PARK COURT LIMITED

May 6, 2016

Mr. George Roate
Reviewer, Program Review Section
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield IL 62761

RECEIVED
MAY 04 2016
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Re: Requested information
Permit Application #16-017
Griffin Medical Office Building

Dear Mr. Roate,

The attached information responds to your verbal request April 25th, 2016 to provide the financial ratios required by Section 1120.130 whose review standards are stated in Section 1120 Appendix A.

As you are aware, our Permit Application (Attachment 38) indicates we believe the viability ratios were not applicable in that Park Court Limited is not a hospital, long term care facility, end state renal dialysis facility, nor ambulatory surgery treatment center as indicated in Appendix A. Park Court Limited is a tax-exempt, not-for-profit real estate development and holding company and is the Griffin MOB developer.

The permit application notes viability ratios are necessary from the applicant or co-applicant (Progressive Health Systems and Park Court Limited) responsible for or guaranteeing the funding. Park Court is responsible for, and has the funding for, the Griffin MOB. Funding for the MOB development is assured by a mortgage and cash as documented in the application.

However, as a subsidiary to Progressive Health Systems, a holding company, Park Court does not have separate audited financial statements. Hence, the attached ratios are based

on Progressive Health Systems audited /consolidated financial statements which were included in the Permit Application. As we understand it, based on the underlying permit application, the respective ratios will be evaluated based on the applicable hospital standards in Section 1120 Appendix A. We would like to reiterate, repayment of the project's mortgage will be through leasing the Griffin MOB space to ProHealth. As you will see, we are meeting all of the projected ratios which are sufficient to meet the financial obligations of this project.

We trust this information responds to your request. Please let us know if you have any questions.

I can be reached at shall@parkcourtltd.com or 309-353-0700 or please contact Marcia Becker at mbecker@pekinhospital.com or 309-353-0989.

Sincerely,

Steven C. Hall, CPA, MBA
Senior Vice President / Chief Financial Officer

Attachments: Financial Viability Ratios
Methodology / Work Sheets

CC: Courtney R. Avery, Administrator
Mike Constantino, Supervisor, Project Review Section

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	**Category A or Category B (last three years)**			**Category B (Projected)**
Enter Historical and/or Projected Years:	2013	2014	2015	2019
Current Ratio	1.3	1.5	1.6	2.0
Net Margin Percentage	-.5	.8	2.0	2.0
Percent Debt to Total Capitalization	27%	21%	16%	17%
Projected Debt Service Coverage	1.2	1.5	1.7	36
Days Cash on Hand	194	183	190	150
Cushion Ratio	10	10	10	15

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Not applicable. The Griffin MOB is being developed by Park Court Limited (Owner / Landlord) and will be leased in its entirety to ProHealth, Inc. d/b/a ProHealth Medial Group (Tenant).

(See also relevant appendices to this Permit Application.)

Assumptions:

- Starting point for data for Projection was FY 2015 audited financial statements. Assumptions were made to increase/decrease numbers based on known information.

- Projection was targeted for April 30, 2019 our fiscal year end. One year after completion of the Medical Office Building

- **Current Ratio**

  - **Current Assets** increase primarily due to an increase in cash obtained from net operating income in Year 2019.

  - **Current Liabilities** decreased due to a reduction in current maturities of long-term of $1,800,000. Balance due on bonds will significantly reduce after the next principle payment due in August 2016 . In addition, debt for Capital Lease will be paid off in August 2018. The calculation also takes into consideration an increase in principle due of $855,000 for New Medical Office building. See Table:

	2015	2019	Variance
Bonds	2,835,000	825,000	(2,010,000)
Capital Lease	676,025	-	(676,025)
New Medical Office Building		853,759	853,759
All Other	12,229,977	11,821,241	(408,736)
Total	15,741,002	13,500,000	2,241,002

- **Net Margin Percentage** – Modest increase in Net Revenues per year and Modest increase in Net Operating income per year.

- **Percent Debt to Total Capital** – 17% which is a slight increase over fiscal year 2015. The change is due primarily to increases in both long-term debt and net assets from the addition of the New Medical Office building.

