NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidated Financial Statements and Schedules

September 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

NATIONAL REGENCY OF NEW BERLIN, INC.

Table of Contents

KPMG LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report

The Board of Directors
National Regency of New Berlin, Inc.:

We have audited the accompanying consolidated balance sheets of National Regency of New Berlin, Inc. (National Regency) as of September 30, 2008 and 2007, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of National Regency's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Regency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 National Regency of New Berlin, Inc. as of September 30, 2008 and 2007, and their consolidated results of operations and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Milwaukee, Wisconsin
January 8, 2009

NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidated Balance Sheets

September 30, 2008 and 2007

Assets		**2008**	**2007**
Current assets:			
Cash and cash equivalents	$	5,623,741	10,021,816
Inventory of supplies		35,780	25,310
Prepaid expenses and other current assets		438,062	336,964
Total current assets		6,097,583	10,384,090
Assets whose use is limited		96,535	93,270
Fair value of interest rate swap		—	48,236
Property, plant, and equipment, net		51,219,811	46,253,808
Deferred financing expenses, net		338,946	367,063
Total assets	$	57,752,875	57,146,467
Liabilities and Net Assets			
Current liabilities:			
Current installments of long-term debt	$	995,000	950,000
Accounts payable		608,776	624,996
Accrued expenses		640,345	641,289
Resident deposits and prepaid rent		1,265,198	1,302,975
Due to affiliated organization		22,533	27,503
Total current liabilities		3,531,852	3,546,763
Long-term debt, less current installments and unamortized discount		32,550,000	33,545,000
Asset retirement obligation		139,339	133,980
Fair value of interest rate swap		1,316,632	—
Total liabilities		37,537,823	37,225,743
Net assets		20,215,052	19,920,724
Total liabilities and net assets	$	57,752,875	57,146,467

See accompanying notes to consolidated financial statements.

NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2008 and 2007

	2008	2007
Operating revenue	$ 15,868,205	15,973,314
Expenses:		
Salaries and wages	4,046,137	3,885,724
Employee benefits	562,955	596,648
Contracted services	679,713	694,644
Food	766,795	733,169
Utilities, insurance, and real estate taxes	1,634,951	1,767,019
Other	2,795,120	2,482,613
Depreciation	2,523,383	2,292,617
Interest	1,437,759	1,658,381
Total expenses	14,446,813	14,110,815
Income from operations	1,421,392	1,862,499
Nonoperating gains, net	171,198	590,957
Revenues in excess of expenses	1,592,590	2,453,456
Other changes in net assets:		
Unrealized derivative gain (loss) arising during the year	(1,298,262)	56,836
Increase in net assets	294,328	2,510,292

See accompanying notes to consolidated financial statements.

NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidated Statements of Cash Flows

Years ended September 30, 2008 and 2007

		2008	2007
Cash flows from operating activities:			
Increase in net assets	$	294,328	2,510,292
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Unrealized loss (gain) on derivative instruments		1,298,262	(56,836)
Depreciation		2,523,383	2,292,617
Net change in inventory of supplies, prepaid expenses, and other current assets		(111,568)	29,085
Net change in accounts payable and accrued expenses		(22,134)	180,863
Net change in other assets and liabilities		100,082	(19,295)
Net cash provided by operating activities		4,082,353	4,936,726
Cash flows from investing activities:			
Purchases of property, plant, and equipment, net		(7,489,386)	(3,390,110)
Purchases of assets whose use is limited		(3,265)	(3,791)
Net cash used in investing activities		(7,492,651)	(3,393,901)
Cash flows from financing activities:			
Repayment of long-term debt		(950,000)	(915,000)
Transfer to affiliate		—	(1,237,533)
Change in resident deposits and prepaid rent		(37,777)	75,940
Net cash used in financing activities		(987,777)	(2,076,593)
Decrease in cash and cash equivalents		(4,398,075)	(533,768)
Cash and cash equivalents:			
Beginning of year		10,021,816	10,555,584
End of year	$	5,623,741	10,021,816
Supplemental data:			
Cash paid for interest	$	1,588,249	1,674,675

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

National Regency of New Berlin, Inc. (National Regency), a nonstock, not-for-profit corporation, owns and operates senior living centers including:

