

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement
(please include name of state where issuer is located):

\$25,040,000

Garden City Hospital Finance Authority (Michigan)

Hospital Revenue and Refunding Bonds, Series 1998A

Garden City Hospital Obligated Group

Provide nine-digit CUSIP* numbers if available, to which the information relates:

365128AE7

365128AF4

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): _____

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: _____

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

Electronic (number of pages attached) 53 Paper (number of pages attached) _____

If information is also available on the Internet, give URL: www.firstriver.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: October 1, 2004 – September 30, 2005 (FY2005)

B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: October 1, 2004 – September 30, 2005 (FY2005)

C. Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- | | |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security |
| 2. <input type="checkbox"/> Non-payment related defaults | 7. <input type="checkbox"/> Modifications to the rights of security holders |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties | 9. <input type="checkbox"/> Defeasances |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
| | 11. <input type="checkbox"/> Rating changes |

D. Notice of Failure to Provide Annual Financial Information as Required

E. Quarterly or Monthly Financial Information and Operating Data
(Financial information and operating data should not be filed with the MSRB.)

Period Covered: _____

F. Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name _____ Title _____
Employer _____
Address _____ City _____ State _____ Zip Code _____
Telephone _____ Fax _____
Email Address _____ Issuer Web Site Address _____

Dissemination Agent Contact, if any:

Name Shelley J. Aronson Title President
Employer First River Advisory L.L.C.
Address 2640 Override Drive City Ann Arbor State MI Zip Code 48104
Telephone (734) 761-3624 Fax (734) 761-3614
Email Address aronson@firstriver.com Relationship to Issuer Dissemination Agent

Obligor Contact, if any:

Name Robert I. Giddings Title Vice President and Chief Financial Officer
Employer Garden City Hospital
Address 6245 Inkster Road City Garden City State MI Zip Code 48135
Telephone (734) 458-4642 Fax (734) 422-0273
Email Address GiddingsRobert@gchosp.org Obligor Web Site Address www.gchosp.org

Investor Relations Contact, if any:

Name _____ Title _____
Telephone _____ Email Address _____

INTRODUCTORY STATEMENT AND APPOINTMENT OF DISSEMINATION AGENT

This Municipal Secondary Market Disclosure filing is submitted by Garden City Hospital, Osteopathic (the "Corporation"), for itself and as Obligated Group Agent on behalf of the Garden City Hospital Obligated Group (the "Obligated Group"). As of September 30, 2005, the Corporation was the only Member of the Obligated Group.

In addition to the Securities specified on the cover page hereof, the Corporation has certain other debt instruments outstanding. The financing documents relating to such debt instruments specify certain annual reporting requirements. This Municipal Secondary Market Disclosure filing is intended to comply with all such annual reporting requirements in a consolidated fashion.

All capitalized terms used in this Municipal Secondary Market Disclosure filing shall have the meaning defined in the Amended and Restated Master Indenture and Security Agreement dated as of February 1, 1998 (the "Master Indenture") between the Corporation, on behalf of itself and as Obligated Group Agent on behalf of the Obligated Group, and U.S. Bank Trust National Association, as successor to Comerica Bank-Detroit (the "Master Trustee").

BACKGROUND

The Corporation has Outstanding four Obligations under the Master Indenture:

- a. Note No. 6, dated as of August 1, 1996, issued in favor of the Garden City Hospital Finance Authority (the "Local Authority") in the original principal amount of \$11,150,000, and issued pursuant to Supplemental Indenture No. 6 to the Master Indenture dated as of August 1, 1996 ("Supplemental Indenture No. 6") between the Corporation and the Master Trustee;
- b. Note No. 7, dated as of August 1, 1996, issued in favor of National City Bank of the Midwest (formerly known as National City Bank of Michigan/Illinois, formerly known as First of America Bank - Michigan National Association) (the "Bank") which evidences amounts due on account of unreimbursed draws on a certain letter of credit issued on August 22, 1996 (the "1996 Letter of Credit") by the Bank pursuant to a certain Reimbursement Agreement between the Corporation and the Bank dated as of August 1, 1996 (the "1996 Reimbursement Agreement"), and issued pursuant to Supplemental Indenture No. 7 to the Master Indenture dated as of August 1, 1996 ("Supplemental Indenture No. 7") between the Corporation and the Master Trustee;
- c. Note No. 8, dated as of September 1, 1997, issued in favor of the Bank which evidences amounts due on account of unreimbursed draws on a certain letter of credit issued on September 17, 1997 (the "1997 Letter of Credit") by the Bank pursuant to a certain Reimbursement Agreement between the Corporation and the Bank dated as of September 1, 1997 (the "1997 Reimbursement Agreement"), and issued pursuant to Supplemental Indenture No. 8 to the Master Indenture dated as of September 1, 1997 ("Supplemental Indenture No. 8") between the Corporation and the Master Trustee, which 1997 Letter of Credit

secures the Corporation's Taxable Notes, Series 1997 (the "Series 1997 Notes") in the original principal amount of \$6,000,000; and

- d. Note No. 9, dated as of February 1, 1998, issued in favor of the Local Authority in the original principal amount of \$25,040,000, and issued pursuant to Supplemental Indenture No. 9 to the Master Indenture dated as of February 1, 1998 ("Supplemental Indenture No. 9") between the Corporation and the Master Trustee.

The Master Indenture, Supplemental Indenture No. 9, the 1996 Reimbursement Agreement and the 1997 Reimbursement Agreement specify certain annual reporting requirements. There are no reporting requirements associated with the instruments of Other Indebtedness that were Outstanding at September 30, 2005.

The Obligations and Other Indebtedness are summarized in the table below.

<i>Summary of Obligations and Other Indebtedness</i>				
	<i>Obligations or Other Indebtedness</i>	<i>Related Bonds</i>	<i>For Reporting Purposes</i>	
			<i>Lender</i>	<i>Guarantor</i>
<i>Obligations</i>	Note No. 6	Series 1996A Bonds	Local Authority	N/A
	Note No. 7	N/A	N/A	Bank
	Note No. 8	Series 1997 Notes	N/A	Bank
	Note No. 9	Series 1998A Bonds	Local Authority	None
<i>Other Indebtedness</i>	Capitalized Leases		N/A	N/A
	Trade Grant Note		N/A	N/A
	Other Debt		N/A	N/A

The 1996 Reimbursement Agreement and the 1997 Reimbursement Agreement have been amended from time to time in order to modify certain financial covenants and other provisions. Modifications to covenants relating to FY2003 are contained in the Second Amendment to the 1996 Reimbursement Agreement and the Second Amendment to the 1997 Reimbursement Agreement, both dated April 7, 2003. The Third and Fourth Amendments to the 1996 Reimbursement Agreement and the Third and Fourth Amendments to the 1997 Reimbursement Agreement, dated March 2, 2004 and March 25, 2004, respectively, contain further modifications that apply to periods subsequent to FY2003. The most recent amendments, the Fifth Amendment to the 1996 Reimbursement Agreement and the Fifth Amendment to the 1997 Reimbursement Agreement, each dated January 18, 2006 modified the fees charged on the 1996 Letter of Credit and the 1997 Letter of Credit, but did not modify covenants any further. The definitions of the 1996 Reimbursement Agreement and the 1997 Reimbursement Agreement shall include all amendments thereto that are applicable to FY2005. The 1996 Reimbursement Agreement and the 1997 Reimbursement Agreement shall be hereinafter defined as the "Reimbursement Agreements."

DELIVERY OF REQUIRED INFORMATION RELATING TO FY2005

The Corporation, as Obligated Group Agent, represents that it has complied with the provisions of Sections 601(a)(ii)(A) through 601(a)(ii)(C). Accordingly, no Event of Default under the Master Indenture occurred due to its failure to deliver certain Officer's Certificates and audited financial statements within four months following the close of FY2005:

- a. an Officer's Certificate stating that no default has occurred under the Master Indenture or either the 1996 Related Loan Agreement or the 1998 Related Loan Agreement, pursuant to:
Section 506(b)(i) of the Master Indenture;
- b. an Officer's Certificate stating that no default has occurred under the Reimbursement Agreements, pursuant to:
Section 501(g) of the 1996 Reimbursement Agreement, and
Section 501(g) of the 1997 Reimbursement Agreement; and
- c. audited financial statements of the Obligated Group and the Corporation (one and the same with respect to FY2005) prepared in accordance with GAAP by an Independent Public Accountant, in compliance with:
Section 506(a)(i) of the Master Indenture,
Section 501(e)(i)(A) of Supplemental Indenture No. 9,
Sections 501(d)(i) and 501(d)(iv) of the 1996 Reimbursement Agreement, and
Sections 501(d)(i) and 501(d)(iv) of the 1997 Reimbursement Agreement.