- **Long-term Debt** - Reduction in bond principal payment and Capital Lease plus increase debt for the New Medical Office building of $10,300,000. The net result is an increase in long-term debt of $4,300,000.

	2015	2019	Variance
Bonds	8,570,000	4,020,000	(4,550,000)
Capital Lease	1,454,947	-	(1,454,947)
New Medical Office Building		10,292,482	10,292,482
	10,024,947	14,312,482	4,287,535

- **Net Assets** increased $15,400,000 due to the purchase of the New Medical Office building, furnishings and equipment less depreciation. Long-term debt increased $4,300,000 due to change in long-term debt. See note above.

	2015	2019	Variance
Net Assets	52,857,566	68,250,000	15,392,434
Long Term Debt	10,024,947	14,312,482	4,287,535
	62,882,513	82,562,482	19,679,969

- **Projected Debt Service Coverage** – Increased to 3.6 primarily due to the reduction of future Principal payments discussed previously.
  - Cash increased slightly primarily due to net operating income in FY 2019.
  - Depreciation increased due to the medical office building addition along with an increase in furnishings and equipment. An average life of twenty years was used to estimate depreciation.

- **Days Cash on Hand** – Is projected to be 150 days. While this is a decrease of 40 days from Fiscal Year 2015 it is still well above the 75 days benchmark.

- **The increase in expenses** per day were projected due to normal healthcare inflationary expenses as well as the expenses associated with opening new Practices in the Community.
- **Investments** are decreasing primarily due to the Foundation funding the excess spending over the mortgage amount for the New Medical Office building. The excess funding amounted to $5,610,000. We are projecting an 8% increase in investments per year. This was factored into the calculation reducing investments by $4,000,000.

➢ **Cushion Ratio** – The cushion ratio has increased to 15 based on the reduction in overall debt for the organization. While Total Assets Not Limited to Use were lowered due to the favorable decrease in overall debt and interest payments.

Financial Ratios

Current Ratio	Reference	Narrative	2013	2014	2015	Projected 2019
Total Current Assets	A	Audited Financial Statements Consolidated Balance Sheet/Assets Total Current Assets	22,157,820	22,405,166	25,028,622	26,500,000
Total Current Liabilities	B	Audited Financial Statements Consolidated Balance Sheet/Assets Total Current Liabilities	17,238,600	14,476,854	15,741,002	13,500,000
Current Ratio			**1.3**	**1.5**	**1.6**	**2.0**
Net Margin %						
Net Revenues	C	Audited Financial Statements Consolidated Schedules of Operations/Total Unrestricted Revenues, gains and Other Support	76,867,333	81,940,574	82,668,266	86,500,000
Net Operating Income	D	Audited Financial Statements Consolidated Schedules of Operations/Operating Income/(Loss)	(384,937)	644,910	1,633,175	2,600,000
Net Margin %			**-0.5%**	**0.8%**	**2.0%**	**3.0%**
Percent Debt to Total Capitalization						
Long Term Debt	E	Audited Financial Statements Consolidated Balance Sheet/Long Term Debt	16,909,862	13,535,972	10,024,947	14,312,482
Long Term Debt plus net Assets	E + F	Audited Financial Statements Consolidated Balance Sheet/Long Term Debt plus Total Net Assets	62,325,046	65,607,731	62,882,513	82,550,000
Long Term Debt to Capital			**27%**	**21%**	**16%**	**17%**
Projected Debt Service Coverage						
Operating Cash Flow	D - G -H	Audited Financial Statements Consolidated Schedules of Operations/Operating Income Less Depreciation/Amortization and Interest	4,781,900	5,934,152	6,694,841	8,186,019
Principle	I	Audited Financial Statements Consolidated Statements of Cash Flows/Principal payments on long-term debt	3,109,131	3,238,284	3,373,890	1,658,759
Interest Expense	H	Audited Financial Statements Consolidated Schedules of Operations/Interest	841,338	710,602	583,346	586,019
			3,950,469	3,948,886	3,957,236	2,244,778
Debt Service Coverage			**1.2**	**1.5**	**1.7**	**3.6**

