

DIMENSIONS HEALTH CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Other Financial Information

Years ended June 30, 2002 and 2001 with Report of Independent Auditors

Dimensions Health Corporation and Subsidiaries

Consolidated Financial Statements and Other Financial Information

Years ended June 30, 2002 and 2001

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Report of Independent Auditors

Board of Directors
Dimensions Health Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheets of Dimensions Health Corporation and subsidiaries, as of June 30, 2002 and 2001, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dimensions Health Corporation and subsidiaries as of June 30, 2002 and 2001, and the results of their operations and changes in net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted within the United States.

Ernst + Young LLP

August 23, 2002, except for Note 14
for which the date is October 30, 2002

Dimensions Health Corporation and Subsidiaries

Balance Sheets

	June 30	
	2002	2001
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,873	\$ 4,704
Assets limited as to use	4,086	4,004
Patient accounts receivable, net of allowance for uncollectible accounts (\$20,365 and \$24,293 in 2002 and 2001, respectively)	64,646	58,030
Inventories	3,407	3,311
Prepaid expenses and other assets	7,289	7,106
Total current assets	83,301	77,155
Investments held for strategic and capital projects	4,622	826
Assets limited as to use:		
Held in trust under bond and note indentures	7,442	7,023
Restricted investments	3,589	1,415
Investments held for self insurance	19,296	12,344
Total assets limited as to use	30,327	20,782
Property and equipment, net	74,004	77,090
Intangible assets, net	1,390	1,877
Accounts receivable—noncurrent, net of allowance for uncollectible accounts (\$2,665 in 2001)	—	2,665
Notes receivable from related party (<i>Note 11</i>)	2,000	2,000
Other noncurrent assets	2,248	691
Deferred financing costs	862	994
Total assets	\$198,754	\$184,080

	June 30	
	2002	2001
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 2,600	\$ 2,564
Accounts payable and accrued expenses	42,285	30,828
Advances from third party payors	10,718	10,041
Accrued annual leave	6,886	6,666
Specific purpose funds	884	904
Total current liabilities	<u>63,373</u>	<u>51,003</u>
Long-term debt, net of current portion	89,233	91,150
Other liabilities:		
Accrued professional liability	20,452	12,210
Accrued employee benefit liabilities	8,448	7,683
Total other liabilities	<u>28,900</u>	<u>19,893</u>
Unrestricted net assets	17,248	22,034
Total liabilities and net assets	<u><u>\$198,754</u></u>	<u><u>\$184,080</u></u>

See accompanying notes.

Dimensions Health Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

	Year ended June 30	
	2002	2001
	<i>(In Thousands)</i>	
Unrestricted revenue and other support:		
Net patient service revenue	\$297,394	\$270,910
Other income:		
Investment income	640	497
Other	12,894	7,231
Total unrestricted revenue and other support	310,928	278,638
Operating expenses:		
Salaries and benefits	147,626	135,773
Supplies	44,986	40,804
Purchased services	59,088	45,886
Bad debt expenses	37,271	37,231
Physician fees	8,164	7,297
Utilities	3,483	3,526
Total operating expenses	300,618	270,517
Operating earnings before interest, depreciation and amortization	10,310	8,121
Investment income	(1,031)	(577)
Interest expense	5,397	5,669
Depreciation and amortization	10,647	10,910
Net interest, depreciation and amortization	15,013	16,002
Deficit of unrestricted revenue and other support over expenses from continuing operations	(4,703)	(7,881)
Deficit of unrestricted revenue and other support over expenses from continuing operations	(4,703)	(7,881)
Other gain (loss) <i>(Note 13)</i>	(186)	465
Deficit of unrestricted revenue and other support over expenses and losses	(4,889)	(7,416)
Other changes in unrestricted net assets		
Net change in appreciation of marketable investments	103	410
Other	–	175
(Decrease) in unrestricted net assets	(4,786)	(6,831)
Net assets, beginning of year	22,034	28,865
Net assets, end of year	\$ 17,248	\$ 22,034

See accompanying notes.

Dimensions Health Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended June 30	
	2002	2001
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ (4,786)	\$ (6,831)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	37,271	37,231
Depreciation and amortization of property and equipment	10,647	10,910
Amortization of original issue discount and deferred financing costs	212	166
Amortization of intangible assets	487	487
Net unrealized gains on marketable investments	(103)	(410)
Gains (losses) on sale of assets on marketable investments	2	156
Deferred financing costs	–	(104)
Extraordinary loss (gain)	186	(465)
Other	–	(175)
Changes in operating assets and liabilities:		
(Increase) decrease:		
Accounts receivable	(2,978)	(16,819)
Allowance for uncollectible accounts	(41,199)	(28,708)
Inventories	(109)	20
Prepaid expenses and other assets	(183)	2,808
Other noncurrent assets	1,202	(426)
Increase (decrease):		
Accounts payable and accrued expenses	11,637	8,054
Accrued annual leave	220	(15)
Specific purpose funds	(20)	(86)
Accrued employee benefit liabilities	765	(970)
Accrued professional liabilities costs	8,242	(1,275)
Net cash provided by operating activities	21,493	3,548

See accompanying notes.