- Regency House, a 105-unit assisted-living facility, and The Regency, a 155-unit independent-living facility, both located in New Berlin, Wisconsin
- Brookfield Regency, a 94-unit assisted-living facility located in Brookfield, Wisconsin
- Brookfield Senior Living, a 103-unit senior living facility located in Brookfield, Wisconsin
- Muskego Regency, a 96-unit assisted-living facility, a 48-unit independent-living facility, and three supportive care centers totaling 106 units, located in Muskego, Wisconsin
- A medical office building located adjacent to Waukesha Memorial Hospital in Waukesha, Wisconsin

National Regency is an affiliate of ProHealth Care, Inc. (PHC), a nonstock, not-for-profit Corporation organized to promote and extend quality healthcare services in Waukesha County, Wisconsin. PHC is the sole corporate member of National Regency, Waukesha Memorial Hospital, Inc. (WMH), Oconomowoc Memorial Hospital, Inc. (OMH), and ProHealth Home Care, Inc., all nonstock, not-for-profit corporations, and is the sole stockholder of Waukesha Health System, Inc. (WHS).

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America as recommended in the *Audit and Accounting Guide, Health Care Organizations*, published by the American Institute of Certified Public Accountants.

The percentage of total expense incurred for senior residential and healthcare services is approximately 73% in 2008 and 75% in 2007. The percentage of total expenses incurred for medical office expenses was approximately 8% in 2008 and 2007. The remaining expenses incurred are for related administrative and support services.

The significant accounting policies of National Regency are as follows:

(a) Management Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(b) Net Asset Accounting

Restricted net assets are used to differentiate assets whose use is restricted by donor or grantor from unrestricted net assets on which the donor or grantor places no restriction or that arise as a result of the operations of National Regency for its stated purposes. Assets whose use is limited are reported as unrestricted net assets. At September 30, 2008 and 2007, there were no restricted net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid debt instruments purchased with an original maturity of three months or less, excluding assets whose use is limited.

(d) Derivative Instruments

Derivative instruments are recorded at fair value on the consolidated balance sheets. For those derivatives that qualify as hedges, National Regency measures the effectiveness of the hedge on a quarterly basis. The derivatives that National Regency has entered into are accounted for as cash flow hedges. Under a cash flow hedge, the fair value gain (loss) related to the effective portion of the hedge is recorded as an other change in unrestricted net assets. The ineffective portion is recorded in nonoperating gains, net in the consolidated statements of operations and changes in net assets. If the ineffectiveness of a hedge exceeds certain levels as described in the accounting standard, the derivative would no longer be eligible for hedge accounting, and all future changes in fair value of the derivative would be recorded in revenues in excess of expenses.

(e) Investments and Investment Income

Equity securities with readily determinable fair values and all debt securities are reported at fair value based on quoted market prices. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of securities sold.

Interest and dividend income and realized gains and losses on investments are reported in the consolidated statements of operations and changes in net assets as nonoperating gains. Interest income on funds held under debt agreements is classified as other operating revenue in the consolidated statements of operations and changes in net assets. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. National Regency classifies all investments as available for sale.

(f) Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective depreciable assets using the straight-line method of accounting. Interest expense incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets.

(g) Long-Lived Assets

National Regency periodically assesses the recoverability of long-lived assets (including property, plant, and equipment) when indications of potential impairment, based on estimated undiscounted future cash flows, exist. Management considers such factors as current results, trends, and future prospects, in addition to other economic factors, in determining the impairment of the asset. Management has determined that National Regency’s long-lived assets are not impaired at September 30, 2008 and 2007.

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(h) Deferred Financing Expenses

Expenses incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the bonds using an effective interest method. Original issue discount is deducted from long-term debt and is being amortized as an adjustment of interest expense over the term of the bonds using an effective interest rate method.

(i) Resident Deposits and Prepaid Rent

National Regency receives security deposits for each unit rented. These deposits from residents are recorded as a liability until they are returned to former residents at the end of a lease. Rent received is recorded as revenue in the month that it is earned. Rent received in advance is recorded as prepaid rent until earned.