Days Cash On Hand

Total operating expenses before DITA	J - G - H - K	Audited Financial Statements Consolidated Schedules of Operations/Total Expenses Less Depreciation, Amortization, Interest and Taxes	71,878,852	75,804,757	75,788,780	79,000,000
Interest Expense	H	Audited Financial Statements Consolidated Schedules of Operations/Interest	841,338	710,602	583,347	586,019
Taxes	K	Audited Financial Statements Consolidated Schedules of Operations/Included in Supplies and Other	206,581	201,660	184,642	200,000
Total expenses w/out deprec/amort, bad debt			72,926,771	76,717,019	76,556,769	79,786,019
No of days in fiscal year			365	365	365	365
Total expenses per day			199,799	210,184	209,745	218,592

PHS-Consolidated Balance Sheet:

Cash	L	Audited Financial Statements Consolidated Balance Sheet/Cash and Cash Equivalents and Short-Term Investments	6,382,971	7,545,705	8,383,829	5,000,000
Unrestricted Investment	M	Audited Financial Statements Consolidated Balance Sheet/Assets Limited to Use/Internally designated	28,282,229	24,933,024	24,833,220	23,800,000
Unrealized Gain (loss) on Investment	M	Audited Financial Statements Consolidated Balance Sheet/Assets Limited to Use/Internally designated	4,193,943	6,016,725	6,687,330	4,000,000
Total Assets			38,859,143	38,495,454	39,904,379	32,800,000
Total expenses per day			199,799	210,184	209,745	218,592
Days cash on hand			**194**	**183**	**190**	**150**

Cushion Ratio

Cash a Cash	L	Audited Financial Statements Consolidated Balance Sheet/Cash and Cash Equivalents and Short-Term Investments	6,382,971	7,545,705	8,383,829	5,000,000
Board Unrestricted Investment	M	Audited Financial Statements Consolidated Balance Sheet/Assets Limited to Use/Internally designated	28,282,229	24,933,024	24,833,220	23,800,000
Unrealized Gain (loss) on Investment	M	Audited Financial Statements Consolidated Balance Sheet/Assets Limited to Use/Internally designated	4,193,943	6,016,725	6,687,330	4,000,000
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-			**10**	**10**	**10**	**15**

Attachment 38

Supplemental Material
Permit Application 16-017

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Progressive Health Systems

Independent Auditor's Report and Consolidated Financial Statements

April 30, 2015 and 2014

Progressive Health Systems

Consolidated Statements of Cash Flows

Years Ended April 30, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	$ 785,807	$ 6,656,575
Items not requiring (providing) cash		
Depreciation and amortization	4,478,323	4,578,645
Increase (decrease) in minimum pension liability	3,534,680	(2,360,685)
Net unrealized gains on investments	(672,357)	(1,816,645)
Loss on disposal of property and equipment	35,923	11,811
Restricted contributions	(158,351)	(138,477)
Provision for uncollectible accounts	5,555,620	8,728,706
Changes in		
Patient accounts receivable, net	(7,953,829)	(7,660,281)
Estimated amounts due from and to third-party payers	2,532,725	(1,944,032)
Accounts payable and accrued expenses	306,415	(2,023,091)
Other current assets	(1,099,250)	916,734
Net cash provided by operating activities	7,345,706	4,949,260
Investing Activities		
Net activity in assets limited as to use	135,233	3,343,390
Proceeds from the sale of property and equipment	50,540	9,850
Purchase of property and equipment	(3,441,457)	(4,045,092)
Net cash used in investing activities	(3,255,684)	(691,852)
Financing Activities		
Proceeds from restricted contributions	158,351	138,477
Principal payments on long-term debt	(3,373,890)	(3,238,284)
Net cash used in financing activities	(3,215,539)	(3,099,807)
Increase in Cash and Cash Equivalents	874,483	1,157,601
Cash and Cash Equivalents, Beginning of Year	6,508,102	5,350,501
Cash and Cash Equivalents, End of Year	$ 7,382,585	$ 6,508,102
Supplemental Cash Flows Information		
Interest paid	$ 583,346	$ 710,602