Amerigard Health Services Corporation was dissolved during FY2003. Accordingly, the Corporation is no longer required to comply with:

- Section 501(d)(iii) of the 1996 Reimbursement Agreement, and
Section 501(d)(iii) of the 1997 Reimbursement Agreement

by delivering audited financial statements prepared in accordance with GAAP by an Independent Public Accountant.

The Officer's Certificates referred to in paragraphs a and b above could not be delivered within the time frame permitted due to the lack of availability of audited financial statements. Both are delivered herewith.

CONTENTS OF THIS MUNICIPAL SECONDARY MARKET DISCLOSURE FILING

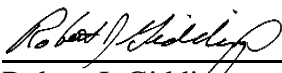
Included in this Municipal Secondary Market Disclosure filing are the following documents:

1. An Omnibus Officer's Certificate, in compliance with the requirements of Section 501(a)(v) of Supplemental Indenture No. 9, which addresses certain covenants contained in the Master Indenture, Supplemental Indenture No. 9, the 1996 Related Loan Agreement, the 1998 Related Loan Agreement, the 1996 Reimbursement Agreement, and the 1997 Reimbursement Agreement;

2. The Annual Report referred to in the Continuing Disclosure Agreement dated as of February 1, 1998 and executed in connection with the issuance of the Series 1998A Bonds, in accordance with Rule 15c2-12 of the Securities Exchange Commission, which Annual Report satisfies the requirements of Section 506(c) of the Master Indenture;
3. Audited financial statements of the Obligated Group and the Corporation (one and the same with respect to FY2005) prepared in accordance with GAAP by an Independent Public Accountant, in compliance with:
 - Section 506(a)(i) of the Master Indenture,
 - Section 501(e)(i)(A) of Supplemental Indenture No. 9
 - Sections 501(d)(i) and 501(d)(iv) of the 1996 Reimbursement Agreement, and
 - Sections 501(d)(i) and 501(d)(iv) of the 1997 Reimbursement Agreement.

Such Audited financial statements of the Obligated Group and the Corporation (one and the same with respect to FY2005) are also presented on a consolidated basis along with several subsidiaries of the Corporation which are not Members of the Obligated Group.

The Corporation hereby appoints First River Advisory L.L.C. as the Dissemination Agent pursuant to Section 7 of the Continuing Disclosure Agreement.



By: Robert J. Giddings
Title: Vice President &
Chief Financial Officer
Garden City Hospital, Osteopathic

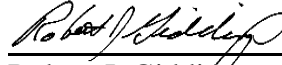
Date: March 17, 2006

GARDEN CITY HOSPITAL OBLIGATED GROUP
OMNIBUS OFFICER'S CERTIFICATE
RELATING TO THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

The undersigned hereby certifies that:

- a. the Obligated Group has complied with Section 506(b)(i) of the Master Indenture, for to the best of my knowledge, no Event of Default exists under the Master Indenture, or the 1996 Related Loan Agreement or the 1998 Related Loan Agreement, nor has any event occurred which, with notice and/or passage of time, would constitute such an Event of Default;
- b. the Obligated Group has complied with Section 501(g) of the 1996 Reimbursement Agreement, and Section 501(g) of the 1997 Reimbursement Agreement, for to the best of my knowledge, no Event of Default exists under the Reimbursement Agreements, nor has any event occurred which, with notice and/or passage of time, would constitute such an Event of Default;
- c. the Obligated Group has complied with Section 501(a)(ii) of the Master Indenture, Section 501(a)(i) of Supplemental Indenture No. 9, Section 5.04(a) of the 1996 Reimbursement Agreement, and Section 5.04(a) of the 1997 Reimbursement Agreement by having recorded a Debt Service Coverage Ratio for FY2005 of 1.37 (supporting calculations appear in Exhibit A hereto);
- d. the Obligated Group has complied with Section 5.04(g) of the 1996 Reimbursement Agreement and Section 5.04(g) of the 1997 Reimbursement Agreement, by having transferred assets during FY2005 in the amount of \$525,000, which is less than the limit of \$1,250,000;
- e. the Obligated Group has complied with Section 5.04(i) of the 1996 Reimbursement Agreement and Section 5.04(i) of the 1997 Reimbursement Agreement by having recorded a ratio of Debt to Capitalization for FY2005 of 0.62, which is less than the limit of 0.65 (supporting calculations appear in Exhibit B hereto); and

- f. the Obligated Group has complied with Section 5.04(j) of the 1996 Reimbursement Agreement and Section 5.04(j) of the 1997 Reimbursement Agreement by having recorded Unrestricted Liquid Assets for FY2005 equivalent to 79.3 Days' Cash, which exceeds the minimum of 65 Days' Cash for FY2005 (supporting calculations appear in Exhibit C hereto).



By: Robert J. Giddings
Title: Vice President &
Chief Financial Officer
Garden City Hospital, Osteopathic

Date: March 17, 2006

EXHIBIT A
TO THE OMNIBUS OFFICER'S CERTIFICATE

GARDEN CITY HOSPITAL OBLIGATED GROUP

**DEBT SERVICE REQUIREMENTS AND
DEBT SERVICE COVERAGE RATIO CALCULATIONS
Relating to the Fiscal Year Ended September 30, 2005**

<i>Calculation of Debt Service Requirements</i>				
	<i>Obligations or Other Indebtedness</i>	<i>Related Bonds</i>	<i>Maximum Annual Debt Service Requirements¹</i>	<i>Debt Service Requirements for FY2005</i>
<i>Obligations</i>	Note No. 6	Series 1996 Bonds	\$1,370,900	\$1,318,834
	Note No. 8	Series 1997 Notes	494,494	477,064
	Note No. 9	Series 1998A Bonds	2,759,544	2,435,450
<i>Other Indebtedness</i>	Capitalized Leases		250,565	215,413
	Trade Grant Note		38,040	38,040
	Other		25,006	25,006
	TOTAL		\$4,938,549	\$4,509,807

¹ In FY2007, the FY in which Annual Principal and Interest Requirements reach their maximum.

<i>Debt Service Coverage Ratio Calculation for the Fiscal Year Ended September 30, 2005</i>			
		<i>Based on Maximum Annual Debt Service Requirements in FY2007</i>	<i>Based on Debt Service Requirements for FY2005</i>
Excess of Revenue over Expenses		877,279	877,279
Plus:	Interest	1,662,506	1,662,506
Plus:	Depreciation	3,658,830	3,658,830
Net Income Available for Debt Service		6,198,615	6,198,615
Debt Service Requirements		4,938,549	4,509,807
Debt Service Coverage Ratio		1.26	1.37

EXHIBIT B
TO THE OMNIBUS OFFICER'S CERTIFICATE

GARDEN CITY HOSPITAL OBLIGATED GROUP

DEBT TO CAPITALIZATION RATIO CALCULATIONS
Relating to the Fiscal Year Ended September 30, 2005

<i>Debt to Capitalization Ratio Calculation for the Fiscal Year Ended September 30, 2005</i>	
Long-Term Indebtedness	\$27,472,313
Current Portion of Long-Term Indebtedness	3,228,344
Short-Term Indebtedness	0
Total Indebtedness (Numerator)	\$30,700,657
Unrestricted Net Assets	\$19,182,393
Total Indebtedness + Unrestricted Net Assets (Denominator)	\$49,883,050
Debt to Capitalization Ratio	0.62

EXHIBIT C
TO THE OMNIBUS OFFICER'S CERTIFICATE

GARDEN CITY HOSPITAL OBLIGATED GROUP

UNRESTRICTED LIQUID ASSETS (DAYS' CASH) CALCULATIONS
Relating to the Fiscal Year Ended September 30, 2005

<i>Unrestricted Liquid Assets (Days' Cash) Calculation for the Fiscal Year Ended September 30, 2005</i>	
Cash and cash equivalents	\$11,788,928
Unrestricted Board-designated funds	\$16,069,540
Unrestricted Liquid Assets	\$27,858,468
times 365 (numerator)	\$10,168,340,820
Total operating expenses	\$131,912,974
Depreciation and amortization	(\$3,658,830)
Cash operating expenses	\$128,254,144
Days' Cash	79.3

GARDEN CITY HOSPITAL OBLIGATED GROUP

ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005 (FY2005)

Unless otherwise noted, all data apply to the Fiscal Year Ended September 30, 2005, or are accurate as of September 30, 2005, as appropriate. OS pages refer to the Official Statement relating to the Securities, dated February 19, 1998. The source of all data is the Corporation's records.

