

Income Statement
For Period 9 Ending 8/31/2011

Net Patient in Caring 9/30/2011		Sample Surgery Center (SSC)			
	Period to Date	% of Revenue	Year to Date	% of Revenue	
Net Revenue					
40000-00	Outpatient Surgery Revenue	\$ 4,537,893.17	89.76%	\$ 38,188,432.18	87.83%
40000-00	Inpatient Newborn/Neonatal	\$ 7,237.82	0.14%	\$ 87,679.28	0.20%
40000-00	Contractual Discount	\$ 4,276,844.86	83.09%	\$ 38,883,778.76	88.31%
	Total Net Revenue	\$ 5,042,000.44	100.00%	\$ 43,764,890.22	100.00%
Variable Expenses					
Direct Supplies					
50100-00	Medical Supplies	\$ 57,424.54	1.13%	\$ 531,914.96	1.21%
50200-00	Drug/Pharmaceuticals	\$ 19,305.33	0.38%	\$ 122,542.13	0.28%
50300-00	Infant/Neonatal & Other Equipment	\$ 2,735.32	0.05%	\$ 22,358.32	0.05%
51100-00	Imaging - Radiologic	\$ 1,037.88	0.02%	\$ 8,954.28	0.02%
51800-00	People	\$ 2,381.59	0.05%	\$ 13,831.47	0.03%
51999-00	Good Fees	\$ 3,338.64	0.07%	\$ 34,849.28	0.08%
	Total Direct Supplies	\$ 76,193.29	1.51%	\$ 734,550.28	1.65%
Non-Direct Supplies & Services					
60000-00	Office Supplies	\$ 3,478.15	0.07%	\$ 20,889.47	0.05%
62100-00	Cash Card Fees	\$ 1,776.25	0.03%	\$ 16,889.88	0.04%
62200-00	Medical Equipment Maintenance & Repair	\$ 1,871.87	0.04%	\$ 16,889.88	0.04%
62300-00	Medical Equipment	\$ 1,871.87	0.04%	\$ 16,889.88	0.04%
62400-00	Laundry	\$ 6,737.57	0.13%	\$ 49,839.78	0.11%
62500-00	Medical Equipment Lease/Rent	\$ 907.50	0.02%	\$ 1,948.00	0.00%
62600-00	Professional Liability Insurance	\$ 1,163.71	0.02%	\$ 8,501.48	0.02%
62700-00	Computer Services & Supplies	\$ 2,838.75	0.06%	\$ 24,485.76	0.06%
	Total Non-Direct Supplies & Services	\$ 20,385.87	0.40%	\$ 242,643.19	0.55%
Labor					
58100-00	Wages	\$ 122,878.93	2.43%	\$ 894,456.68	2.04%
58200-00	Wages - Incentive Comp	\$ 3,368.32	0.07%	\$ 2,944.60	0.01%
58300-00	Employee Benefits	\$ 7,285.09	0.14%	\$ 20,538.32	0.05%
58400-00	Payroll Tax	\$ 7,007.13	0.14%	\$ 48,840.00	0.11%
58500-00	Work Comp Insurance	\$ 982.23	0.02%	\$ 7,488.07	0.02%
58600-00	Accident/PTD Insurance	\$ 1,443.53	0.03%	\$ 11,158.28	0.03%
58700-00	Medical Insurance	\$ 1,822.89	0.04%	\$ 21,838.44	0.05%
58800-00	Payroll Service/HR Admin Fees	\$ 1,000.00	0.02%	\$ 21,838.44	0.05%
58900-00	Other Staffing	\$ 1,000.00	0.02%	\$ 21,838.44	0.05%
59100-00	Consulting	\$ 1,000.00	0.02%	\$ 21,838.44	0.05%
	Total Labor	\$ 151,553.03	3.01%	\$ 1,031,994.78	2.36%
Mynt/Filing/Collecting Fees					
67100-00	Legal Fees	\$ 0.00	0.00%	\$ 380.20	0.00%
67200-00	Accounting Services	\$ 0.00	0.00%	\$ 3,388.00	0.01%
67300-00	Billing Service	\$ 1,618.18	0.03%	\$ 10,188.60	0.02%
67400-00	Other Fees	\$ 24,418.18	0.48%	\$ 212,181.82	0.48%
	Total Mynt/Filing/Collecting Fees	\$ 26,036.36	0.52%	\$ 216,658.62	0.49%
	Total Variable Expenses	\$ 317,414.12	6.27%	\$ 2,339,833.88	5.34%
	Contribution Profit	\$ 1,881,561.73	37.21%	\$ 12,984,287.11	29.56%