Progressive Health Systems

Consolidated Balance Sheets

April 30, 2015 and 2014

Assets

	2015	2014
Current Assets		
Cash and cash equivalents	$ 7,382,585	$ 6,508,102
Short-term investments	1,001,244	1,037,603
Patient accounts receivable, net of allowance;		
2015 - $4,874,000, 2014 - $5,311,000	11,936,961	9,538,752
Supplies	1,664,661	1,611,203
Due from Medicare	243,005	1,955,132
Prepaid expenses and other	2,800,166	1,754,374
Total current assets	25,028,622	22,405,166
Assets Limited As To Use		
Internally designated	31,520,550	30,949,749
Held by trustees	246,965	244,283
	31,767,515	31,194,032
Property and Equipment, At Cost		
Land and land improvements	3,788,895	3,789,895
Buildings and improvements	37,866,153	37,969,804
Equipment	55,419,130	53,767,652
Construction in progress	942,336	661,469
	98,016,514	96,188,820
Less accumulated depreciation	69,900,881	66,995,245
	28,115,633	29,193,575
Other Assets	2,791,236	2,836,623
Total assets	$ 87,703,006	$ 85,629,396

Attachment 38

Supplemental Material
Permit Application 16-017

Liabilities and Net Assets

	2015	2014
Current Liabilities		
Current maturities of long-term debt	$ 3,511,025	$ 3,373,890
Accounts payable	2,730,997	3,484,715
Other accrued expenses and deferred payments	5,799,627	4,739,494
Estimated amounts due to third-party payers	3,699,353	2,878,755
Total current liabilities	B 15,741,002	14,476,854
Minimum Pension Liability	9,079,491	5,544,811
Long-term Debt	E 10,024,947	13,535,972
Total liabilities	34,845,440	33,557,637
Net Assets		
Unrestricted		
Progressive Health Systems	52,472,578	51,756,345
Noncontrolling interest	32,781	-
Total unrestricted net assets	52,505,359	51,756,345
Temporarily restricted	352,207	315,414
Total net assets	F 52,857,566	52,071,759
Total liabilities and net assets	$ 87,703,006	$ 85,629,396

Progressive Health Systems

Consolidated Statements of Operations

Years Ended April 30, 2015 and 2014

	2015	2014
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 85,799,114	$ 86,411,272
Provision for uncollectible accounts	(5,555,620)	(8,728,706)
Net patient service revenue less provision for uncollectible accounts	80,243,494	77,682,566
Other	2,424,772	4,258,008
Total unrestricted revenues, gains and other support	82,668,266	81,940,574
Expenses		
Salaries and wages	29,871,472	29,400,004
Employee benefits	6,719,081	7,378,853
Purchased services and professional fees	14,778,156	13,662,553
Supplies and other	24,604,713	25,565,007
Depreciation and amortization	4,478,323	4,578,645
Interest	583,346	710,602
Total expenses	81,035,091	81,295,664
Operating Income	1,633,175	644,910
Other Income		
Investment return	2,599,667	3,498,338
Excess of Revenues Over Expenses	4,232,842	4,143,248
Net assets released from restrictions used for the purchase of property and equipment	121,558	355,427
Change in minimum pension liability	(3,654,386)	2,374,850
Capital contribution	49,000	-
Increase in Unrestricted Net Assets	$ 749,014	$ 6,873,525