SERVICE VOLUMES AND UTILIZATION

INPATIENT UTILIZATION

In all cases, Occupancy Rates are based on Available Beds rather than Licensed Beds.

<i>Historical Adult Medical/Surgical Utilization (excludes newborns) [OS Page A-20]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2000</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Days in Period	365	366	365	365	365
Licensed Beds	262	262	262	262	262
Available Beds	220	220	220	220	220
Admissions	9,509	9,602	9,406	8,974	8,633
Patient Days	45,387	46,710	46,083	53,067	48,475
Average Daily Census	124.3	127.6	126.3	145.4	132.8
Average Length of Stay	4.8	4.9	4.9	5.9	5.6
Occupancy Rate (%)	56.5	58.0	57.4	66.1	60.4

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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<i>Historical Pediatrics Utilization (excludes newborns) [OS Page A-20]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Days in Period	365	366	365	365	365
Licensed Beds	23	23	23	23	23
Available Beds	16	16	16	16	16
Admissions	341	313	386	273	333
Patient Days	629	603	716	713	769
Average Daily Census	1.7	1.6	2.0	2.0	2.1
Average Length of Stay	1.8	1.9	1.9	2.6	2.3
Occupancy Rate (%)	10.8	10.3	12.3	12.2	13.2

The distinct Pediatric Unit was closed in October 2000. Since then, pediatric services have been integrated into an existing adult medical unit

<i>Historical Obstetrics Utilization (excludes newborns) [OS Page A-21]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Days in Period	365	366	365	365	365
Licensed Beds	14	14	14	14	14
Available Beds	10	10	10	10	10
Admissions	757	837	897	884	724
Patient Days	1,506	1,629	1,678	1,526	1,389
Average Daily Census	4.1	4.5	4.6	4.2	3.8
Average Length of Stay	2.0	1.9	1.9	1.7	1.9
Occupancy Rate (%)	41.3	44.5	46.0	41.8	38.1

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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<i>Historical Rehabilitation Utilization</i>					
<i>[OS Page A-21]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Days in Period	365	366	365	365	365
Licensed Beds	24	24	24	24	24
Available Beds	24	24	24	24	24
Admissions	524	695	711	711	693
Patient Days	6,587	7,667	7,774	7,668	7,591
Average Daily Census	18.0	20.9	21.3	21.0	20.8
Average Length of Stay	12.6	11.0	10.9	10.8	11.0
Occupancy Rate (%)	75.2	87.3	88.7	87.5	86.7

<i>Historical Total Acute Care Utilization</i>					
<i>(excludes newborns and includes Rehabilitation Unit)</i>					
<i>[OS Page A-22]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Days in Period	365	366	365	365	365
Licensed Beds	323	323	323	323	323
Available Beds	270	270	270	270	270
Admissions	11,131	11,447	11,400	10,842	10,383
Patient Days	54,109	56,609	56,251	62,974	58,224
Average Daily Census	148.2	154.7	154.1	172.5	159.5
Average Length of Stay	4.9	4.9	4.9	5.8	5.6
Occupancy Rate (%)	54.9	57.3	57.1	63.9	59.1

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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OUTPATIENT UTILIZATION

<i>Historical Outpatient Utilization, in Visits [OS Page A-23]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Emergency Department	42,924	41,810	41,777	43,715	40,974
Scheduled Outpatient Registrations	62,242	58,770	51,188	46,220	50,457
FY2004 figures were revised to correct errors contained in the FY2004 report.					

ANCILLARY SERVICES UTILIZATION

<i>Surgical Procedures [OS Page A-24]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Inpatient	2,375	2,443	2,417	2,443	2,744
Outpatient	4,550	4,621	4,870	4,870	4,292
Total	6,925	7,064	7,287	7,313	7,036
Percent Outpatient	65.7%	65.4%	66.8%	66.6%	61.0%

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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<i>Ancillary Services Provided to <u>Inpatients</u></i>					
<i>[OS Page A-25]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Laboratory ¹	459,473	457,639	461,071	351,397	344,579
CT Scanning ²	6,494	6,057	5,688	6,038	5,132
MRI Scans ²	463	332	348	398	285
Other Radiology ²	21,110	21,666	21,913	24,826	24,047
Ultrasonography ²	3,490	2,991	2,505	2,402	2,722
Nuclear Medicine ²	3,579	4,205	4,269	4,238	5,076
Electrocardiography ¹	7,564	6,286	7,808	9,212	9,244
Electroencephalography ¹	754	951	1,055	1,860	1,890
Cardiac Catheterization ³	581	555	639	760	703
Cardiovascular Lab ^{4,5}	8,038	8,532	5,856	7,741	7,727
Cardiac Rehabilitation ⁵			150	180	299
Physical Therapy ⁵	37,775	41,167	42,625	37,618	42,549
Occupational Therapy ⁵	9,413	9,352	11,319	10,173	8,507
Speech Therapy ⁵	4,046	3,774	4,474	3,483	2,049
Endoscopy ³	1,206	1,184	1,187	1,159	998
Respiratory Therapy ³	119,448	113,793	107,510	133,501	144,678
¹ Tests					
² Examinations					
³ Procedures					
⁴ Includes stress tests, echocardiograms and Holter monitors					
⁵ Encounters					

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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<i>Ancillary Services Provided to <u>Outpatients</u></i>					
<i>[OS Page A-26]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Laboratory ¹	312,798	313,034	289,825	299,338	275,240
CT Scanning ³	11,578	10,271	8,968	7,687	6,577
MRI Scans ²	3,296	3,238	3,170	3,025	2,574
Other Radiology ³	30,508	29,194	27,583	33,424	30,967
Ultrasonography ²	7,430	6,838	5,614	5,492	5,158
Nuclear Medicine ²	4,809	5,266	4,812	4,617	4,978
Electrocardiography ¹	13,238	12,274	13,303	14,295	14,513
Electroencephalography ¹	322	591	589	690	641
Cardiac Catheterization ⁴	392	360	296	265	255
Cardiovascular Lab ^{4,5}	2,679	2,844	1,952	2,580	2,588
Cardiac Rehabilitation ⁶	8,783	10,161	10,337	10,899	11,237
Physical Therapy ⁶	47,658	44,345	47,528	61,671	66,384
Occupational Therapy ⁶	1,092	1,227	1,168	1,238	1,679
Speech Therapy ⁶	1,863	2,150	2,200	1,715	1,679
Endoscopy ⁴	4,326	3,877	3,912	3,916	3,167
Respiratory Therapy ⁴	7,390	7,838	7,584	9,234	10,135
¹ Tests ² Examinations ³ Patients ⁴ Procedures ⁵ Includes stress tests, echocardiograms and Holter monitors ⁶ Encounters					

The Occupational Medicine program was discontinued in August 2000.