Dimensions Health Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)

	Year ended June 30	
	2002	2001
	<i>(In Thousands)</i>	
Investing activities		
Purchase of property and equipment	\$ (7,121)	\$(7,762)
Proceeds from sale of assets	52	12
Issuance of note receivable	(106)	(2,000)
Payments on notes receivable	12	-
Net (purchases of) proceeds from sale of investments	(13,354)	6,978
Net cash used in investing activities	(20,517)	(2,772)
Financing activities		
Payments of long-term debt and capital lease obligations	(2,484)	(1,654)
Proceeds from promissory note issues	-	4,491
Advances from third party payors	677	(1,901)
Net cash (used in) provided by financing activities	(1,807)	936
(Decrease) increase in cash and cash equivalents	(831)	1,712
Cash and cash equivalents at beginning of year	4,704	2,992
Cash and cash equivalents at end of year	\$ 3,873	\$ 4,704
Noncash transactions		
Equipment acquired under capital leases	\$ 523	-
Extension of capital leases	-	\$ 543

See accompanying notes.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2002 and 2001

1. Summary of Significant Accounting Policies

Organization

Dimensions Health Corporation (the Corporation) is a not-for-profit, nonstock corporation, incorporated in Maryland for charitable and scientific purposes. The Corporation is operating under the name Dimensions Healthcare System. The principal mission of the corporation is the provision of health care through various delivery sites and the provision of services supporting health care. The Corporation's principal facilities, subsidiaries, and affiliates are as follows:

Acute and Ambulatory Care Facilities

- Prince George's Hospital Center (PGHC)
- Laurel Regional Hospital (LRH)
- Bowie Health Center (BHC)

Long-term Care Facilities

- Gladys Spellman Specialty Hospital and Nursing Center (GSSHNC)
- Madison Manor, Inc. (MM), a wholly owned subsidiary, which holds a 25% interest in the Larkin Chase Nursing and Restorative Center

Health Care Supporting Subsidiaries and Affiliates

- Dimensions Healthcare Associates (DHA), a wholly owned not-for-profit corporation established to provide physician services to Dimensions' acute and ambulatory care facilities.
- Affiliated Enterprises, Inc. (AEI), a wholly owned for-profit corporation, which owns and operates Mullikin Medical Center, a medical office building, on the Bowie campus, and holds a 50% interest in Bowie Assisted Living, LLC, the owner and operator of Woodward Estates, an 80-unit assisted living facility also located on the Bowie campus.
- Dimensions Assurance, Ltd. (DAL), a wholly owned for-profit captive insurance company.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses. Actual amounts could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. Investments in affiliates for which the Corporation does have the ability to significantly influence operations, but does not control, are accounted for under the equity method. Significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include cash and certain investments in highly liquid debt instruments and certificates of deposit, both with maturities of three months or less when purchased. The Corporation routinely invests its surplus operating funds in overnight repurchase agreements. These funds generally invest in highly liquid U.S. government and agency obligations.

Marketable Investments and Investment Income

Marketable investments are carried at fair value. Marketable investments are classified as short-term or long-term based on management's intention as to use.

Investments held for capital and strategic purposes are internally designated for future projects of the Corporation.

Investments included in assets limited as to use consist of assets held by trustees under bond and note indenture agreements and assets held by a commercial bank under a custody agreement. Amounts required to meet current liabilities of the Corporation have been classified in the balance sheet as current assets.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Marketable Investments and Investment Income (continued)

Investment income includes realized gains and losses from investments. The cost of the securities sold is based on the specific identification method. Investment income on investments held by DAL for insurance purposes is included in other operating income. Investment income on all other investments is excluded from operating earnings before interest, depreciation and amortization.

Accounts Receivable and Contractual Allowances

The Corporation provides services to patients in Prince George's County and surrounding jurisdictions, the majority of whom are covered by third party health insurance. The Corporation bills the insurers directly for the services provided. Insurance and credit information is obtained from patients at time of service or upon admission when available. No collateral is obtained for accounts receivable.

The Corporation's policy is to write off all patient accounts that have been identified as uncollectible. An allowance for doubtful accounts is recorded for accounts not yet written off, which are anticipated to become uncollectible in future periods.

Discounts ranging from 2% to 6% of hospital charges are given to Medicare, Medicaid and certain approved commercial health insurance and health maintenance organizations. These third party payors routinely review patient billings and deny payment for certain charges that they deem medically unnecessary or performed without appropriate pre-authorization. Discounts and denials are recorded as reductions of net patient revenue. Accounts receivable from these third party payors have been adjusted to reflect the difference between charges and the estimated reimbursable amounts.

At June 30, 2002 and 2001, approximately 21.7% and 22.3%, respectively, of patient accounts receivable were due from HMOs; 19.1% and 20.0%, respectively, from the Medicare program; 8.8% and 8.6%, respectively, from the Medicaid program; and 50.4% and 49.1%, respectively, represent amounts due from all other payors, including Blue Cross, commercial insurance and self pay.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories, consisting principally of drugs and supplies, are carried at cost, using the average cost method.

Property and Equipment

Property and equipment is carried at cost or, if donated, at fair market value at the date of the gift. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from two to thirty years. Amortization of assets under capital lease obligations is computed using the straight-line method over the estimated useful life of the equipment and is included in depreciation and amortization in the financial statements. Maintenance and repairs are charged to expense as incurred.

Deferred Financing Costs

Financing costs incurred in issuing the Prince George's County, Maryland Hospital Revenue Bonds, Series 1994 and 1992 and the Dimensions Health Corporation Flexible Term Notes, Series 1996 have been capitalized and are being amortized over the life of the issues using the bonds-outstanding method.

The following table summarizes the annual deferred financing costs:

	June 30	
	2002	2001
	<i>(In Thousands)</i>	
Series 1994 revenue bonds	\$ 891	\$ 891
Series 1992 revenue bonds	209	209
Flex term notes	216	216
Other	226	226
Accumulated amortization	(680)	(548)
	\$ 862	\$ 994

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets, representing licenses and permits are being amortized on the straight-line basis over the shorter of term of the underlying asset or seven years. The accumulated amortization of the intangible assets was \$1,926,000 and \$1,428,000 at June 30, 2002 and 2001, respectively.