Progressive Health Systems

Consolidated Schedules of Operations – with Consolidating Information

Year Ended April 30, 2015

	Pekin Memorial Hospital	Pain Management LLC	(Consolidated) Pekin Memorial Hospital
Unrestricted Revenues, Gains and Other Support			
Patient service revenue (net of contractual discounts and allowances)	$ 72,824,272	$ 343,730	$ 73,168,002
Provision for uncollectible accounts	(5,149,425)	-	(5,149,425)
Net patient service revenue less provision for uncollectible accounts	67,674,847	343,730	68,018,577
Other	1,397,479	-	1,397,479
Total unrestricted revenues, gains and other support	69,072,326	343,730	69,416,056
Expenses			
Salaries and wages	26,404,449	128,310	26,532,759
Employee benefits	5,789,174	33,361	5,822,535
Purchased services and professional fees	7,276,821	-	7,276,821
Supplies and other	20,003,006	214,727	20,217,733
Depreciation and amortization	3,915,200	432	3,915,632
Interest	583,346	-	583,346
Total expenses	63,971,996	376,830	64,348,826
Operating Income (Loss)	5,100,330	(33,100)	5,067,230
Other Income			
Investment return	1,946,270	-	1,946,270
Grant revenues	-	-	-
	1,946,270	-	1,946,270
Excess (Deficiency) of Revenues Over Expenses	7,046,600	(33,100)	7,013,500
Net assets released from restrictions used for the purchase of property and equipment	-	-	-
Change in minimum pension liability	(3,654,386)	-	(3,654,386)
Capital contribution	(51,000)	100,000	49,000
Transfers from (to) affiliates	(3,956,988)	-	(3,956,988)
Change in Unrestricted Net Assets	$ (615,774)	$ 66,900	$ (548,874)

Park Court Limited	(Combined) The Obligated Group	ProHealth, Inc.	Pekin Hospital Foundation	Eliminations	Consolidated	
$ -	$ 73,168,002	$ 12,631,112	$ -	$ -	$ 85,799,114	
-	(5,149,425)	(406,195)	-	-	(5,555,620)	
-	68,018,577	12,224,917	-	-	80,243,494	
237,210	1,634,689	629,555	160,528	-	2,424,772	
237,210	69,653,266	12,854,472	160,528	-	82,668,266	C
-	26,532,759	3,300,778	37,935	-	29,871,472	
-	5,822,535	896,546	-	-	6,719,081	
39,258	7,316,079	7,462,077	-	-	14,778,156	
271,356	20,489,089	3,958,944	156,680	-	24,604,713	K
290,587	4,206,219	272,104	-	-	4,478,323	G
-	583,346	-	-	-	583,346	H
601,201	64,950,027	15,890,449	194,615	-	81,035,091	J
(363,991)	4,703,239	(3,035,977)	(34,087)	-	1,633,175	D
-	1,946,270	-	653,397	-	2,599,667	
-	-	-	-	-	-	
-	1,946,270	-	653,397	-	2,599,667	
(363,991)	6,649,509	(3,035,977)	619,310	-	4,232,842	
-	-	-	121,558	-	121,558	
-	(3,654,386)	-	-	-	(3,654,386)	
-	49,000	-	-	-	49,000	
346,189	(3,610,799)	3,691,867	(81,068)	-	-	
$ (17,802)	$ (566,676)	$ 655,890	$ 659,800	$ -	$ 749,014	

Progressive Health Systems

Auditor's Report and Consolidated Financial Statements

April 30, 2014 and 2013

Progressive Health Systems

Consolidated Balance Sheets

April 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 6,508,102	$ 5,350,501
Short-term investments	1,037,603	1,032,470
Patient accounts receivable, net of allowance; 2014 - $5,311,000, 2013 - $5,573,000	9,538,752	10,607,177
Supplies	1,611,203	1,616,964
Due from Medicare	1,955,132	885,361
Prepaid expenses and other	1,754,374	2,665,347
Total current assets	22,405,166	22,157,820
Assets Limited As To Use		
Internally designated	30,949,749	32,476,172
Held by trustees	244,283	249,738
	31,194,032	32,725,910
Property and Equipment, At Cost		
Land and land improvements	3,789,895	3,789,895
Buildings and improvements	37,969,804	36,543,963
Equipment	53,767,652	48,854,213
Construction in progress	661,469	3,216,591
	96,188,820	92,404,662
Less accumulated depreciation	66,995,245	62,701,260
	29,193,575	29,703,402
Other Assets	2,836,623	2,882,010
Total assets	$ 85,629,396	$ 87,469,142