(j) Federal Income Taxes

National Regency is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

Effective October 1, 2007, National Regency adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), *Accounting for Uncertainty of Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. FIN 48 prescribes a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under FIN 48, tax positions will be evaluated for recognition, derecognition, and measurement using consistent criteria and will provide more information about the uncertainty in income tax assets and liabilities. Based on an analysis prepared by National Regency, it was determined that the application of FIN 48 had no material effect on National Regency at September 30, 2008.

(k) Reclassification

Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

(l) Recently Issued Accounting Standards

In September 2006, the FASB adopted Statement No. 157, *Fair Value Measurements.* This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement does not require any new fair value measurements but, for some entities, will change current practice. This statement is effective for National Regency on October 1, 2008. Adoption of this standard is not expected to have a material effect on National Regency's consolidated financial statements.

In February 2007, the FASB adopted Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, including an Amendment of FASB Statement No. 115.* This statement permits an entity to choose to measure many financial instruments and certain other items at fair value. This statement is effective for National Regency on October 1, 2008. Adoption of this standard is not expected to have a material effect on National Regency's consolidated financial statements.

(2) Assets Whose Use is Limited and Investment Income

Assets whose use is limited that are recorded at market value were $96,535 and $93,270 at September 30, 2008 and 2007, respectively, and relate to reserves for unemployment compensation. The assets whose use is limited are invested in certificates of deposit.

National Regency's investment return comprising interest and dividend income is included in the consolidated statements of operations and changes in net assets for the years ended September 30, 2008 and 2007 as follows:

		2008	2007
Operating revenue	$	12,435	15,881
Nonoperating gains		237,804	542,721
Total investment return	$	250,239	558,602

(3) Property, Plant, and Equipment

Property, plant, and equipment at September 30, 2008 and 2007 are summarized as follows:

		2008	2007
Land	$	3,570,595	3,570,595
Land improvements		3,408,311	2,811,267
Buildings		63,673,881	56,629,202
Furniture and equipment		2,934,739	2,109,961
Construction in progress		1,265,440	2,247,915
Total property, plant, and equipment		74,852,966	67,368,940
Less accumulated depreciation		23,633,155	21,115,132
Property, plant, and equipment, net	$	51,219,811	46,253,808

Construction in progress at September 30, 2008 relates to a renovation project on the New Berlin campus, which is expected to be completed in early 2009. The renovation effort will convert a number of studio units into more desirable 1-bedroom units while at the same time expanding the attended care program along with upgrades to common areas. Contractually committed costs for the addition were approximately $120,000 at September 30, 2008. The construction in progress at September 30, 2007 relates to an addition on the New Berlin campus, completed in the 2008, that added 47 additional senior residences, along with major common area improvements. Interest expense of $215,170 and $7,231 for the years ended September 30, 2008 and 2007, respectively, was capitalized as a component of construction in progress.

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(4) Long-Term Debt

Long-term debt at September 30, 2008 and 2007 is summarized as follows:

		2008	2007
Senior Housing Revenue Refunding Bonds, Series 2001, interest rates ranging from 4.4% in 2007 to 4.8% in 2011	$	6,175,000	6,275,000
Adjustable Demand Revenue Bonds, Series 2005, interest rates variable based on market conditions (3.7% and 3.6% effective rate in 2008 and 2007, respectively), mature 2034, principal payments ranging from $890,000 in 2009 to $1,775,000 in 2025		27,370,000	28,220,000
Total long-term debt		33,545,000	34,495,000
Less – current installments		995,000	950,000
Long-term debt, less current installments and unamortized discount	$	32,550,000	33,545,000

The Series 2005 Bonds are collateralized by an irrevocable letter of credit with a bank. The letter of credit expires in 2010. In the event that the remarketing agent is unable to remarket the bonds, the bonds would remain outstanding and would be owned by the bank; however, such bonds would be repayable in accordance with terms specified in the letter of credit and reimbursement agreement with the bank.

On December 30, 2005, National Regency assumed $6,460,000 in Senior Housing Revenue Refunding Bonds related to the purchase of Brookfield Senior Living. These bonds are secured by a letter of credit between National Regency and a bank.

On September 30, 2008, $21,000,000 of the Series 2005 bonds experienced failed remarketing. As such, the bank, under the terms of the letter of credit, purchased the bonds and held them until they were remarketed. On October 9, 2008, the bonds were successfully remarketed.

The loan agreements contain various covenants and restrictions, including the maintenance of a minimum debt service coverage ratio (2005 issue) and minimum number of low-income units (2001 issue).