Net Patient Service Revenue

During 2002 and 2001, approximately 28.6% and 29.5%, respectively, of the net patient service revenue was recorded under the Medicare Program; 24.5% and 22.3%, respectively, under the state Medicaid Program; 19.5% and 18.7%, respectively, from HMOs; and 27.4% and 29.5%, respectively, was recorded from all other payors, including contracts with Blue Cross, commercial insurance and self pay. Revenue from the State of Maryland Medicaid program is primarily derived from independent managed care organizations that have contracted with the State of Maryland to cover eligible beneficiaries.

The following table sets forth the detail of net patient service revenue:

	2002	2001
	<i>(In Thousands)</i>	
Gross patient service revenue	\$ 337,212	\$ 304,469
Revenue deductions:		
Charity care	1,832	2,235
Contractual allowances	37,986	31,324
Net patient service revenue	\$ 297,394	\$ 270,910

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue (continued)

While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Other Income

Included in other income is \$5,500,000 of one-time grants from state and county agencies.

Charity Care

The Corporation provides care to patients who meet certain criteria under federal poverty and Hill-Burton guidelines, which comprise its charity care policy. The Corporation does not pursue collection of amounts determined to qualify as charity care and, consequently, they are not reported as net patient service revenue.

Estimated Professional Liability Costs

The provision for estimated professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Tax

The Corporation is a not-for-profit corporation as described under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Corporation's for-profit subsidiaries are subject to federal and state income taxes.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amount reported in the balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, advances from third party payors, and accrued annual leave approximates their fair value. The fair values of assets limited as to use and investments are based on quoted market prices of the individual securities or investments. The fair value of the Corporation's fixed rate debt is based on current traded values. The fair value of the variable rate debt approximates the carrying rate. The fair values are discussed in Note 4.

Reclassification

Certain prior-year balances have been reclassified to be consistent with the current-year presentation.

2. Marketable Investments

Marketable investments are included in the balance sheet in the captions investments held for strategic and capital projects (\$4,622,000 and \$826,000 at June 30, 2002 and 2001, respectively) and assets limited as to use (\$30,327,000 and \$20,782,000 at June 30, 2002 and 2001, respectively). Only those investments included in investments held for strategic and capital projects are available for general use by the Corporation.

Marketable Investments at Fair Value:

	2002	2001
	<i>(In Thousands)</i>	
Cash and cash equivalents	\$ 11,558	\$ 10,100
Cash equivalent fixed maturities	1,034	6,465
Government and agency	15,419	3,235
Corporate bonds	7,187	4,434
Common stock	3,446	1,087
Asset-backed securities	12	27
Other	379	264
Total marketable investments	39,035	25,612
Less: Amount needed for current debt service	(4,086)	(4,004)
Long-term investments	\$ 34,949	21,608

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Marketable Investments (continued)

Net unrealized gains and (losses) at June 30, 2002 and 2001 were approximately \$70,000 and \$(21,000), respectively.

3. Property and Equipment

A summary of property and equipment at June 30, 2002 and 2001, follows:

	2002	2001
	<i>(In Thousands)</i>	
Buildings and improvements	\$ 61,362	\$ 60,373
Leasehold improvements	29,135	24,004
Equipment	98,513	94,095
Equipment under capital lease obligation	1,551	2,473
	190,561	180,945
Less accumulated depreciation and amortization	(116,836)	(106,293)
Construction in progress	279	2,438
Property and equipment, net	\$ 74,004	\$ 77,090

Accumulated amortization for equipment under capital leases was \$942,000 and \$2,045,000 at June 30, 2002 and 2001, respectively.

The Corporation has outstanding construction contracts aggregating approximately \$928,000 for the remodeling and construction of certain facilities. At June 30, 2002, the remaining commitment on these contracts approximated \$857,000.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt

Long-term debt and capital lease obligations at June 30, 2002 and 2001 are summarized as follows:

	2002	2001
	<i>(In Thousands)</i>	
Series 1992 Bonds:		
7.2%—Term bonds payable July 1, 2002	\$ —	\$ 1,085
7.2%—Term bonds due in 2006 with periodic sinking fund payments	1,160	1,160
Series 1994 bonds:		
4.5%—Serial bonds payable July 1, 2002	715	685
4.5%—5.35%—Serial bonds payable in periodic installments through 2008	13,520	14,235
5.375%—Term bonds due in 2014 with periodic sinking fund payments	18,370	18,370
5.3%—Term bonds due in 2024 with periodic sinking fund payments	46,710	46,710
	80,475	82,245
Less: Original issue discount	(1,732)	(1,812)
Total bonds	78,743	80,433
Magruder Trust Mortgage, three-year adjustable rate (9.5% at June 30, 2002), repayable in periodic installments through 2025	4,419	4,456
Series 1996 Flexible Term Notes, variable rate (1.7%– 1.95% at June 30, 2002), repayable in periodic installments through 2007	5,379	5,595
Pooled Loan Program—Series D, Maryland Health and Higher Educational Facilities Authority variable rate (1.2% at June 30, 2002), repayable in periodic installments through 2016	2,585	2,715
Capital Lease obligations, payable in monthly installments through 2006 collateralized by leased equipment	707	515
	91,833	93,714
Current portion of long-term debt and capital lease obligations	(2,600)	(2,564)
Long-term debt	\$89,233	\$91,150

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

Scheduled principal repayments on long-term debt and capital leases are as follows:

Year ending June 30	Long-Term Debt	Obligations Under Capital Leases
	<i>(In Thousands)</i>	
2003	\$ 2,289	\$311
2004	2,434	124
2005	2,565	146
2006	2,707	126
2007	2,853	–
2008 and thereafter	80,010	–
	\$92,858	\$707

The Series 1992 and 1994 Bonds, the Series 1996 Flexible Term Notes and the Pooled Loan Program are secured under the Corporation's Master Trust Indenture by the revenues and receipts and certain assets of the Corporation, including those leased from Prince George's County.