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 3,373,890	$ 3,238,284
Accounts payable	3,484,715	4,619,937
Other accrued expenses and deferred payments	4,739,494	5,627,363
Estimated amounts due to third-party payers	2,878,755	3,753,016
Total current liabilities	B 14,476,854	17,238,600
Minimum Pension Liability	5,544,811	7,905,496
Long-term Debt	E 13,535,972	16,909,862
Total liabilities	33,557,637	42,053,958
Net Assets		
Unrestricted	51,756,345	44,882,820
Temporarily restricted	315,414	532,364
Total net assets	F 52,071,759	45,415,184
Total liabilities and net assets	$ 85,629,396	$ 87,469,142

Progressive Health Systems

Consolidated Statements of Operations

Years Ended April 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 86,411,272	$ 81,770,813
Provision for uncollectible accounts	(8,728,706)	(9,110,584)
Net patient service revenue less provision for uncollectible accounts	77,682,566	72,660,229
Other	4,258,008	4,207,104
Total unrestricted revenues, gains and other support	C 81,940,574	76,867,333
Expenses		
Salaries and wages	29,400,004	29,649,801
Employee benefits	7,378,853	8,376,991
Purchased services and professional fees	13,662,553	11,244,183
Supplies and other	25,565,007	22,814,458
Depreciation and amortization	4,578,645	4,325,499
Interest	710,602	841,338
Total expenses	81,295,664	77,252,270
Operating Income (Loss)	D 644,910	(384,937)
Other Income		
Investment return	3,498,338	3,954,680
Excess of Revenues Over Expenses	4,143,248	3,569,743
Net assets released from restrictions used for the purchase of property and equipment	355,427	131,593
Change in minimum pension liability	2,374,850	(625,823)
Increase in Unrestricted Net Assets	$ 6,873,525	$ 3,075,513

Progressive Health Systems

Consolidated Schedules of Operations – with Consolidating Information

Year Ended April 30, 2014

	Pekin Memorial Hospital	Park Court Limited	(Combined) The Obligated Group
Unrestricted Revenues, Gains and Other Support			
Patient service revenue (net of contractual discounts and allowances)	$ 73,116,422	$ -	$ 73,116,422
Provision for uncollectible accounts	(8,212,541)	-	(8,212,541)
Net patient service revenue less provision for uncollectible accounts	64,903,881	-	64,903,881
Other	3,011,040	191,010	3,202,050
Total unrestricted revenues, gains and other support	67,914,921	191,010	68,105,931
Expenses			
Salaries and wages	26,212,062	-	26,212,062
Employee benefits	6,491,843	-	6,491,843
Purchased services and professional fees	5,661,061	39,295	5,700,356
Supplies and other	21,261,046	249,837	21,510,883
Depreciation and amortization	3,991,558	295,705	4,287,263
Interest	710,602	-	710,602
Total expenses	64,328,172	584,837	64,913,009
Operating Income (Loss)	3,586,749	(393,827)	3,192,922
Other Income			
Investment return	2,643,654	-	2,643,654
Grant revenues	-	-	-
	2,643,654	-	2,643,654
Excess (Deficiency) of Revenues Over Expenses	6,230,403	(393,827)	5,836,576
Net assets released from restrictions used for the purchase of property and equipment	-	-	-
Change in minimum pension liability	2,374,850	-	2,374,850
Transfers from (to) affiliates	(2,276,610)	131,995	(2,144,615)
Change in Unrestricted Net Assets	$ 6,328,643	$ (261,832)	$ 6,066,811

ProHealth, Inc.	Pekin Hospital Foundation	Eliminations	Consolidated
$ 13,294,850	$ -	$ -	$ 86,411,272
(516,165)	-	-	(8,728,706)
12,778,685	-	-	77,682,566
836,370	219,588	-	4,258,008
13,615,055	219,588	-	81,940,574
3,187,942	-	-	29,400,004
887,010	-	-	7,378,853
7,959,917	2,280	-	13,662,553
3,857,845	196,279	-	25,565,007
291,382	-	-	4,578,645 G
-	-	-	710,602 H
16,184,096	198,559	-	81,295,664 D
(2,569,041)	21,029	-	644,910
-	854,684	-	3,498,338
-	-	-	-
-	854,684	-	3,498,338
(2,569,041)	875,713	-	4,143,248
-	355,427	-	355,427
-	-	-	2,374,850
2,529,478	(384,863)	-	-
$ (39,563)	$ 846,277	$ -	$ 6,873,525

