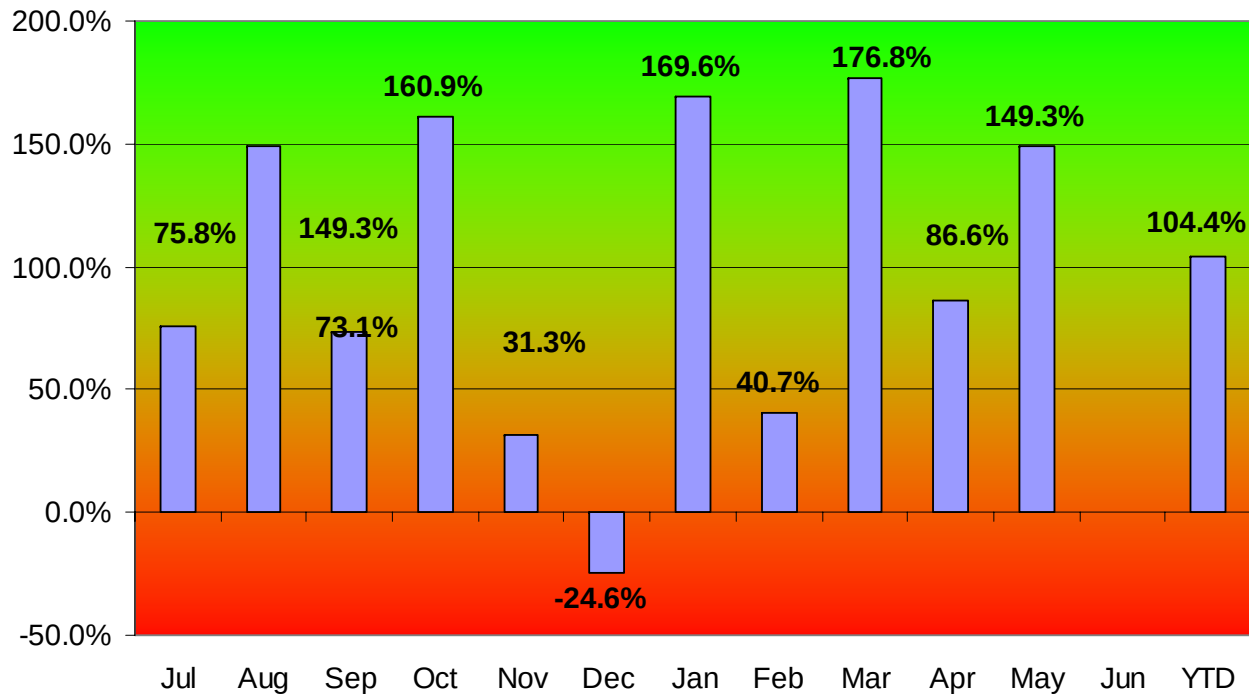


North Consolidated OEBITDA w/ Prop Taxes - FY07



South Consolidated OEBITDA w/ Prop Taxes - FY07

■ % of Actual to Budget





Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same month in Prior Year. This comparative is used to provide a quick recap of fluctuations in Revenue, Cash, A/R, and other critical indicators.