The Master Trust Indenture, Series 1996 Flexible Term Notes, Pooled Loan Program, as well as a guarantee of an affiliate's long-term debt by the Corporation (see Note 11) required the satisfaction of certain restrictive covenants. A default under any of these covenants cross-defaults the remaining agreements.

During 2001, the Corporation was in violation of certain liquidity and credit rating maintenance covenants in the guarantee agreement, and during 2001, and as of June 30, 2001, the Corporation was in violation of certain credit rating maintenance, cash collateralization and Master Trust Indenture compliance covenants in the Flexible Term Note Agreement and the Pooled Loan Program. The Corporation's guarantee of an affiliate's long-term debt, the related covenants and the Corporation's pledge of \$2,500,000 as collateral for this guarantee were eliminated in connection with a restructuring of the affiliate's loan in June 2001 (see Note 11). Concurrently, \$2 million of the pledged collateral was applied to the early redemption of a portion of the long-term debt previously guaranteed by the Corporation, for which the Corporation was given a \$2 million subordinated note by the affiliate.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

In September 2001, the Corporation obtained a waiver for the covenant violations associated with the Flexible Term Notes and Pooled Loan Program. In connection with this waiver, the Corporation also amended the covenant requirements associated with the Flexible Term Notes and Pooled Loan Program to match those of the Master Trust Indenture.

As a result of the covenant defaults under the guarantee agreement for the Corporation's guarantee of an affiliate's long-term debt, the Trustee for the affiliate's long-term debt and the Master Trustee issued notices of occurrence of an event of default under the affiliate's bond indenture and a cross-default to the Master Trust Indenture, respectively. Management believes that it has cured all events of default by terminating the guarantee agreement and by obtaining a waiver for covenant violations that occurred under the Flexible Term Notes and Pooled Loan facilities and that curing these events of default also cures any events of cross-default under the Master Trust Indenture and Series 1992 and 1994 Bonds. Counsel to the Trustee for the Series 1992 and 1994 Bonds has asserted that elimination and/or waiver of defaults under the guarantee agreement, the Flexible Term Note agreement and the Pooled Loan Program does not eliminate cross-defaults to the Master Trust Indenture and the Series 1992 and 1994 Bonds. Management has obtained an opinion of legal counsel that a court would not permit the Master Trustee of Bond Trustee to accelerate the maturity of the Series 1992 and 1994 Bonds on the basis that the cross-defaults constitute an event of default that has happened and is continuing.

Counsel to the Master Trustee for the Series 1992 and 1994 Bonds has asserted that it considers the June 30, 2000 pledge of \$2,500,000 as collateral for the guarantee of the affiliate's debt to be a violation of the Master Trust Indenture. Management has obtained an opinion of legal counsel that a court would not now permit the Master Trustee of Bond Trustee to accelerate the maturity of the Series 1992 and 1994 Bonds because of the pledge and restructuring of the guarantee.

The Master Trust Indenture limits additional borrowing. Further, the Corporation is required to satisfy a debt service coverage ratio of 1.10 to 1 (subject to certain expectations), measured at the end of each fiscal year, as long as the long-term debt is outstanding. Debt service coverage is defined as the ratio of the excess of revenues over expenses before interest expense and depreciation to the maximum annual debt service. At June 30, 2002, the Corporation was in compliance with this covenant. Management believes that it will be in compliance at the next annual measurement date of June 30, 2003. The maximum annual debt service is currently estimated to be \$7,558,000 for the year ending June 30, 2003.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

Management believes, but can provide no assurance, that its operating plan for the year ending June 30, 2003 will result in sufficient excess of revenues over expenses and cash flow to allow compliance with the above covenants. Based on these conclusions, and in reliance on the legal opinions, management has classified the Series 1992 and 1994 Bonds as long-term debt in the accompanying financial statements.

The Corporation maintains a letter of credit in the amount of \$5,783,000, supporting the Series 1996 Flexible Term Notes, which expires on January 26, 2003. This letter of credit requires payment of an annual fee of 4.0% of the letter of credit amount outstanding (see Note 14).

The Corporation maintains a letter of credit in the amount of \$2,551,000, which supports the outstanding borrowings under the MHHEFA Pooled Loan program, which expires on July 15, 2003. This letter of credit requires the payment of an annual fee of 4.0% of the letter of credit amount outstanding.

Interest costs on long-term debt and notes payable incurred and paid for the years ended June 30, 2002 and 2001, net of interest income, was \$4,366,000 and \$5,039,000, respectively. There was capitalized interest in the amount of \$74,000 as of June 30, 2002.