Progressive Health Systems

Consolidated Statements of Cash Flows

Years Ended April 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	$ 6,656,575	$ 3,095,273
Items not requiring (providing) cash		
Depreciation and amortization	4,578,645	4,325,499
Increase (decrease) in minimum pension liability	(2,360,685)	772,116
Net unrealized gains on investments	(1,816,645)	(2,742,289)
Loss on disposal of property and equipment	11,811	6,259
Restricted contributions	(138,477)	(151,353)
Changes in		
Patient accounts receivable, net	1,068,425	2,192,802
Estimated amounts due from and to third-party payers	(1,944,032)	(341,049)
Accounts payable and accrued expenses	(2,023,091)	331,427
Other current assets	916,734	195,126
Net cash provided by operating activities	4,949,260	7,683,811
Investing Activities		
Proceeds from the redemption of short-term investments	-	2,110,777
Net activity in assets limited as to use	3,343,390	(1,167,018)
Proceeds from the sale of property and equipment	9,850	21,397
Purchase of property and equipment	(4,045,092)	(6,343,462)
Net cash used in investing activities	(691,852)	(5,378,306)
Financing Activities		
Proceeds from restricted contributions	138,477	151,353
Principal payments on long-term debt	I (3,238,284)	(3,109,131)
Net cash used in financing activities	(3,099,807)	(2,957,778)
Increase (Decrease) in Cash and Cash Equivalents	1,157,601	(652,273)
Cash and Cash Equivalents, Beginning of Year	5,350,501	6,002,774
Cash and Cash Equivalents, End of Year	$ 6,508,102	$ 5,350,501
Supplemental Cash Flows Information		
Interest paid	$ 710,602	$ 785,462

Progressive Health Systems

Auditor's Report and Consolidated Financial Statements

April 30, 2013 and 2012

Progressive Health Systems

Consolidated Balance Sheets

April 30, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	$ 5,350,501 L	$ 6,002,774
Short-term investments	1,032,470	3,143,247
Patient accounts receivable, net of allowance; 2013 - $5,573,000, 2012 - $4,825,000	10,607,177	12,799,979
Supplies	1,616,964	1,608,215
Due from Medicare	885,361	439,561
Prepaid expenses and other	2,665,347	2,869,222
Total current assets	A 22,157,820	26,862,998
Assets Limited As To Use		
Internally designated	M 32,476,172	28,567,520
Held by trustees	249,738	249,083
	32,725,910	28,816,603
Property and Equipment, At Cost		
Land and land improvements	3,789,895	3,763,830
Buildings and improvements	36,543,963	35,729,575
Equipment	48,854,213	45,011,863
Construction in progress	3,216,591	1,882,846
	92,404,662	86,388,114
Less accumulated depreciation	62,701,260	58,720,406
	29,703,402	27,667,708
Other Assets	2,882,010	2,927,397
Total assets	$ 87,469,142	$ 86,274,706

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	$ 3,238,284	$ 3,109,132
Accounts payable	4,619,937	4,321,684
Other accrued expenses and deferred payments	5,627,363	5,594,189
Estimated amounts due to third-party payers	3,753,016	3,648,265
Total current liabilities	B 17,238,600	16,673,270
Minimum Pension Liability	7,905,496	7,133,380
Long-term Debt	E 16,909,862	20,148,145
Total liabilities	42,053,958	43,954,795
Net Assets		
Unrestricted	44,882,820	41,807,307
Temporarily restricted	532,364	512,604
Total net assets	F 45,415,184	42,319,911
Total liabilities and net assets	$ 87,469,142	$ 86,274,706