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group

Fiscal Year Ended September 30, 2005

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FINANCIAL INFORMATION

SOURCES OF REVENUE

<i>Percentage of Gross Revenue by Payor Category, Acute Care Services, FY2005 [OS Page A-28]</i>	
Blue Cross Traditional (indemnity)	3.6%
Blue Preferred, Blue Care Network (managed care)	15.5%
Commercial Insurers, Managed Care Organizations* and Private Payors	30.4%
Medicare	46.3%
Medicaid (enrollees not in managed care plans)	4.2%
Total	100.0%
* Other than Blue Preferred and Blue Care Network	

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group

Fiscal Year Ended September 30, 2005

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CORPORATION FINANCIAL OPERATIONS

<i>Summary of Financial Operations of the Corporation</i>					
<i>(\$000s omitted)</i>					
<i>[OS Page A-29]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i> <i>Restated</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Net Patient Service Revenue	128,611	132,281	121,679	118,408	110,504
Other Revenue	<u>4,180</u>	<u>3,481</u>	<u>4,049</u>	<u>2,653</u>	<u>3,837</u>
Total Revenue and Other Support	132,790	135,762	125,729	121,061	114,341
Depreciation Expense	3,659	3,747	4,170	4,386	4,764
Interest Expense	1,663	1,732	1,737	1,845	2,277
Other Operating Expenses	<u>126,592</u>	<u>121,473</u>	<u>108,991</u>	<u>110,236</u>	<u>109,666</u>
Total Operating Expenses	131,913	126,951	114,898	116,467	116,706
Income (Loss) from Operations	877	8,811	10,830	4,594	(2,366)
Write-off due to MCO Insolvency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,200)</u>
Income (Loss) from Operations after Write-off	877	8,811	10,830	4,594	(3,566)
Net Nonoperating Revenue (Loss)	<u>0</u>	<u>(249)</u>	<u>(327)</u>	<u>(282)</u>	<u>(162)</u>
Excess (Deficiency) of Revenue / Expenses	877	8,562	10,503	4,312	(3,728)

MUNICIPAL SECONDARY MARKET DISCLOSURE

Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
 Fiscal Year Ended September 30, 2005

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INDEBTEDNESS AND DEBT SERVICE COVERAGE RATIOS

<i>Calculation of Debt Service Requirements</i>				
	<i>Obligations or Other Indebtedness</i>	<i>Related Bonds</i>	<i>Maximum Annual Debt Service Requirements¹</i>	<i>Debt Service Requirements for FY2005</i>
<i>Obligations</i>	Note No. 6	Series 1996 Bonds	\$1,370,900	\$1,318,834
	Note No. 8	Series 1997 Notes	494,494	477,064
	Note No. 9	Series 1998A Bonds	2,759,544	2,435,450
<i>Other Indebtedness</i>	Capitalized Leases		250,565	215,413
	Trade Grant Note		38,040	38,040
	Other		25,006	25,006
	TOTAL		\$4,938,549	\$4,509,807

¹ In FY2007, the FY in which Annual Principal and Interest Requirements reach their maximum.

<i>Debt Service Coverage Ratio Calculations¹</i>					
<i>[OS Page A-31]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Excess of Revenue over Expenses, plus Depreciation and Interest Expenses (Net Income Available for Debt Service)	\$6,199	\$14,040	\$16,410	\$10,543	\$3,313
Debt Service Requirements for each FY ²	\$4,510	\$4,514	\$3,837	\$2,883	\$3,212
Debt Service Coverage Ratio	1.37	3.11	4.28	3.66	1.03
Maximum Annual Debt Service Requirements ³	\$4,939	\$4,766	\$4,730	\$4,656	\$4,781
Debt Service Coverage Ratio	1.26	2.95	3.47	2.26	0.69

¹ Takes into account debt service on Indebtedness Outstanding at the end of each respective FY.
² Calculated for each FY in accordance with the provisions of the Master Indenture.
³ Based on the Maximum Annual Debt Service Requirements calculated on the table entitled, "Calculation of Debt Service Requirements"

MUNICIPAL SECONDARY MARKET DISCLOSURE

**Garden City Hospital Finance Authority / Garden City Hospital Obligated Group
Fiscal Year Ended September 30, 2005**

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Without consideration of a \$1.2 million loss associated with an insolvent managed care organization, the Debt Service Coverage Ratio for FY2001 would have been approximately 1.40.

<i>Percentages of Gross Patient Service Revenue, By Service [OS Page A-32]</i>					
	<i>Fiscal Years Ended September 30</i>				
	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
Inpatient	53.2%	53.8%	56.0%	58.2%	58.8%
Outpatient	46.8%	46.2%	44.0%	41.8%	41.2%

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Garden City Hospital and Subsidiaries
Years Ended September 30, 2005 and 2004
With Report of Independent Auditors

Garden City Hospital and Subsidiaries

Consolidated Financial Statements
and Other Financial Information

Years Ended September 30, 2005 and 2004

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Report of Independent Auditors

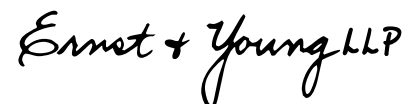
The Board of Trustees
Garden City Hospital

We have audited the accompanying consolidated balance sheets of Garden City Hospital and Subsidiaries as of September 30, 2005 and 2004, 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 Hospital'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 in 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included 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 the Company'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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Garden City Hospital and Subsidiaries at September 30, 2005 and 2004, and the consolidated 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 in the United States.

As discussed in Note 14, the accompanying 2004 financial statements have been restated.



December 12, 2005

Garden City Hospital and Subsidiaries

Consolidated Balance Sheets

	September 30	
	2005	2004
Assets		<i>(Restated)</i>
Current assets:		
Cash and cash equivalents	\$ 12,799,044	\$ 12,902,451
Accounts receivable, less allowance for uncollectible accounts of \$11,395,000 in 2005 and \$14,347,000 in 2004 <i>(Note 2)</i>	8,818,318	16,709,781
Due from third-party payors <i>(Note 2)</i>	4,126	-
Inventories	554,696	611,637
Prepaid expenses and other assets	1,833,530	1,860,049
Total current assets	24,009,714	32,083,918
Assets whose use is limited <i>(Notes 6 and 14)</i>	19,943,597	19,410,147
Other assets:		
Deferred bond costs, less accumulated amortization of \$612,000 in 2005 and \$540,000 in 2004	594,691	668,252
Other	657,231	630,924
Total other assets	1,251,922	1,299,176
Property and equipment, net <i>(Note 7)</i>	32,824,491	31,236,389
Total assets	\$ 78,029,724	\$ 84,029,630

	September 30	
	2005	2004
	<i>(Restated)</i>	
Liabilities and net assets		
Current liabilities:		
Current portion of obligations under capital leases <i>(Note 9)</i>	\$ 223,542	\$ 215,413
Current portion of long-term debt <i>(Note 8)</i>	3,008,428	2,895,791
Due to third-party payors	704,889	549,790
Accounts payable	4,838,296	5,196,786
Accrued benefits payable	3,887,135	4,773,688
Total current liabilities	<u>12,662,290</u>	13,631,468
Other liabilities:		
Reserve for professional liability claims <i>(Note 11)</i>	2,123,919	2,431,740
Pension liability <i>(Note 10)</i>	13,556,219	13,573,734
Obligations under capital leases, less current portion <i>(Note 9)</i>	397,334	621,988
Long-term debt, less current portion <i>(Note 8)</i>	27,074,979	30,079,886
Total other liabilities	<u>43,152,451</u>	46,707,348
Total liabilities	<u>55,814,741</u>	60,338,816
Net assets:		
Unrestricted <i>(Note 14)</i>	22,012,605	23,653,215
Temporarily restricted	202,378	37,599
Total net assets	<u>22,214,983</u>	23,690,814
Total liabilities and net assets	<u>\$ 78,029,724</u>	<u>\$ 84,029,630</u>

See accompanying notes.

Garden City Hospital and Subsidiaries

Consolidated Statements of Operations
and Changes in Net Assets

	Years Ended September 30	
	2005	2004
	<i>(Restated)</i>	
Unrestricted revenue and other support		
Net patient service revenue <i>(Note 2)</i>	\$ 141,158,805	\$ 144,165,829
Other revenue <i>(Note 3)</i>	4,662,213	3,900,740
Total unrestricted revenue and other support	145,821,018	148,066,569
Expenses		
Wages	59,384,146	56,706,299
Employee benefits	14,354,647	10,409,297
Professional fees	1,159,752	1,091,763
Supplies	22,390,273	21,016,079
Utilities	1,879,402	1,753,492
Purchased services	11,774,319	12,808,153
Other	8,382,290	7,949,090
Insurance	7,194,141	7,680,589
Interest	1,668,974	1,736,997
Depreciation and amortization	3,931,753	4,085,523
Bad debt	13,660,443	13,957,799
Total expenses	145,780,140	139,195,081
Income from operations	40,878	8,871,488
Net nonoperating losses	(12,054)	(248,537)
Excess of revenue over expenses	28,824	8,622,951

Continued on next page.