The assets held in trust under the Series 1992 and 1994 bonds as of June 30, 2002 are as follows (*in thousands*):

Construction fund	\$ 4
Debt service reserve fund	7,228
Debt service fund	4,213
Total trust fund investments	<u>\$ 11,445</u>

The fair value of the Corporation's Series 1992 and 1994 bond indentures based on the quoted market prices at June 30, 2002 and 2001 was \$37,883,000 and \$40,701,000, respectively.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Functional Expenses

The Corporation considers health care services and management and general to be its primary functional categories for purposes of expense classification. The Corporation's operating expenses by functional classification for the years ended June 30, 2002 and 2001 are as follows:

	2002	2001
	<i>(In Thousands)</i>	
Health care services	\$298,204	\$267,089
Management and general	18,458	20,007
	<u>\$316,662</u>	<u>\$287,096</u>

6. Captive Insurance Program

The Corporation maintains a wholly owned captive insurance company to administer certain professional and general liability exposures incurred by the Corporation and its employed and voluntary staff. Prior to January 1, 1998, the Corporation was self-insured for professional and general liability claims up to a limit of \$2 million per occurrence and \$6 million in the annual aggregate. Effective January 1, 1998, the Corporation's wholly owned captive insurance company assumed this liability exposure, retroactive to the date of the Corporation's inception, with the same limits of liability. Effective January 1, 2001, the limits were increased to \$2,500,000 per occurrence and \$8 million in the annual aggregate. Effective January 1, 2002, the limits were increased to \$3 million per occurrence and \$14 million in the annual aggregate. The Corporation is further responsible for claims cost exceeding the per occurrence limit up to a total of \$1 million before the excess policies apply.

In 2002 and 2001, the Corporation also maintained umbrella excess liability policies with commercial insurance companies providing coverage limits totaling \$25 million for any liability exceeding the coverage provided under the policies described above.

The Corporation provides claims management services to the captive insurance company. Losses from asserted claims and unasserted potentially compensable events identified under the Corporation's incident reporting system are accrued based on estimates that incorporate the Corporation's experience, as well as other considerations. These include the nature of each claim or incident and various relevant trend factors. An additional amount is accrued for potential incurred but not reported claims.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Captive Insurance Program (continued)

The captive insurance company also provides professional liability coverage for certain of the Corporation's employed physicians with limits of \$1 million per occurrence and \$3 million in the annual aggregate. All other employed physicians are insured for professional liability under policies with commercial insurance companies with coverage limits of either \$1 million or \$2 million per occurrence and corresponding annual aggregates of either \$3 million or \$4 million, respectively.

The captive insurance company assets are included in assets limited as to use in the Balance Sheet. The combined fund activity is as follows:

	June 30	
	2002	2001
	<i>(In Thousands)</i>	
Balance at beginning of year	\$12,344	\$ 7,005
Deposits	11,878	12,940
Investment income	555	440
Claims and expenses paid	(5,481)	(8,041)
Balance at end of year	<u>\$19,296</u>	<u>\$12,344</u>

7. Employee Annuities

The Corporation maintains certain employee annuity contributions invested with an insurance company. The amount of the employee annuity investment was \$2,708,000 and \$3,075,000 at June 30, 2002 and 2001, respectively.

8. Pension and Postretirement Benefits

The Corporation has a noncontributory defined benefit pension plan (the Plan) covering substantially all employees. For employees not covered under collective bargaining agreements and employees who are represented by Local No. 63, the Plan operates as a cash balance plan. The annual contribution by the Corporation is allocated to individual employee accounts based on years of service and the individual's retirement account. For employees represented by the PSNA union, benefits are based on years of service and compensation. The Corporation's funding policy is to contribute such actuarially determined amounts as necessary to provide assets sufficient to meet the benefits to be paid to the Plan members and to meet the funding requirements of the Employees Retirement Income Security Act (ERISA).

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Pension and Postretirement Benefits (continued)

The Corporation also sponsors two defined benefit postretirement plans that cover both salaried and non-salaried employees. One plan provides health care benefits and the other provides life insurance benefits. The postretirement health care plan is provided to employees who have retired and certain other employees who were eligible to retire prior to July 1, 1995. The plan is contributory, with retiree contributions adjusted annually. The life insurance plan is noncontributory and is provided to employees not covered under collective bargaining agreements or represented by the Local No. 63 union who retired prior to July 1, 2001. The plan is also provided to employees represented by the PSNA union who retired prior to July 1, 1999. The Corporation's policy has been to fund its share of these benefits as they are incurred.

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
	<i>(In Thousands)</i>			
Change in benefit obligation				
Benefit obligation at beginning of year	\$69,165	\$64,882	\$ 6,007	\$ 7,227
Service cost	3,207	3,175	–	–
Interest cost	5,392	5,117	496	490
Plan participants contribution	–	–	348	300
Plan curtailment	–	–	–	(1,178)
Actuarial loss (gain)	10,108	(489)	882	267
Benefits paid	(3,551)	(3,520)	(1,432)	(1,099)
Benefit obligation at end of year	\$84,321	\$69,165	\$ 6,301	\$ 6,007

The 2001 postretirement benefit plan curtailment gain is due to discontinuation of postretirement life insurance benefits for employees retiring after July 1, 2001 who were not covered under collective bargaining agreements or were represented by Local No. 63.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Pension and Postretirement Benefits (continued)

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
	<i>(In Thousands)</i>			
Change in plan assets				
Fair value of plan assets at beginning of year	\$65,747	\$73,913	\$ -	\$ -
Actual return on plan assets	(6,180)	(5,747)	-	-
Employer contribution	-	1,102	1,084	799
Plan participants contributions	-	-	348	300
Benefits paid	(3,551)	(3,520)	(1,432)	(1,099)
Fair value of plan assets at end of year	\$56,016	\$65,748	\$ -	\$ -