		Source	Most Recent Month End	Prior Month	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending Days in Period			5/31/2007 31	4/30/2007 30	3/31/2007 31	2/28/2007 28	5/31/2007 335	6/30/2006 365	5/31/2006 335	
Revenue										
Gross for Month (Month to Date)			\$ 105,651,623	\$ 103,622,125	\$ 105,679,226	\$ 95,569,979	\$ 1,111,732,310	\$ 1,084,474,920	\$ 995,037,242	\$ 2,029,498
Net Revenue	Financials		32,857,655	32,234,975	33,673,972	29,067,428	339,544,164	340,208,436	315,721,023	622,680
Net:Gross %	Financials		31.1%	31.1%	31.9%	30.4%	30.5%	31.4%	31.7%	31%
Last 3 Month Daily Average (Gross)	Financials		3,425,521	3,458,605	3,412,113	3,332,798	3,318,604	2,971,164	2,970,260	(33,085)
Last 3 Month Daily Average (Net)	Financials		1,067,150	1,051,193	1,016,131	995,857	1,013,565	932,078	942,451	15,957
Cash Collections										
Month to Date	Cash Rpt		\$ 33,633,457	\$ 33,562,618	\$ 31,690,913	\$ 30,753,669	\$ 324,405,415	\$ 350,861,246	\$ 321,621,119	\$ 70,839
Month to Date Goal	Cash Rpt		29,880,107	29,880,107	29,880,107	29,880,107	328,681,177	349,482,900	320,359,325	-
Over (under) Goal			\$ 3,753,350	\$ 3,682,511	\$ 1,810,806	\$ 873,562	\$ (4,275,762)	\$ 1,378,346	\$ 1,261,794	\$ 70,839
% of Goal	Calc		113%	112%	106.1%	102.9%	98.7%	100.4%	100.4%	0.24%
Point of Service Collections	Cash 10 days		\$ 278,822	\$ 307,472	\$ 287,994	\$ 208,621	\$ 3,052,353	\$ 2,677,000	\$ 2,542,112	\$ (28,650)
Month to Date Goal	Cash 10 days		272,145	272,145	272,145	272,145	2,993,595	2,742,000	2,513,500	-
Over (under) Goal			\$ 6,677	\$ 35,327	\$ 15,849	\$ (63,524)	\$ 58,758	\$ (65,000)	\$ 28,612	\$ (28,650)
% of Goal	Calc		102%	113%	105.8%	76.7%	102.0%	97.6%	101.1%	-10.53%
Accounts Receivable										
0-30	AR Comp		\$ 76,748,530	\$ 80,527,282	\$ 78,454,390	\$ 86,685,672		\$ 67,808,021	\$ 66,781,996	\$ (3,778,752)
31-60	AR Comp		27,600,592	25,402,184	28,724,286	33,487,384		16,477,031	19,451,200	2,198,408
61-90	AR Comp		20,107,145	18,347,817	17,414,985	15,623,987		12,124,704	11,958,352	1,759,328
91-180	AR Comp		31,281,514	28,923,576	27,656,551	26,350,615		22,803,620	24,231,214	2,357,938
Over 180	AR Comp		28,006,331	27,926,760	26,789,868	26,456,539		25,677,426	25,604,191	79,571
Total	Calc		\$ 183,744,112	\$ 181,127,619	\$ 179,040,080	\$ 188,604,197		\$ 144,890,802	\$ 148,026,953	\$ 2,616,493
A/R Days (Gross)	Calc		53.64	52.37	52.47	56.59		48.77	49.84	(0.10)
% of AR aged over 180 days	calc		15.2%	15.4%	15.0%	14.0%		17.7%	17.3%	
Number of Accounts	ATB		76,039	80,087	80,962	80,273				(4,048)
Credit Balance Accounts:										
	Dollars ATB		\$ (7,314,948)	\$ (10,657,485)	\$ (8,460,529)	\$ (7,879,195)				\$ 3,342,537
	Number of Accounts ATB		9,957	10,174	10,151	10,461				(217)



Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same month in Prior Year. This comparative is used to provide a quick recap of fluctuations in Revenue, Cash, A/R, and other critical indicators.