Garden City Hospital and Subsidiaries

Consolidated Statements of Operations
and Changes in Net Assets (continued)

	Years Ended September 30	
	2005	2004
		<i>(Restated)</i>
Unrestricted net assets		
Excess of revenue over expenses	\$ 28,824	\$ 8,622,951
Change in net unrealized appreciation in fair value of investments	483,545	(25,457)
Change in additional minimum pension liability	<u>(2,152,979)</u>	<u>(5,521,908)</u>
(Decrease) increase in unrestricted net assets	(1,640,610)	3,075,586
Temporarily restricted net assets		
Contributions	164,779	9,014
Net assets released from restrictions	-	(4,339)
Increase in temporarily restricted net assets	<u>164,779</u>	<u>4,675</u>
(Decrease) increase in net assets	(1,475,831)	3,080,261
Net assets at beginning of year	23,690,814	20,610,553
Net assets at end of year	<u>\$ 22,214,983</u>	<u>\$ 23,690,814</u>

See accompanying notes.

Garden City Hospital and Subsidiaries

Statements of Cash Flows

	Years Ended September 30	
	2005	2004
	<i>(Restated)</i>	
Operating activities		
(Decrease) increase in net assets	\$ (1,475,831)	\$ 3,080,261
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,931,753	4,085,523
Change in net unrealized depreciation in fair value of investments	483,545	25,457
Change in additional minimum pension liability	2,152,979	5,521,908
Changes in assets and liabilities:		
Accounts receivable	7,891,463	(1,971,184)
Due to/from third-party payors	150,973	999,634
Inventories, prepaid expenses, and other assets	57,153	(1,022,629)
Accounts payable	(358,490)	(33,505)
Accrued benefits payable	(886,553)	(162,113)
Reserve for professional liability claims	(307,821)	515,588
Pension liability	(2,170,494)	(4,916,693)
Net cash provided by operating activities	9,468,677	6,122,247
Investing activities		
Additions to property and equipment – net	(5,446,294)	(2,515,527)
Increase in assets whose use is limited	(1,016,995)	(14,148,826)
Decrease in investments	–	4,954,062
Net cash used in investing activities	(6,463,289)	(11,710,291)
Financing activities		
Payments on capital leases	(216,525)	(233,484)
Payments on long-term debt	(2,892,270)	(1,750,729)
Net cash used in financing activities	(3,108,795)	(1,984,213)
Decrease in cash and cash equivalents	(103,407)	(7,572,257)
Cash and cash equivalents at beginning of year	12,902,451	20,474,708
Cash and cash equivalents at end of year	\$ 12,799,044	\$ 12,902,451
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 1,668,974	\$ 1,734,038

See accompanying notes.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2005

1. Organization and Significant Accounting Policies

Garden City Hospital (the Corporation), a Michigan nonprofit organization, is the parent corporation of Garden City Hospital Foundation (the Foundation), Garden Nursing Center, Inc., Amerigard Development, Inc., United Home Health Services, Inc., United Home Care Services, Inc., and Amerigard Diagnostic Centre. Garden Nursing Center, Inc. owns and operates Advance Nursing Center (Advance).

Effective March 1, 2003, Amerigard Health Services was officially renamed Garden City Hospital Foundation. As part of the reorganization the Corporation became the sole corporate member of the Foundation, Garden Nursing Center, Amerigard Development, Inc., United Home Health Services, Inc., United Home Care Services, Inc., and Amerigard Diagnostic Centre.

The consolidated financial statements include the accounts of the Hospital and the above subsidiaries. All intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

The Corporation considers all investments with an original maturity of three months or less when purchased, excluding amounts whose use is limited by other arrangements and under trust agreements, to be cash equivalents.

Assets Whose Use Is Limited

Assets whose use is limited include those assets held by trustees under indenture agreements, funds designated by the board of trustees for capital improvements, donor restricted funds which arise through specific contributions to the Corporation, and deposits held by the Hospital's multi-provider captive insurance company. As such, these assets are available to fund only approved expenditures.

Assets whose use is limited are comprised substantially of cash and cash equivalents, marketable securities, and debt securities (see Note 6), and are stated at fair value.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Property and Equipment

Property and equipment, including amounts under capital lease, are stated at cost or estimated fair value at the date of donation, and are depreciated by the straight-line method over their estimated useful lives or lease term.

Bond Issue Costs and Unamortized Bond Discounts

Bond issue costs and unamortized bond discounts are amortized by the bonds outstanding method over the terms of the bonds.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Estimated settlements are recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that adequate provision has been made in the financial statements for any adjustments that may result from final settlements.

The majority of the Corporation's services are reimbursed under fixed price provisions of third-party payment programs (primarily Medicare, Medicaid, and Blue Cross). Net patient service revenue from Medicare, Medicaid and Blue Cross programs accounted for approximately 48%, 3%, and 17% in 2005 and 48%, 4%, and 19% in 2004, respectively. Under these provisions, payment rates for patient care are determined prospectively on various bases, and the Corporation's revenues are limited to such amounts. Payments are also received for the Corporation's capital and medical education costs, subject to certain limits. Additionally, the Corporation has entered into agreements with commercial insurance carriers, certain health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined per diem rates and discounts from established charges.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with such laws and regulations. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory actions, including fines, penalties, and possible exclusion from the Medicare and Medicaid programs

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable include Medicare (28% and 27%), Blue Cross (11% and 15%), Medicaid (7% and 6%), and managed care, commercial, and self-pay (54% and 52%) at September 30, 2005 and 2004, respectively.

The provision for bad debts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage and other collection indicators. Periodically throughout the year management assesses the adequacy of allowance for uncollectible accounts based upon historical write off experience by payor category. The results of this review are then used to make any modifications to the provisions for bad debts to establish an appropriate allowance for uncollectible receivables. After satisfactions of amounts due from insurance, the Corporation follows established guidelines for placing certain past due patient balances with collection agencies.

Charity Care

The Corporation provides health care services to patients regardless of their ability to pay. The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Excess of Revenue Over Expenses

The statement of operations includes the excess of revenue over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments, net assets released from restrictions for long-lived assets and recognition of additional minimum pension liability adjustments.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Nonoperating Gains and Losses

Activities directly associated with the provision of health care services in furtherance of the Corporation's mission are considered to be operating activities. Other activities unrelated to the primary mission are excluded from operating income.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Tax Status

The Corporation, Foundation, Garden Nursing Center, Inc., and United Home Health Services, Inc. have been determined by the Internal Revenue Service to be organizations as described under Internal Revenue Code Section 501(c)(3), and as such are exempt from federal income taxes under Code Section 501(a). Amerigard Development, Inc., United Home Care Services, Inc., and Amerigard Diagnostic Centre are subject to corporate income taxes.

2. Net Patient Service Revenue

Net patient service revenue consists of the following:

	Years Ended September 30	
	2005	2004
Gross patient service revenue	\$ 314,124,762	\$ 318,415,833
Provisions for contractual and other adjustments	(172,965,957)	(174,250,004)
Net patient service revenue	\$ 141,158,805	\$ 144,165,829

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

A major portion of the Corporation's gross charges (approximately \$215,493,000 in 2005 and \$225,197,000 in 2004) was provided to patients under health benefit contracts with third-party payors (Medicare, Medicaid, and Blue Cross Blue Shield of Michigan). During 2004, the Hospital recognized an increase of \$3,200,000 in net patient service revenue due to favorable changes in settlement estimates.