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
	<i>(In Thousands)</i>			
Funded status	\$(28,304)	\$(3,418)	\$(6,301)	\$(6,007)
Unrecognized actuarial (gain) loss	24,158	374	463	(419)
Unrecognized prior service cost	(1,054)	(1,326)	-	-
Unrecognized (asset) obligation	-	-	3,022	3,274
Accrued benefit cost	\$ (5,200)	\$(4,370)	\$(2,816)	\$(3,152)

The unrecognized obligations for the postretirement benefits represent the unrecognized transition obligation.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Pension and Postretirement Benefits (continued)

Significant assumptions used in the accounting for the benefits plans on the measurement dates are as follows. For measurement purposes, certain rate assumptions have been adjusted due to periodic changes in market indicators:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
Weighted-average assumptions				
Discount rate	7.25%	8.0%	7.25%	8.0%
Expected return on plan assets	9.0%	10.0%	—	—
Rate of compensation increase	3.0%	3.5%	—	—
Health care trend rate	—	—	3.75%	4.5%

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
	<i>(In Thousands)</i>			
Component of net periodic benefit cost				
Service cost	\$ 3,206	\$ 3,175	\$ —	\$ —
Interest cost	5,392	5,117	496	490
Expected return on plan assets	(7,342)	(7,310)	—	—
Amortization of prior service cost	(272)	(272)	—	—
Amortization of net actuarial (gain)	(154)	(449)	—	—
Amortization of transition assets	—	(404)	—	—
Recognized actuarial (gain) loss	—	—	—	(25)
Amortization of transition obligation	—	—	252	252
Net periodic benefit cost	830	(143)	748	717
Curtailment cost	—	—	—	151
Total benefit (credit) cost	\$ 830	\$ (143)	\$748	\$868

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets in excess (deficit) of projected accumulated obligations for the pension plan were \$84,320,000, \$69,550,000 and \$(28,304,000), respectively, as of June 30, 2002 and \$69,165,000, \$57,851,000 and \$(3,418,000), respectively, as of June 30, 2001.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Pension and Postretirement Benefits (continued)

For measurement purposes related to postretirement benefits, a 3¾% annual rate of increase in the per capita cost of covered health care benefits was assumed. The health care trend rate assumption has a significant effect on the amounts reported. For example, changing the assumed health care cost trend rates by one percentage point will have the following effects:

	<u>One Percentage- Point Increase</u>	<u>One Percentage- Point Decrease</u>
	<i>(In Thousands)</i>	
Effect on interest cost component	\$ 24	\$ (22)
Effect on postretirement benefit obligation	\$341	\$(305)

9. Commitments and Contingencies

Operating Leases: The Corporation leases the land and buildings used by PGHC, LRH, BHC and GSSHNC from Prince George's County under a lease agreement. In connection with the Series 1992 Bond Issue, the lease was restated and amended to provide for the use of the related facilities through June 30, 2042 for a one-time lump sum payment of \$13,352,000 and future annual rental payments of \$1 for the remaining term of the lease. The lump sum payment, made on June 17, 1992, was allocated to the related buildings \$(8,958,000) and to reduce the deferred rent liability recorded by the corporation at the time of the restatement and amendment \$(4,394,000). The amount allocated to the buildings is being amortized over the lesser of the useful life of the assets or the remaining lease term.

Upon termination of the lease, the Corporation is obligated to deliver to the County all of the assets attributable to the operations, as defined, including all fixed and moveable equipment. All such assets will be transferred and conveyed in "as is" condition without warrant as to condition or serviceability.

The Corporation also leases various equipment and computer services under long-term operating lease agreements. Total rental expense for noncancellable operating leases approximated \$7,111,000 and \$7,036,000 for the years ended June 30, 2002 and 2001, respectively.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies (continued)

The following is a schedule of future minimum lease payments under operating leases as of June 30, 2002 that have initial or remaining lease terms in excess of one year.

<u>Year ending June 30</u>	<u>Amount</u>
	<i>(In Thousands)</i>
2003	\$1,213
2004	1,316
2005	1,427
2006	—
2007 and thereafter	—

The Corporation entered into agreements with outside vendors to outsource the management information services (MIS) function and maintenance, and provision of software services. The annual payments are expected to be as follows:

<u>Year ending June 30</u>	<u>Amount</u>
	<i>(In Thousands)</i>
2003	\$5,615
2004	5,988
2005	6,399
2006	6,851
2007 and thereafter	—

Litigation: The Corporation is involved in litigation arising in the ordinary course of business. Claims alleging malpractice have been asserted against the Corporation for which management has accrued a reserve for potential liability in the amount of \$20,452,000. There is at least a reasonable possibility that some of these cases will be settled against the Corporation resulting in varying degrees of monetary damages in excess of the recorded reserve. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies (continued)

Other: Letters of credit in the amounts of \$1,292,000 expiring September 30, 2004 and \$2 million expiring September 30, 2003 are maintained in support of various insurance arrangements, and require the payment of an annual commitment fee of 0.5% and 0.75%, respectively. The Corporation has pledged \$3,400,000 as cash collateral for these letters of credit.

The Corporation is self-insured against workers' compensation claims up to \$300,000 per claim and an annual aggregate amount of \$2 million. The Corporation maintains a commercial insurance policy for claims liabilities exceeding these limits. A liability has been established for known claims and an estimate for claims incurred but not reported.

The Corporation remains contingently liable for principal and interest on the Series 1992 Bonds that were advance refunded in 1994. Government securities that mature at stated fixed amounts sufficient to cover the principal and interest on this debt have been deposited into a refunding trust fund. These assets and the associated liability (\$52,280,000 at June 30, 2002) are not included in the Corporation's balance sheet. Management believes that the possibility of any additional funding to satisfy these liabilities is remote.