Progressive Health Systems

Consolidated Schedules of Operations – with Consolidating Information

Year Ended April 30, 2013

	Pekin Memorial Hospital	Park Court Limited	(Combined) The Obligated Group
Unrestricted Revenues, Gains and Other Support			
Patient service revenue (net of contractual discounts and allowances)	$ 70,685,889	$ -	$ 70,685,889
Provision for uncollectible accounts	(8,673,275)	-	(8,673,275)
Net patient service revenue less provision for uncollectible accounts	62,012,614	-	62,012,614
Other	3,191,976	224,014	3,415,990
Total unrestricted revenues, gains and other support	65,204,590	224,014	65,428,604
Expenses			
Salaries and wages	27,665,159	-	27,665,159
Employee benefits	6,473,169	-	6,473,169
Purchased services and professional fees	4,990,481	7,274	4,997,755
Supplies and other	19,017,380	262,426	19,279,806
Depreciation and amortization	3,808,231	301,958	4,110,189
Interest	841,338	-	841,338
Total expenses	62,795,758	571,658	63,367,416
Operating Income (Loss)	2,408,832	(347,644)	2,061,188
Other Income			
Investment return	3,150,536	-	3,150,536
Grant revenues	-	-	-
	3,150,536	-	3,150,536
Excess (Deficiency) of Revenues Over Expenses	5,559,368	(347,644)	5,211,724
Net assets released from restrictions used for the purchase of property and equipment	-	-	-
Change in minimum pension liability	(625,823)	-	(625,823)
Transfers from (to) affiliates	(2,499,430)	165,088	(2,334,342)
Change in Unrestricted Net Assets	$ 2,434,115	$ (182,556)	$ 2,251,559

ProHealth, Inc.	Pekin Hospital Foundation	Eliminations	Consolidated	
$ 11,084,924	$ -	$ -	$ 81,770,813	
(437,309)	-	-	(9,110,584)	
10,647,615	-	-	72,660,229	
716,895	74,219	-	4,207,104	
11,364,510	74,219	-	76,867,333	C
2.936.580	-	-	30.601.739	
951,884	-	-	7,425,053	
6,230,608	15,820	-	11,244,183	
3,485,991	48,661	-	22,814,458	K
215,310	-	-	4,325,499	G
-	-	-	841,338	H
13,820,373	64,481	-	77,252,270	J
(2,455,863)	9,738	-	(384,937)	D
-	804,144	-	3,954,680	
-	-	-	-	
-	804,144	-	3,954,680	
(2,455,863)	813,882	-	3,569,743	A
-	131,593	-	131,593	
-	-	-	(625,823)	
2,457,619	(123,277)	-	-	
$ 1,756	$ 822,198	$ -	$ 3,075,513	

Progressive Health Systems

Consolidated Statements of Cash Flows

Years Ended April 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 3,095,273	$ (2,111,324)
Items not requiring (providing) cash		
Depreciation and amortization	4,325,499	4,065,073
Increase in minimum pension liability	772,116	3,246,719
Change in unrealized gains and losses on investments	(2,742,289)	454,242
Gain (loss) on disposal of property and equipment	6,259	(23,879)
Grants for the acquisition of property and equipment	-	(425,455)
Restricted contributions	(151,353)	(244,212)
Changes in		
Patient accounts receivable, net	2,192,802	(3,563,461)
Estimated amounts due from and to third-party payers	(341,049)	(1,461,769)
Accounts payable and accrued expenses	331,427	1,648,361
Other current assets and liabilities	195,126	(1,069,107)
Net cash provided by operating activities	7,683,811	515,188
Investing Activities		
Proceeds from the redemption of short-term investments	2,110,777	5,213,477
Net activity in assets limited as to use	(1,167,018)	(826,075)
Grants for the acquisition of property and equipment	-	425,455
Proceeds from the sale of property and equipment	21,397	26,117
Purchase of property and equipment	(6,343,462)	(4,587,215)
Net cash provided by (used in) investing activities	(5,378,306)	251,759
Financing Activities		
Proceeds from restricted contributions	151,353	244,212
Principal payments on long-term debt	I (3,109,131)	(2,986,365)
Net cash used in financing activities	(2,957,778)	(2,742,153)
Decrease in Cash and Cash Equivalents	(652,273)	(1,975,206)
Cash and Cash Equivalents, Beginning of Year	6,002,774	7,977,980
Cash and Cash Equivalents, End of Year	$ 5,350,501	$ 6,002,774
Supplemental Cash Flows Information		
Interest paid	$ 785,462	$ 901,112