3. Other Revenue

Other revenue consists of the following:

	Years Ended September 30	
	2005	2004
Medical office building, rental income	\$ 701,949	\$ 691,974
Cafeteria income	322,293	349,698
Neurosurgery	302,104	316,423
Durable medical supplies revenue	1,428,945	1,420,652
Investment income	798,464	330,674
Other	1,108,458	791,319
Total	<u>\$ 4,662,213</u>	<u>\$ 3,900,740</u>

4. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value, which is determined based on quoted market prices. The Corporation evaluates its holdings for other-than-temporary declines in fair value below the cost basis. If an investment is determined to have an other-than-temporary decline in fair value, the unrealized losses for the investment are realized in investment income.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments (continued)

The gross unrealized gains (losses) on investments were \$734,124 and \$(275,963) at September 30, 2005, and \$141,217 and \$(166,601) at September 30, 2004. The following tables summarize the fair value of investments that have gross unrealized gains (the amount by which fair value exceeds historical cost) and gross unrealized losses (the amount by which historical cost exceeds fair value) as of September 30, 2005 and 2004. The tables further segregates the securities that have been in a gross unrealized gain or loss position as of September 30, 2005 and 2004, for less than twelve months and those for twelve months or longer. The gross unrealized losses of less than twelve months at September 30, 2005 of \$(104,481) are a reflection of the normal fluctuations of the stock market and are therefore considered temporary. The gross unrealized losses of twelve months or longer at September 30, 2005 of \$(171,482) represent an average 5.4% decline in fair value below cost. The decline in value is assessed by management to be temporary based on their assessment of projected recoveries in the next twelve months.

	September 30, 2005					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Gains (Losses)	Fair Value	Unrealized Gains (Losses)	Fair Value	Unrealized Gains (Losses)
Investments in loss position:						
United States government obligations	\$ 6,747,933	\$ (56,793)	\$ 1,645,236	\$ (45,869)	\$ 8,393,169	\$(102,662)
Corporate obligations	1,774,361	(35,979)	437,881	(10,774)	2,212,242	(46,753)
Subtotal, debt securities	8,522,294	(92,772)	2,083,117	(56,643)	10,605,411	(149,415)
Marketable equity securities	350,101	(11,709)	1,091,063	(114,839)	1,441,164	(126,548)
Total investments in loss position	8,872,395	(104,481)	3,174,180	(171,482)	12,046,575	(275,963)
Investments in gain position:						
Cash and cash equivalents	14,726,864	-	-	-	14,726,864	-
Marketable equity securities	2,502,854	208,738	2,347,115	525,386	4,849,969	734,124
Total investments in gain position	17,229,718	208,738	2,347,115	525,386	19,576,833	734,124
Total investments	<u>\$ 26,102,113</u>	<u>\$ 104,257</u>	<u>\$ 5,521,595</u>	<u>\$ 353,904</u>	<u>\$ 31,623,408</u>	<u>\$ 458,161</u>

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments (continued)

	September 30, 2004					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Gains (Losses)	Fair Value	Unrealized Gains (Losses)	Fair Value	Unrealized Gains (Losses)
Investments in loss position:						
United States government obligations	\$ 1,621,319	\$ (6,660)	\$1,381,925	\$ (22,609)	\$3,003,244	\$ (29,269)
Corporate obligations	1,224,114	(4,001)	-	-	1,224,114	(4,001)
Subtotal, debt securities	2,845,433	(10,661)	1,381,925	(22,609)	4,227,358	(33,270)
Marketable equity securities	2,936,266	(133,331)	-	-	2,936,266	(133,331)
Total investments in loss position	5,781,699	(143,992)	1,381,925	(22,609)	7,163,624	(166,601)
Investments in gain position:						
Cash and cash equivalents	14,466,761	-	-	-	14,466,761	-
United States government obligations	5,003,972	14,007	-	-	5,003,972	14,007
Corporate obligations	1,564,873	4,524	-	-	1,564,873	4,524
Subtotal, debt securities	6,568,845	18,531	-	-	6,568,845	18,531
Marketable equity securities	2,376,687	122,686	-	-	2,376,687	122,686
Total investments in gain position	23,412,293	141,217	-	-	23,412,293	141,217
Total investments	\$29,193,992	\$ (2,775)	\$1,381,925	\$ (22,609)	\$ 30,575,917	\$ (25,384)

In order to evaluate the realizable value of its investments, the Corporation's management evaluates the available facts and circumstances, including the investment intent of the Corporation's investment managers and estimated twelve-month target prices. This evaluation requires significant judgment including determinations involving the estimation of the outcome of future events, and also consists of an accumulation of factors about general market conditions which reflect prospects for the economy as a whole, the specific industries, and/or the specific securities under consideration. These factors are considered by management in determining whether the security still has earnings potential in the near future, and whether the security has an anticipated recovery in market value.

As such, the following sets forth the Corporation's management's position as to why the impairment is temporary and no adjustment to the cost basis is deemed necessary:

- The decline in fair value has not been precipitous, nor existed for an extended period of time to suggest other than routine market fluctuations.
- The individual stocks still have earnings potential in the near term sufficient to recover any decline in investment balance.
- The investment managers have the intent and ability to retain the investments for a period of time sufficient to allow for the anticipated recovery in market value.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments (continued)

Investment return is summarized as follows:

	Years Ended September 30	
	2005	2004
Interest, dividends and realized gains	\$ 798,464	\$ 330,674
Change in net unrealized gains	483,545	(25,457)
Total investment gain	\$ 1,282,009	\$ 305,217
Included in operating income	\$ 798,464	\$ 330,674
Reported separately as increase (decrease) in unrestricted net assets	483,545	(25,457)
Total investment gain	\$ 1,282,009	\$ 305,217

Investment return, excluding unrealized gains and losses, on temporary cash investments, professional liability funds, funds designated for capital improvements, and funds held in trust under bond agreements is included in operating income.

Cash and investments are summarized as follows:

	September 30	
	2005	2004
Cash and cash equivalents	\$14,726,864	\$14,466,761
Marketable equity securities, including mutual funds	6,291,133	5,312,953
Marketable debt securities	10,605,411	10,796,203
	\$31,623,408	\$30,575,917

The Corporation records its investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Fair value is determined based on quoted market prices.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Financial Instruments

The following methods and assumptions were used in estimating fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts in the balance sheet for cash and cash equivalents approximate fair value.

Marketable securities: The fair values for marketable equity and debt securities are based on quoted market prices.

Long-term debt: The fair values for long-term debt are estimated using discounted cash flow analyses based on current borrowing rates for similar types of borrowing arrangements.

The cost and carrying amounts are as follows:

	September 30, 2005		September 30, 2004	
	Cost	Carrying Amount	Cost	Carrying Amount
Cash and cash equivalents	\$ 14,726,864	\$ 14,726,864	\$ 14,466,761	\$ 14,466,761
Marketable securities:				
Mutual funds	5,683,557	6,291,133	5,323,598	5,312,953
Debt securities	10,754,826	10,605,411	10,810,942	10,796,203
	\$ 31,165,247	\$ 31,623,408	\$ 30,601,301	\$ 30,575,917
Long-term debt	\$ 30,083,407	\$ 30,083,407	\$ 32,975,677	\$ 32,975,677

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Assets Whose Use is Limited

Assets whose use is limited consists of the following:

	September 30	
	2005	2004
	<i>(Restated)</i>	
Bond proceeds held by trustee	\$ 2,258,716	\$ 2,017,506
Board designated for capital improvements	16,069,540	15,075,210
Funds held as security for operating lease	344,696	444,343
Funds held in escrow	103,383	101,222
Investment in multi-provider captive insurance company <i>(Notes 1 and 141)</i>	984,233	1,736,681
Pledges receivable	135,000	–
Temporarily restricted investments	48,029	35,185
Total	\$ 19,943,597	\$ 19,410,147

7. Property and Equipment

Property and equipment, which are stated at cost, consists of the following:

	September 30	
	2005	2004
Land and land improvements	\$ 1,926,312	\$ 1,907,622
Buildings and fixed equipment	51,468,153	50,169,684
Furniture and equipment	43,262,660	39,891,964
Construction-in-progress	698,745	–
	97,355,870	91,969,270
Less accumulated depreciation	64,531,379	60,732,881
Total property and equipment	\$ 32,824,491	\$ 31,236,389

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Long-Term Debt

Long-term debt consists of:

	September 30	
	2005	2004
Garden City Hospital Finance Authority:		
Revenue Bonds – Series 1998A	\$ 20,845,000	\$ 22,025,000
Revenue Bonds – Series 1996A	5,265,000	6,445,000
Variable Rate Demand Notes – Series 1997	3,795,000	4,165,000
Other	178,407	340,677
	30,083,407	32,975,677
Less current portion	3,008,428	2,895,791
	\$ 27,074,979	\$ 30,079,886

The Corporation is the sole member of the Garden City Hospital Obligated Group (the Obligated Group). The Bonds are secured by a security interest in certain tangible and intangible property of the Corporation.