Source		Most Recent Month End	Prior Month	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending		5/31/2007	4/30/2007	3/31/2007	2/28/2007	5/31/2007	6/30/2006	5/31/2006	
Accounts Receivable by Major Payer									
Medicare	AR Comp	\$ 34,406,197	\$ 33,205,887	\$ 33,973,617	\$ 32,851,199		\$ 25,761,408	\$ 30,203,177	\$ 1,200,310
Last 3 months daily average revenue	Lawson	1,001,018	984,800	976,645	956,581		809,589	854,109	16,218
Gross Days revenue outstanding	Calc	34.37	33.72	34.79	34.34		31.82	35.36	0.65
MediCal (Includes M-Cal HMO)	AR Comp	23,441,370	24,775,129	27,304,901	30,251,793		23,202,684	22,961,487	(1,333,759)
Last 3 months daily average revenue	Lawson	586,936	617,140	636,064	648,177		484,426	474,063	(30,204)
Gross Days revenue outstanding	Calc	39.94	40.15	42.93	46.67		47.90	48.44	(0.21)
Comm/Managed Care (Incl Mcare HMO)	AR Comp	87,784,940	86,263,367	82,670,588	91,077,943		64,953,503	65,088,701	1,521,573
Last 3 months daily average revenue	Lawson	1,694,504	1,686,782	1,316,969	1,192,229		1,475,151	1,464,928	7,722
Gross Days revenue outstanding	Calc	51.81	51.14	62.77	76.39		44.03	44.43	0.66
Self-Pay	AR Comp	38,111,605	36,883,236	35,090,974	34,423,262		30,973,207	29,773,587	1,228,369
Last 3 months daily average revenue	Lawson	140,944	136,798	141,564	220,030		168,523	164,510	4,146
Gross Days revenue outstanding	Calc	270.40	269.62	247.88	156.45		183.79	180.98	0.78
Bad Debt Write-offs									
M-T-D Amount net of Recovery	Adj Rpt	\$ 2,260,242	\$ 2,030,714	\$ 1,778,179	\$ 3,335,538	\$ 16,259,779			\$ 229,528
% of Gross Revenue (Target < 2%)		2.1%	2.0%	1.7%	3.5%	1.5%		0.0%	0.2%
Charity & Undocumented Write-offs	Adj Rpt								
M-T-D Amount		\$ 1,330,331	\$ 981,050	\$ 1,400,432	\$ 1,601,794	\$ 9,590,757	\$ 18,436,074		\$ 349,281
% of Gross Revenue (Target < 2%)		1.3%	0.9%	1.3%	1.7%	0.9%	1.7%		0.3%
Denial & Other Admin Adjustments	Adj Rpt								
M-T-D Amount		\$ 264,153	\$ 472,017	\$ 432,376	\$ 354,600	\$ 2,700,205			\$ (207,864)
% of Gross Revenue (Target < 1%)		0.3%	0.5%	0.4%	0.4%	0.2%	0.0%		-0.2%



Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same month in Prior Year. This comparative is used to provide a quick recap of fluctuations in Revenue, Cash, A/R, and other critical indicators.

Source	Most Recent Month End	Prior Month	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
Period Ending	5/31/2007	4/30/2007	3/31/2007	2/28/2007	5/31/2007	6/30/2006	5/31/2006	
Discharged Not Final Billed (DNFB)								
DNFB Action Required								
HIM (Waiting for Coding) DNFB Rpt	\$ 4,584,967	\$ 4,616,262	\$ 3,279,038	\$ 3,102,569				\$ (31,295)
PBS (Correction required) DNFB Rpt	356,709	839,756	503,413	425,698				(483,047)
Other holds requiring correction DNFB Rpt	120,286	120,019	260,978	459,974				267
Total Action Required	5,061,962	5,576,037	4,043,429	3,988,241				(514,075)
# of AR Days action Required	1.48	1.61	1.19	1.20				-0.13
DNFB No Action Required								
4 Day Standard Delay DNFB Rpt	\$ 21,443,733	\$ 20,802,598	\$ 21,488,567	\$ 17,679,121				\$ 641,135
Other DNFB Rpt	2,381,159	2,193,715	1,425,089	6,190,329				187,444
Total No Action Required	23,824,892	22,996,313	22,913,656	23,869,450				828,579
Total DNFB	\$ 28,886,854	\$ 28,572,350	\$ 26,957,085	\$ 27,857,691				\$ 314,504
Total Days in DNFB	8.43	8.26	7.90	8.36				0.17
Late Charges								
Late Charges from Date of Service 5 to 20 Days								
Number of line items	\$ 7,030	\$ 7,148	\$ 11,557					\$ (118)
Dollar amount of Charges	663,842	658,453	978,179					\$ 5,388
Dollar amount of Credits	(391,848)	(425,801)	(628,865)					\$ 33,952
Net Dollar Amount	271,994	232,653	349,313					\$ 39,341
Absolute Dollar Amount	\$ 1,055,690	\$ 1,084,254	\$ 1,607,044					\$ (28,564)
Late Charges from Date of Service > 21 Days								
Number of line items	20,720	16,005	16,362					\$ 4,715
Dollar amount of Charges	990,626	1,060,375	975,037					\$ (69,749)
Dollar amount of Credits	(1,264,113)	(928,557)	(778,110)					\$ (335,556)
Net Dollar Amount	(273,488)	131,818	196,927					\$ (405,306)
Absolute Dollar Amount	\$ 2,254,739	\$ 1,988,932	\$ 1,753,147					\$ 265,807
Denials:								
	(All Denials)	(Inpatient Only)	(Inpatient Only)					
Inventory of open denials (# encounters)	817	174	124					643
Inventory of open denials (Dollars at Risk)	\$ 14,313,961	\$ 1,719,711	\$ 1,968,471					\$ 12,594,250