10. Maryland Health Services Cost Review Commission

With few exceptions, charges to patients are subject to review and approval by the Maryland Health Services Cost Review Commission. Management has filed the required forms with the Commission and believes the Corporation to be in compliance with Commission requirements.

The current rate of reimbursement for principally all inpatient services and certain other services to patients under the Medicare and Medicaid programs is based on an agreement between the Health Care Financing Administration and the Commission. This agreement is based upon a waiver from Medicare prospective payment system reimbursement principles granted to the State of Maryland under Section 1814(b) of the Social Security Act and will continue as long as Medicare and Medicaid do not pay rates any higher than those offered to other third-party payors and the rate of increase for costs per hospital inpatient admission in Maryland is below the national average. Management expects this agreement will remain in effect at least through June 30, 2003.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Maryland Health Services Cost Review Commission (continued)

Effective April 1, 1999, the Corporation adopted, and PGHC and LRH agreed to, a rate methodology for hospital inpatient services. Under this methodology, a target average charge per case is established for PGHC and for LRH based on past actual charges, inflation and case mix indices. The average charge per case for the applicable facility is compared with the target average charge per case for the applicable facility and to the extent that the actual average exceeds the target, the overcharge plus applicable penalties will reduce the approved target for the subsequent rate year. To the extent that the actual average is short of the target, the undercharge will increase the approved target for the subsequent rate year. At June 30, 2002, PGHC and LRH were in compliance, defined as within 1%, with their average charge per case targets.

The Commission's rate-setting methodology for service centers that provide both inpatient and outpatient services or only outpatient services consists of establishing an acceptable unit rate for these centers within the applicable facility. The actual average unit charge for each service center is compared to the approved rate on a monthly basis. The rate variances, plus penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) future approved rates on an annual basis.

The timing of the Commission's rate adjustments for the Corporation could result in an increase or reduction due to the variances and penalties described above in a year subsequent to the year in which such items occur. The Corporation's policy is to accrue revenue based on actual charges for services to patients in the year in which the services are performed and billed.

The Commission has implemented a methodology substantially the same as that described above for the fiscal year beginning July 1, 2002. While technical improvements are continually studied, this methodology will continue to serve as the core of the regulatory system for the fiscal year 2003.

11. Related Party Transaction

On June 28, 2001, the Corporation loaned Bowie Assisted Living (BAL) LLC, \$2 million in the form of a subordinated promissory note. Periodic interest payments are made at a variable interest rate based on the weekly remarketing rate for the BAL bonds. At June 30, 2002, this rate was 2.7%. Interest is payable monthly in arrears beginning on August 1, 2001; and principal payments begin on September 30, 2004.

Dimensions Health Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Related Party Transaction (continued)

The principal payments will be due the last day of each calendar quarter. The remaining balance plus interest will be payable on July 30, 2006.

The Corporation holds a 50% partnership interest in BAL and accounts for this investment under the equity method.

12. Restructuring Charge

On June 6, 2002, the Corporation announced a reduction in force. As part of this restructuring, 15 employees were terminated. A one-time operating charge of approximately \$193,000 was recorded as of June 30, 2002, to account for severance and other costs associated with this restructuring, and is included within salaries and benefits expense on the Statement of Operations and Changes in Net Assets.

13. Discontinued Operations and Extraordinary Gain

During June 2002, the Corporation wrote off the remaining assets and liabilities related to operations that were discontinued as of June 30, 1999. This write-off resulted in a net consolidated loss of \$(186,000). The write-off also included the extinguishment of intercompany debt in the amount of \$965,000 due to DHC by the discontinued affiliates, and \$12,453,000 due to and from other affiliates outside of the obligated group. The intercompany debt write-off had no impact on the consolidated results of the Corporation.

During June 2001, the Corporation entered into a settlement agreement with one of its creditors, which resulted in an extraordinary gain from extinguishment of debt of approximately \$465,000.

14. Subsequent Event

On October 30, 2002, the Corporation executed a credit agreement with the Bank of America extending letter of credit support for the Series 1996 Flexible Term Notes through January 26, 2005. In conjunction with the extension, the Corporation made an unscheduled payment of principal in the amount of \$2 million. The Corporation has also agreed to reduce the amortization period of the notes through 2007 from 2021.

Other Financial Information

Report of Independent Auditors

Board of Directors
Dimensions health Corporation

We have audited, in accordance with auditing standards generally accepted within the United States, the consolidated financial statements of Dimensions Health Corporation for the years ended June 30, 2002 and 2001 presented herein, and have issued our unqualified opinion thereon dated August 23, 2002, except for Note 14 for which the date is October 30, 2002. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheet and statement of operations for the year ended June 30, 2002 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