During 1996, the Obligated Group issued Garden City Hospital Finance Authority Hospital Revenue Bonds, Series 1996A, subject to redemption in annual amounts ranging from \$1,230,000 to \$1,405,000 through 2009. The Series 1996A Bonds bear interest at a variable rate (2.78% at September 30, 2005) that changes weekly. In no event will interest accrue at a rate greater than the lesser of twelve percent per annum or the maximum rate permitted by law. These bonds are subject to conversion from weekly bonds to fixed rate bonds.

In 1997, the Obligated Group issued Variable Rate Demand Notes, Series 1997, subject to redemption in annual amounts ranging from \$390,000 to \$570,000 in 2012. The Series 1997 Notes bear interest at a variable rate (3.85% at September 30, 2005).

In 1998, the Obligated Group issued Garden City Hospital Finance Authority Hospital Revenue and Refunding Bonds, Series 1998A, subject to redemption in amounts ranging from \$1,325,000 to \$2,305,000 in 2017. The bonds bear interest at rates ranging from 5.62% to 5.75%.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Long-Term Debt (continued)

The Corporation has two letters of credit which support the Series 1996A Revenue Bonds and the Variable Rate Demand Notes, Series 1997. The letters of credit are available to the Corporation if the holders of the obligations tender such obligations for purchase and the obligations are not remarketed. Accordingly, the variable term bonds have been classified as long term as it is the Hospital's intent to remarket these obligations, if presented. The letters of credit expire on October 15, 2008. There were no borrowings on these letters of credit during fiscal years 2005 and 2004.

The aggregate maturities of long-term debt for years subsequent to September 30, 2005 are as follows:

2006	\$ 3,008,428
2007	3,401,809
2008	3,543,162
2009	3,305,008
2010	1,970,000
Thereafter	14,855,000
Total	<u>\$ 30,083,407</u>

The Corporation has a \$300,000 Letter of Credit outstanding through April 30, 2006 related to workers' compensation claims.

9. Lease Commitments

The Corporation has commitments under various capitalized leases as follows:

2006	\$ 265,861
2007	250,565
2008	142,562
2009	39,348
Less amounts representing interest	(77,460)
Minimum lease payments	<u>\$ 620,876</u>

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Lease Commitments (continued)

Equipment relating to the capitalized lease obligations is included in property and equipment. The capitalized cost of this equipment was approximately \$1,138,575 at September 30, 2005 and 2004. Related accumulated amortization was approximately \$556,760 and \$360,450 at September 30, 2005 and 2004, respectively.

Total rental expense attributable to operating leases amounted to approximately \$1,926,000 and \$1,773,000 for years ended September 30, 2005 and 2004, respectively.

10. Employee Benefits

The Corporation has a qualified defined benefit pension plan covering substantially all eligible employees hired prior to January 1, 2003, as defined by the Employee Retirement Income Security Act of 1974 (ERISA). The benefits are based on years of service and employee compensation. The Corporation's funding policy is to contribute annually an amount necessary to meet or exceed the minimum funding requirements of ERISA. Contributions are intended to provide for benefits attributed to service rendered through May 15, 2004.

Effective May 5, 2003, the Corporation froze the benefits for employees at the compensation levels in effect at December 31, 2002. As a result of the benefit freeze, the Corporation recognized a reduction in prior service cost. Additionally, effective May 15, 2004, the Corporation announced that benefits under the defined benefit plan would be frozen. Management elected to freeze the pension benefits to reduce the expected increase in pension for future years. As a result of the changes in pension benefits, the Corporation recognized a curtailment gain of \$2,786,843, which reduced the projected benefit obligation at September 30, 2004 and employee benefit expense for the year ending September 30, 2004.

During 2003, the Hospital instituted a defined contribution plan covering most of its employees. Employees who meet eligibility requirements specified by the plan may contribute to the plan. The Hospital may make contributions to eligible employees at its discretion. Expense under the defined contribution plan was \$858,806 and \$911,083 for the years ended September 30, 2005 and 2004, respectively.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Employee Benefits (continued)

Under Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pensions*, a minimum liability must be recognized equal to the excess of the accumulated benefit obligation over the plan assets. A corresponding amount is required to be recognized as an intangible asset to the extent that it does not exceed the amount of unrecognized prior service cost. As such these amounts have been recognized in the balance sheet at September 30, 2005.

The following table provides a reconciliation of the changes in the benefit obligation and fair value of plan assets for the years ended September 30, 2005 and 2004, and a statement of the funded status as of September 30, 2005 and 2004:

	Years Ended September 30	
	2005	2004
Reconciliation of benefit obligation:		
Benefit obligation at the beginning of year	\$ 52,072,168	\$ 48,035,218
Service cost	-	108,176
Interest cost	3,018,151	2,984,760
Actuarial loss	2,452,308	2,738,586
Benefits paid	(2,109,953)	(1,794,572)
Benefit obligation at the end of year	55,432,674	52,072,168
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of year	38,498,434	35,066,699
Actual return on plan assets	2,787,974	2,376,307
Employer contributions	2,700,000	2,850,000
Benefits paid	(2,109,953)	(1,794,572)
Fair value of plan assets at end of year	41,876,455	38,498,434
Funded status at September 30	(13,556,219)	(13,573,734)
Unrecognized net actuarial loss	19,022,342	16,869,363
Additional minimum pension liability	(19,022,342)	(16,869,363)
Accrued benefit cost	\$ (13,556,219)	\$ (13,573,734)

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Employee Benefits (continued)

The accumulated benefit obligation for the plan was \$55,432,674 and \$52,072,168 at September 30, 2005 and 2004, respectively. The Hospital recorded an additional minimum pension liability of \$19,022,342 and \$16,869,363 at September 30, 2005 and 2004, respectively to bring the recorded pension liability to equal the excess of the accumulated benefit obligation over the fair value of plan assets. The additional minimum pension liability resulted in a \$2,152,979 and \$5,521,908 reduction to unrestricted net assets at September 30, 2005 and 2004, respectively.

Amounts recognized in the statement of financial position consist of:

	Years Ended September 30	
	2005	2004
Accrued pension liability	\$ (13,556,219)	\$ (13,573,734)
Decrease in unrestricted net assets	19,022,342	16,869,363
Net amount recognized	\$ 5,466,123	\$ 3,295,629

A summary of the components of net pension expense (income) are as follows:

	Years Ended September 30	
	2005	2004
Service cost – benefits earned during the period	\$ –	\$ 108,176
Interest cost on projected benefit obligation	3,018,151	2,984,760
Expected return on assets gain	(3,489,971)	(3,186,390)
Curtailement gain	–	(2,786,843)
Amortization of loss	1,001,326	813,604
Net pension expense (income)	529,506	(2,066,693)
Defined contribution plan expense	858,806	911,083
Net pension expense (income)	\$ 1,388,312	\$ (1,155,610)

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Employee Benefits (continued)

The assumptions used to determine the benefit obligations at September 30 are set forth below:

	September 30	
	2005	2004
Weighted-average discount rate	5.60%	6.00%
Weighted-average rate of compensation increase	4.00%	4.00%
Measurement date	September 30	September 30

The assumptions used to determine the net periodic benefit cost for the years ended September 30 are as follows:

	September 30	
	2005	2004
Weighted-average discount rate	6.00%	6.40%
Weighted-average rate of compensation increase	4.00%	4.00%
Weighted-average expected long term rate of return on plan assets	9.00%	9.00%

Expected Rate of Return

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the plan's investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Employee Benefits (continued)

Asset Allocation

The weighted-average asset allocation for the Hospital's pension plan at the end of fiscal 2005 and 2004, and the target allocation for fiscal 2006, by asset category, is as follows:

<u>Asset Category</u>	<u>Target Allocation 2006</u>	<u>Percentage of Plan Assets at Year End</u>	
		<u>2005</u>	<u>2004</u>
Equity securities	50.0%	58.8%	56.2%
Debt securities	42.0	40.4	42.0
Other	8.0	0.8	1.8
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Investment Strategy

The Plan's asset allocation and investment strategy are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, sectors and manager style to minimize the risk of large losses. The Hospital uses investment management specializing in each asset category and where appropriate, provides the investment manager with specific guidelines which include allowable and/or prohibited investment types. The Hospital regularly monitors manager performance and compliance with investment guidelines.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Employee Benefits (continued)

Expected Cash Flows

Information about the expected cash flows for the pension plans follows:

	<u>Pension Benefits</u>
Expected employer contributions:	
2006	\$ –
Expected benefit payments:	
2006	\$ 2,120,000
2007	2,200,000
2008	2,274,000
2009	2,315,000
2010	2,480,000
2011 – 2015	14,605,000

The contribution amounts above include amounts paid to the trust. The benefit payment amounts above also reflect the total benefits expected to be paid from the trust.