Weekly Flash Report

56

June 07	Jun 1-7	Jun 8-14			MTD Total	MTD Budget	% Variance
ADC (Acute)	293	300	0	0	297	320	(7.32)
PMC	211	212	0	0	211	239	(11.41)
POM	82	89	0	0	85	82	4.65
PCCC	84	81	0	0	83	89	(6.60)
VP	121	123	0	0	122	124	(1.67)
Patient Days (Acute)	2050	2103	0	0	4,153	4,481	(7.32)
PMC	1475	1483			2,958	3,339	(11.41)
POM	575	620			1,195	1,142	4.65
PCCC	590	569			1,159	1,241	(6.60)
VP	845	863			1,708	1,737	(1.67)
Discharges	552	533	0	0	1,085	1,137	(4.56)
PMC	425	387			812	838	(3.12)
POM	127	146			273	299	(8.59)
Number of Surgeries	226	247	0	0	473	469	0.75
PMC	147	178			325	306	6.32
POM	79	69			148	164	(9.65)
Number of Births	110	99	0	0	209	225	(7.08)
PMC	92	77			169	171	(1.05)
POM	18	22			40	54	(26.11)

Weekly Flash Report (cont'd)

57

June 07	Jun 1-7	Jun 8-14			MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. L	2537	1959	0	0	4,496	3,831	17.36
PMC	1640	1265			2,905	2,612	11.22
POM	897	694			1,591	1,219	30.52
ER Visits	1650	1690	0	0	3,340	3,213	3.97
PMC	1149	1152			2,301	2,160	6.52
POM	501	538			1,039	1,052	(1.27)
Trauma Visits	22	22	0	0	44	48	(8.46)
IP	21	18			39	36	8.53
OP	1	4			5	12	(58.79)
Gross IP Revenue *	16,995,055	18,314,685			35,309,740	37,396,835	(5.58)
Gross OP Revenue	5,398,794	5,754,075			11,152,869	10,565,573	5.56
Cash Collection	7,103,913	6,217,925			13,321,838	15,651,485	(14.88)
Days cash on hand	94	97			97	80	
Prod Hrs (PP 25)		206,820			206,820	206,660	(0.08)
PMC - North		117,211			117,211	114,718	(2.17)
POM - South		54,367			54,367	55,163	1.44
Others		35,242			35,242	36,779	4.18
Prod \$ (PP 25)		6,293,005			6,293,005	6,189,029	(1.68)
PMC - North		3,552,693			3,552,693	3,452,558	(2.90)
POM - South		1,609,823			1,609,823	1,603,022	(0.42)
Others		1,130,489			1,130,489	1,133,449	0.26

Note: * A journal entry was made to correct the first week gross IP revenue