August 23, 2002, except for Note 14
for which the date is October 30, 2002

Dimensions Health Corporation and Subsidiaries

Consolidating Balance Sheets—Obligated Group

June 30, 2002

	PGHC	LRH	GSSNHC	BHC	Corporate	Total Obligated Group	Other Entities	Eliminations	Consolidated Total
	<i>(In Thousands)</i>								
Assets									
Current assets:									
Cash and cash equivalents	\$ —	\$ —	\$ 1	\$ —	\$ 3,598	\$ 3,599	\$ 274	\$ —	\$ 3,873
Assets limited as to use	—	—	—	—	4,086	4,086	—	—	4,086
Patient accounts receivable, net of allowance	33,052	17,947	3,380	3,175	—	57,554	7,092	—	64,646
Inventories	1,989	1,067	69	282	—	3,407	—	—	3,407
Prepaid expenses and other assets	809	122	43	38	2,924	3,936	3,353	—	7,289
Total current assets	35,850	19,136	3,493	3,495	10,608	72,582	10,719	—	83,301
Investments held for strategic and capital projects	—	—	—	—	4,622	4,622	—	—	4,622
Due from affiliates	—	—	13,509	6,293	83,577	103,379	—	(103,379)	—
Assets limited as to use:									
Held in trust under bond and note indentures	—	—	—	—	7,442	7,442	—	—	7,442
Restricted investments—strategic	—	—	—	—	3,434	3,434	155	—	3,589
Investments held for self insurance	—	—	—	—	—	—	19,296	—	19,296
Total assets limited as to use	—	—	—	—	10,876	10,876	19,451	—	30,327
Property and equipment, net	35,774	20,824	1,744	3,926	4,686	66,954	7,050	—	74,004
Intangible assets, net	—	—	—	—	1,390	1,390	—	—	1,390
Notes receivable from related party	—	—	—	—	2,000	2,000	—	—	2,000
Other noncurrent assets	1,372	—	—	—	—	1,372	876	—	2,248
Deferred financing costs	—	—	—	—	765	765	97	—	862
Total assets	\$ 72,996	\$ 39,960	\$ 18,746	\$ 13,714	\$ 118,524	\$ 263,940	\$ 38,193	\$ (103,379)	\$ 198,754

Dimensions Health Corporation and Subsidiaries

Consolidating Balance Sheets—Obligated Group (continued)

	PGHC	LRH	GSSNHC	BHC	Corporate	Total Obligated Group	Other Entities	Eliminations	Consolidated Total
	<i>(In Thousands)</i>								
Liabilities and net assets									
Current liabilities:									
Current portion of long-term debt	\$ 232	\$ 74	\$ —	\$ 5	\$ 2,235	\$ 2,546	\$ 54	\$ —	\$ 2,600
Accounts payable and accrued expenses	10,869	5,456	790	897	20,606	38,618	3,667	—	42,285
Advances from third party payors	8,687	1,225	806	—	—	10,718	—	—	10,718
Accrued annual leave	3,802	1,560	269	184	363	6,178	708	—	6,886
Specific purpose funds	705	179	—	—	—	884	—	—	884
Total current liabilities	24,295	8,494	1,865	1,086	23,204	58,944	4,429	—	63,373
Long-term debt, net of current portion	396	—	—	—	84,472	84,868	4,365	—	89,233
Due to affiliates	59,479	17,675	—	—	—	77,154	26,225	(103,379)	—
Other liabilities:									
Accrued professional liability costs	—	—	—	—	—	—	20,452	—	20,452
Accrued employee benefit liabilities	—	—	—	—	8,448	8,448	—	—	8,448
Total other liabilities	—	—	—	—	8,448	8,448	20,452	—	28,900
Unrestricted net assets	(11,174)	13,791	16,881	12,628	2,400	34,526	(17,278)	—	17,248
Total liabilities and net assets	\$ 72,996	\$ 39,960	\$ 18,746	\$ 13,714	\$ 118,524	\$ 263,940	\$ 38,193	\$(103,379)	\$ 198,754

Dimensions Health Corporation and Subsidiaries

Consolidating Statement of Operations—Obligated Group

Year ended June 30, 2002

	PGHC	LRH	GSSNHC	BHC	Corporate	Total Obligated Group	Other Entities	Total
	<i>(In Thousands)</i>							
Unrestricted revenue and other support:								
Net patient service revenue	\$184,312	\$72,928	\$15,721	\$13,779	\$0	\$286,740	\$10,654	\$297,394
Other income	8,294	1,249	129	91	1,196	10,959	1,935	12,894
Investment income	—	—	—	—	—	—	640	640
Other	—	—	—	—	—	—	—	—
Total unrestricted revenue and other support	192,606	74,177	15,850	13,870	1,196	297,699	13,229	310,928
Operating expenses:								
Salaries and benefits	88,872	36,917	8,082	3,902	—	137,773	9,853	147,626
Supplies	29,311	11,096	2,222	2,028	—	44,657	329	44,986
Purchased services	43,396	14,012	2,248	2,673	128	62,457	(3,369)	59,088
Bad debt expenses	23,312	6,204	1,161	1,681	—	32,358	4,913	37,271
Physician fees	3,231	2,537	133	1,160	—	7,061	1,103	8,164
Utilities	2,076	992	248	137	—	3,453	30	3,483
Total operating expenses	190,198	71,758	14,094	11,581	128	287,759	12,859	300,618
Operating earnings before interest depreciation, and amortization	2,408	2,419	1,756	2,289	1,068	9,940	370	10,310
Investment income	(404)	(282)	(26)	(161)	—	(873)	(158)	(1,031)
Interest expense	2,692	1,558	152	235	—	4,637	760	5,397
Depreciation and amortization	6,128	3,236	399	564	35	10,362	285	10,647
Net interest, depreciation, and amortization	8,416	4,512	525	638	35	14,126	887	15,013
(Deficit) excess of unrestricted revenue and other support over expenses from continuing operations	(6,008)	(2,093)	1,231	1,651	1,033	(4,186)	(517)	(4,703)
Gain (loss) on early extinguishment of debt	(7)	(437)	—	—	(521)	(965)	779	(186)
(Deficit) excess of unrestricted revenue and other support over expenses and gain (loss) on early extinguishment of Debt	\$(6,015)	\$(2,530)	\$1,231	\$1,651	\$512	\$(5,151)	\$262	\$(4,889)