Fixed Expenses

Professional & Labor					
61000-00	Medical Director Fees	\$ 1,740.00	0.02%	\$ 13,920.00	0.02%
	Total Professional & Labor	\$ 1,740.00	0.02%	\$ 13,920.00	0.02%
Maintenance & Repairs					
63100-00	Maintenance Contracts	\$ 4,542.87	0.04%	\$ 43,188.71	0.04%
	Total Maintenance & Repairs	\$ 4,542.87	0.04%	\$ 43,188.71	0.04%
Facility Cost					
64100-00	Rent or Lease Expense	\$ 63,584.72	1.76%	\$ 512,240.88	1.17%
64200-00	Telephone Expense	\$ 1,475.36	0.03%	\$ 11,544.78	0.03%
64300-00	Repairs & Maintenance	\$ 188.75	0.00%	\$ 1,506.78	0.00%
64400-00	Supplies	\$ 1,022.91	0.02%	\$ 3,306.78	0.01%
	Total Facility Cost	\$ 66,269.74	1.82%	\$ 538,599.25	1.24%
Purchased Services					
65000-00	Janitorial	\$ 0.00	0.00%	\$ 6,754.18	0.01%
	Total Purchased Services	\$ 0.00	0.00%	\$ 6,754.18	0.01%
Miscellaneous					
70000-00	Advertising Expense	\$ 0.00	0.00%	\$ 891.48	0.00%
70100-00	Bank Charges	\$ 447.21	0.01%	\$ 3,628.07	0.01%
70200-00	Bank & Building	\$ 101.88	0.00%	\$ 1,644.84	0.00%
70300-00	Education & Development	\$ 3,231.40	0.06%	\$ 4,014.45	0.01%
70400-00	Employee Relations	\$ 3,505.52	0.07%	\$ 27,170.88	0.06%
70500-00	Insurance - Liability	\$ 1,285.51	0.03%	\$ 11,362.23	0.03%
70600-00	Leases and Other Fees	\$ 3,237.58	0.06%	\$ 26,527.17	0.06%
70700-00	Patent Relations	\$ 93.91	0.00%	\$ 2,191.50	0.00%
70800-00	Postage & Delivery	\$ 84.87	0.00%	\$ 2,451.08	0.00%
70900-00	Travel Expense	\$ 2,481.87	0.05%	\$ 28,618.08	0.05%
71000-00	Lease Expense	\$ 2,943.80	0.06%	\$ 17,395.48	0.04%
	Total Miscellaneous	\$ 16,147.58	0.32%	\$ 138,822.54	0.31%
	Total Fixed Expenses	\$ 16,147.58	0.32%	\$ 792,285.15	1.81%
	Income from Operations	\$ 1,865,051.61	36.87%	\$ 12,192,001.96	27.77%
Other Income and Expense					
80000-00	Interest Expense	\$ -2,740.34	-0.01%	\$ -23,788.19	-0.05%
80100-00	Depreciation Expense	\$ -17,888.87	-0.35%	\$ -157,878.78	-0.36%
	Total Other Income and Expense	\$ -20,629.21	-0.41%	\$ -181,666.97	-0.41%
	Earnings before Income Tax	\$ 1,844,422.40	36.46%	\$ 11,910,335.99	27.36%
	Net Income (Loss)	\$ 1,844,422.40	36.46%	\$ 11,910,335.99	27.36%

Balance Sheet
As of 8/31/2011

Sample Surgery Center (SSC)			
Assets			
Cash			
10000-00	petty Cash	\$ 438.00	
10000-00	Bank Account	\$ 225,951.48	
	Total Cash	\$ 226,389.48	
Accounts Receivable			
11000-00	Patient Accounts Receivable	\$ 1,542,148.96	
11000-00	Allowance for Contractual Dis	\$ -653,894.48	
	Total Accounts Receivable	\$ 888,254.48	
Prepaid Supplies			
12000-00	Prepaid Drug / Pharmaceuticals	\$ 22,358.32	
12010-00	Prepaid Medical Supplies	\$ 121,558.54	
12020-00	Prepaid Insurance	\$ 87,796.54	
	Total Prepaid Supplies	\$ 231,713.40	
Other Current Assets			
14000-00	Prepaid Expenses	\$ 103,702.78	
	Total Other Current Assets	\$ 103,702.78	
Fixed Assets			
15000-00	Furniture & Fixtures	\$ 68,995.05	
15100-00	Equipment	\$ 1,288,883.15	
15150-00	Intangibles	\$ 25,452.96	
15200-00	Software	\$ 33,384.71	
15400-00	Leasehold Improvements	\$ 64,523.11	
15700-00	Other Depreciable Property	\$ 18,728.71	
	Total Fixed Assets	\$ 1,539,973.69	
Accumulated Depreciation			
17000-00	Accum. Depreciation - Furniture	\$ -68,995.05	
17100-00	Accum. Depreciation - Equipment	\$ -1,128,883.02	
17200-00	Accum. Depreciation - Leasehold Improvements	\$ -25,452.96	
17300-00	Accum. Depreciation - Software	\$ -33,384.71	
17400-00	Accum. Depreciation - Other Depreciable Property	\$ -18,728.71	
17500-00	Accum. Depreciation - Intangibles	\$ -25,452.96	
	Total Accumulated Depreciation	\$ -1,296,817.51	
Other Assets			
19100-00	Goodwill	\$ 284,747.96	
	Total Other Assets	\$ 284,747.96	
	Total Assets	\$ 1,487,734.00	