Aggregate long-term debt payments under the payment schedules in the debt documents are as follows:

Year ending September 30:		
2009	$	995,000
2010		1,040,000
2011		1,090,000
2012		1,135,000
2013		1,190,000
2014 and thereafter		28,095,000
	$	33,545,000

(Continued)

If the letter of credit on the Series 2005 Bonds was fully drawn upon at September 30, 2008, the annual principal payments in each of the next five fiscal years and in the aggregate thereafter would be as follows:

Year ending September 30:		
2009	$	995,000
2010		26,590,000
2011		120,000
2012		125,000
2013		135,000
2014 and thereafter		5,580,000
	$	33,545,000

(5) Derivative Instruments and Hedging Activities

The derivative instrument used by National Regency is an interest rate swap agreement that is used to convert variable-rate interest on the long-term debt to fixed-rate interest. The variable interest rate on the debt generally exposes National Regency to variability in cash flow in rising or declining interest rate environments. In converting variable-rate interest to a fixed rate, the interest rate swap effectively reduces the variability of the cash flow of the debt.

(a) Objectives and Strategies

National Regency, at times, uses variable-rate debt to finance its operations. The debt obligations expose National Regency to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into an interest rate swap agreement to manage fluctuations in cash flows resulting from interest rate risk.

By using derivative financial instruments to hedge exposures to changes in interest rates, National Regency exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes National Regency, which creates credit risk for National Regency. When the fair value of a derivative contract is negative, National Regency owes the counterparty, and therefore, it does not pose credit risk. National Regency minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

(b) Risk Management Policies

National Regency assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. National Regency maintains risk management control systems to monitor interest rate risk attributable to both National Regency's outstanding or forecasted debt obligations, as well as National Regency's offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on National Regency's future cash flows.

National Regency does not use derivative instruments for speculative investment purposes.

(c) Transaction

Consistent with the objectives set forth above, in May 2005, National Regency entered into an interest rate swap matched to its Series 2005 bonds. Under the terms of this interest rate swap, National Regency pays a fixed rate of 3.6% and receives a variable rate interest equal to 70% of the one-month LIBOR index, reset weekly.

The fair value of the interest rate swap was $(1,316,632) and $48,236 at September 30, 2008 and 2007, respectively. During the years ended September 30, 2008 and 2007, the ineffective portion of the hedge transaction was $66,606 and $48,236, respectively, included in nonoperating gains, net in the consolidated statements of operations and changes in net assets. Included in unrestricted net assets at September 30, 2008 and 2007 is ($1,298,262) and $56,836, respectively, of unrealized derivative gains (losses).

The interest rate swap agreement at September 30, 2008 is as follows:

Type	Notional amount	Maturity date	Fixed pay rate	Variable receive rate
2005 bonds	$ 27,370,000	August 15, 2034	3.60%	1.96%

Cash paid under the interest rate swap agreement of $347,671 and $4,159 during 2008 and 2007, respectively, was charged to interest expense in the consolidated statements of operations and changes in net assets. Cash received under the interest rate swap agreement of $0 and $45,947 in 2008 and 2007, respectively, was credited to interest expense in the consolidated statements of operations and changes in net assets.

(6) Leases

National Regency leases space in the medical office building to WMH, WHS, and unrelated parties. The leases are accounted for as operating leases. Gross rental income, which excludes amounts earned for utilities and property taxes from the lessees, was approximately $1,221,000 and $1,173,000 in 2008 and 2007, respectively, of which approximately $654,000 and $629,000, respectively, was received from other affiliates of PHC. During 2008 and 2007, approximately $656,000 and $623,000, respectively, was earned from the lessees for related expenses, including property taxes, utilities, and other operating expenses. These operating leases expire at various dates through 2009. The future minimum gross rental receipts under these noncancelable operating leases are as follows:

Year ending September 30:		
2009	$	1,427,346
2010		685,274
2011		284,372
2012		73,353
2013		16,200
	$	2,486,545

The carrying value of the medical office building under these operating leases is approximately $8,132,000 and $8,455,000 at September 30, 2008 and 2007, respectively.

(7) Transactions with Affiliated Organizations

In 2007, National Regency transferred $1,237,533 to WMH for funds received from WMH for construction of its medical office building and other costs previously paid by WMH on behalf of National Regency.