Liabilities			
Accounts Payable			
2000-00	Accounts Payable	\$	442,128.06
	Total Accounts Payable:	\$	442,128.06
Other Current Liabilities			
2000-00	Accrued Expenses	\$	69,938.48
2000-00	Accrued Wages	\$	44,344.83
2000-00	FTD Payable	\$	63,262.86
2000-00	State Payroll Taxes Payable	\$	11,238.58
2000-00	Accrued PP Tax	\$	26,239.49
2000-00	Accrued Sales & Use Tax	\$	4,287.79
2000-00	Current Portion Long Term Debt	\$	237,254.42
	Total Other Current Liabilities:	\$	451,307.48
Long Term Liabilities			
2700-00	Equipment Loan Payable	\$	639,956.41
2700-00	Current Portion Long Term Debt	\$	227,284.42
	Total Long Term Liabilities:	\$	401,261.89
	Total Liabilities:	\$	<u>1,392,697.97</u>
Equity			
2000-00	RETAINED EARNINGS - PRIOR	\$	21,124.00
2000-00	Retained Earnings-Current Year	\$	380,676.36
2001-00	Distributions - Prior Years	\$	-1,078,100.08
2001-00	Distributions GP	\$	-4,307,053.13
2001-00	Distributions 2008	\$	51,955.56
2001-00	Distributions 2009	\$	43,979.56
2001-00	Distributions 2010	\$	374,220.83
2001-00	Capital - Class A	\$	6,236,264.48
2002-00	Capital - Class C	\$	104,400.00
2002-00	Class A Distributions	\$	278,587.22
2002-00	Class C Distributions	\$	36,883.02
	Total Equity:	\$	150,436.47
	Total Liabilities & Equity:	\$	<u>1,487,134.00</u>

6.2 Common Size Income Statement

Patient Revenues	All Facilities	1 - 2 ORs	3 - 4 ORs	> 4 ORs
Gross Charges	372.8 %	388.3 %	351.1 %	438.5 %
Adjustments	-255.2 %	-280.1 %	-249.6 %	-315.2 %
Net Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating Expenses				
Employee Salary and Wages	23.1 %	24.4 %	22.3 %	25.0 %
Taxes and Benefits	4.9 %	4.4 %	4.8 %	5.2 %
Occupancy Costs	6.7 %	7.3 %	6.7 %	7.1 %
Medical and Surgical	20.8 %	18.6 %	20.1 %	22.0 %
Other Medical Costs	0.9 %	0.6 %	0.7 %	1.0 %
Insurance	0.7 %	0.9 %	0.7 %	0.7 %
Depreciation and Amortization	4.1 %	4.0 %	4.3 %	4.1 %
General & Administrative				
Bad Debt	1.5 %	1.2 %	1.6 %	1.5 %
Management Fees	5.0 %	4.9 %	5.0 %	5.0 %
Other G & A	9.6 %	10.5 %	9.1 %	10.1 %
Total G & A	20.8 %	23.3 %	23.3 %	19.1 %
Total Operating Expenses	68.8 %	65.1 %	72.6 %	78.4 %
Operating Income	19.3 %	21.9 %	18.6 %	17.2 %
Other Income (Expense)	0.1 %	0.6 %	0.0 %	0.1 %
Net Interest Expense	1.1 %	1.4 %	1.0 %	1.0 %
Earnings Before Taxes	16.9 %	16.1 %	16.7 %	16.8 %
EBITDA	24.1 %	23.9 %	27.9 %	22.4 %

6.4 Common Size Balance Sheet

	All Facilities	1 - 2 ORs	3 - 4 ORs	> 4 ORs
ASSETS				
Cash and Equivalents	15.4 %	14.0 %	15.4 %	15.1 %
Net Accounts Receivable	19.2 %	23.6 %	20.2 %	16.7 %
Other Current Assets	5.0 %	6.3 %	5.0 %	4.0 %
Current Assets	40.7 %	52.8 %	42.7 %	36.0 %
Gross PP&E	105.9 %	110.2 %	101.8 %	97.6 %
Accumulated Depreciation	-60.1 %	-56.2 %	-64.0 %	-63.6 %
Net PP&E	39.2 %	51.5 %	39.0 %	33.0 %
Other Assets	7.5 %	15.0 %	3.3 %	1.4 %
Total Assets	100.0 %	100.0 %	100.0 %	100.0 %
LIABILITIES				
Current Liabilities	11.3 %	14.2 %	11.8 %	11.7 %
Current Portion of LTD	6.4 %	5.9 %	7.8 %	6.8 %
Total Current Liabilities	14.3 %	17.8 %	15.3 %	16.5 %
Total Long-Term Debt	25.6 %	27.7 %	25.3 %	26.8 %
Other LT Liabilities	0.8 %	0.8 %	0.9 %	0.4 %
Total Liabilities	40.2 %	39.4 %	45.0 %	36.3 %
EQUITY				
Shareholders' Equity	48.0 %	54.2 %	41.5 %	44.8 %
Total Liabilities & Equity	100.0 %	100.0 %	100.0 %	100.0 %