At September 30, 2008 and 2007, the amount due to affiliated organization represents amount due to WMH for employee health and dental coverage and network support.

(8) Asbestos Removal Costs

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 requires the current recognition of a liability when a legal obligation exists to perform an asset retirement obligation in which the timing or method of settlement is conditional on a future event that may or may not be under the control of the entity. FIN 47 requires an asset retirement obligation (ARO) liability be recorded at its net present value with recognition of a related long-lived asset in a corresponding amount. The ARO liability is accreted through periodic charges to depreciation expense. The initially capitalized ARO long-lived asset is depreciated over the corresponding long-lived asset's remaining useful life.

National Regency is legally liable to remove asbestos from existing buildings prior to future remodeling or demolishing of the existing buildings. The estimated asbestos removal cost is $139,339 and $133,980 at September 30, 2008 and 2007, respectively. The net book value of the ARO long-lived asset is $4,181 and $6,272 at September 30, 2008 and 2007, respectively.

KPMG LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report – Consolidating Information

The Board of Directors
National Regency of New Berlin, Inc.:

We have audited and reported separately herein on the consolidated financial statements of National Regency of New Berlin, Inc. as of and for the years ended September 30, 2008 and 2007.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information included in schedules 1 and 2 is presented for purposes of additional analysis of the 2008 consolidated financial statements rather than to present the financial position and results of operations of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2008 consolidated financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the 2008 consolidated financial statements taken as a whole.

KPMG LLP

Milwaukee, Wisconsin
January 8, 2009

Schedule 1

NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidating Balance Sheet Information

September 30, 2008

Assets		Regency Living Centers	Medical office building	Total
Current assets:				
Cash and cash equivalents	$	3,691,603	1,932,138	5,623,741
Inventory of supplies		35,780	—	35,780
Prepaid expenses and other current assets		351,421	86,641	438,062
Total current assets		4,078,804	2,018,779	6,097,583
Assets whose use is limited		96,535	—	96,535
Property, plant, and equipment, net		43,072,064	8,147,747	51,219,811
Deferred financing expenses, net		338,946	—	338,946
Total assets	$	47,586,349	10,166,526	57,752,875
Liabilities and Net Assets				
Current liabilities:				
Current installments of long-term debt	$	995,000	—	995,000
Accounts payable		603,500	5,276	608,776
Accrued expenses		502,096	138,249	640,345
Resident deposits and prepaid rent		1,254,228	10,970	1,265,198
Due to affiliated organization		22,533	—	22,533
Total current liabilities		3,377,357	154,495	3,531,852
Long-term debt, less current installments and unamortized bond discount		32,550,000	—	32,550,000
Asset retirement obligation		—	139,339	139,339
Fair value of interest rate swap		1,316,632	—	1,316,632
Total liabilities		37,243,989	293,834	37,537,823
Net assets		10,342,360	9,872,692	20,215,052
Total liabilities and net assets	$	47,586,349	10,166,526	57,752,875

See accompanying independent auditors' report–consolidating information.

NATIONAL REGENCY OF NEW BERLIN, INC.

Consolidating Statement of Operations and Changes in Net Assets Information

Year ended September 30, 2008

	Regency Living Centers	Medical office building	Total
Operating revenue	$ 13,927,798	1,940,407	15,868,205
Expenses:			
Salaries and wages	4,046,137	—	4,046,137
Employee benefits	562,955	—	562,955
Contracted services	589,056	90,657	679,713
Food	766,795	—	766,795
Utilities, insurance, and real estate taxes	1,203,530	431,421	1,634,951
Other	2,484,019	311,101	2,795,120
Depreciation	2,192,403	330,980	2,523,383
Interest	1,437,759	—	1,437,759
Total expenses	13,282,654	1,164,159	14,446,813
Income from operations	645,144	776,248	1,421,392
Nonoperating gains, net	171,198	—	171,198
Revenues in excess of expenses	816,342	776,248	1,592,590
Other changes in net assets:			
Unrealized derivative loss arising during the year	(1,298,262)	—	(1,298,262)
Increase (decrease) in net assets	(481,920)	776,248	294,328

See accompanying independent auditors' report–consolidating information.