11. Professional Liability

Effective July 1, 1985, the Corporation holds a 25% interest in Medilink Insurance Company Ltd., a Cayman Island captive insurance company, which was organized to provide primary comprehensive hospital liability insurance for a group of osteopathic hospitals. Premiums under the retrospectively rated claims policy are determined based on the ultimate cost of the experience to date of the group of hospitals. Management anticipates that deposits held by the multi-provider captive will be used to reduce future premiums.

The Corporation estimates a range of loss for its liability for professional liability claims based on its own past experience along with that of the other members of the multi-provider captive. This estimate includes a reserve for known claims and unreported incidents. The Hospital has accrued the present value of what it believes to be the most likely amount of the loss in the range, discounted at approximately 5.5% per annum at September 30, 2005 (6.5% at September 30, 2004). The premiums paid to the multi-provider captive are offset against the estimated liability. Approximately \$6,059,000 and \$6,723,000 was included in insurance expense for professional liability for the years ended September 30, 2005 and 2004, respectively.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Professional Liability (continued)

The Corporation is self-insured for professional malpractice liability claims from 1977 to 1985. Patients have brought claims against the Hospital for the self insurance period. The Hospital has accrued its best estimate of the ultimate cost to settle such claims, however actual losses may differ from amounts accrued.

12. Functional Expenses

Expenses classified by function are as follows:

	Years Ended September 30	
	2005	2004
		<i>(Restated)</i>
Health care services	\$ 85,786,372	\$ 82,741,432
General and administrative	40,732,598	36,673,330
Bad debts	13,660,443	13,957,799
Depreciation and amortization	3,931,753	4,085,523
Interest	1,668,974	1,736,997
Total	<u>\$ 145,780,140</u>	<u>\$ 139,195,081</u>

13. Commitments

The Corporation had commitments of approximately \$2,700,000 for the acquisition of property and equipment at September 30, 2005.

Garden City Hospital and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Restatement of 2004 Financial Statements

During 2005, the Corporation determined that an error occurred in the 2004 and prior financial statements related to the accounting for the Corporation's equity interest in Medilink Insurance Company. The following restatement was made to the consolidated financial statements:

	Unrestricted Net Assets		2004 Excess
	October 1, 2004	September 30, 2004	of Revenues Over Expenses
As previously reported	\$25,657,736	\$27,937,899	\$ 7,827,528
Prior period adjustment – change in assets whose use is limited	(5,080,107)	(4,284,684)	795,423
As restated	\$20,577,629	\$23,653,215	\$ 8,622,951

Other Financial Information

Report of Independent Auditors on Other Financial Information

The Board of Trustees
Garden City Hospital

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating balance sheet, consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the basic 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 basic consolidated financial statements taken as a whole.

Ernst + Young LLP

December 12, 2005

Garden City Hospital and Subsidiaries

Consolidating Balance Sheet

September 30, 2005

	Consolidated	Consolidation Adjustments	Garden City Hospital	Garden City Hospital Foundation	Amerigard Development	United Home Health Services	United Home Care Services	Amerigard Diagnostic Centre	Advance Nursing Center
Assets									
Current assets:									
Cash and cash equivalents	\$ 12,799,044	\$ -	\$ 11,788,928	\$ 79,353	\$ 150,468	\$ 195,049	\$ -	\$ 43,476	\$ 541,770
Accounts receivable	8,818,318	-	7,574,908	-	384,081	214,094	-	84,235	561,000
Due from third-party payors	4,126	-	-	-	-	4,126	-	-	-
Inventories	554,696	-	554,696	-	-	-	-	-	-
Prepaid expenses and other assets	1,833,530	-	1,539,512	-	111,344	15,667	-	11,674	155,333
Total current assets	24,009,714	-	21,458,044	79,353	645,893	428,936	-	139,385	1,258,103
Assets who use is limited	19,943,597	-	19,808,597	135,000	-	-	-	-	-
Due from related parties	-	(10,636,344)	377,249	9,517,933	-	-	-	-	741,162
Other assets:									
Deferred bond costs, net	594,691	-	594,691	-	-	-	-	-	-
Other	657,231	-	604,907	4,000	8,438	16,535	-	23,351	-
Total other assets	1,251,922	-	1,199,598	4,000	8,438	16,535	-	23,351	-
Property and equipment, net	32,824,491	-	31,278,519	6,081	702,689	94,071	-	17,506	725,625
Total assets	<u>\$ 78,029,724</u>	<u>\$(10,636,344)</u>	<u>\$74,122,007</u>	<u>\$9,742,367</u>	<u>\$ 1,357,020</u>	<u>\$ 539,542</u>	<u>\$ -</u>	<u>\$ 180,242</u>	<u>\$2,724,890</u>

Garden City Hospital and Subsidiaries

Consolidating Balance Sheet (continued)

September 30, 2005

	Consolidated	Consolidation Adjustments	Garden City Hospital	Garden City Hospital Foundation	Amerigard Development	United Home Health Services	United Home Care Services	Amerigard Diagnostic Centre	Advance Nursing Center
Liabilities and net assets									
Current liabilities:									
Current portion of obligations under capital leases	\$ 223,542	\$ -	\$ 223,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term debt	3,008,428	-	3,004,802	-	-	3,626	-	-	-
Due to third-party payors	704,889	-	549,415	-	-	-	-	-	155,474
Accounts payable	4,838,296	-	4,448,538	10,879	56,470	21,583	-	37,317	263,509
Accrued benefits payable	3,887,135	-	3,512,837	-	80,341	155,811	-	9,269	128,877
Total current liabilities	12,662,290	-	11,739,134	10,879	136,811	181,020	-	46,586	547,860
Other liabilities:									
Reserve for professional liability claims	2,123,919	-	2,123,919	-	-	-	-	-	-
Pension liability	13,556,219	-	13,556,219	-	-	-	-	-	-
Due to related parties	-	(10,636,344)	-	-	9,007,585	207,305	48,000	1,373,454	-
Obligations under capital leases, less current portion	397,334	-	397,334	-	-	-	-	-	-
Long-term debt, less current portion	27,074,979	-	27,074,979	-	-	-	-	-	-
Total other liabilities	43,152,451	(10,636,344)	43,152,451	-	9,007,585	207,305	48,000	1,373,454	-
Total liabilities	55,814,741	(10,636,344)	54,891,585	10,879	9,144,396	388,325	48,000	1,420,040	547,860
Net assets:									
Unrestricted (deficit)	22,012,605	-	19,182,393	9,577,139	(7,787,376)	151,217	(48,000)	(1,239,798)	2,177,030
Temporarily restricted	202,378	-	48,029	154,349	-	-	-	-	-
Total net assets (deficit)	22,214,983	-	19,230,422	9,731,488	(7,787,376)	151,217	(48,000)	(1,239,798)	2,177,030
Total liabilities and net assets	\$ 78,029,724	\$(10,636,344)	\$74,122,007	\$ 9,742,367	\$ 1,357,020	\$ 539,542	\$ -	\$ 180,242	\$2,724,890

Garden City Hospital and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets

Year Ended September 30, 2005

	Consolidated	Consolidating Adjustments	Garden City Hospital	Garden City Hospital Foundation	Amerigard Development	United Home Health Services	United Home Care Services	Amerigard Diagnostic Centre	Advance Nursing Center
Unrestricted revenue and other support									
Net patient service revenue	\$141,158,805	\$ –	\$128,610,523	\$ –	\$ 4,088,000	\$ 2,979,316	\$ –	\$ 863,753	\$ 4,617,213
Other revenue	4,662,213	(154,824)	4,179,730	513,590	78,510	29,730	–	1,411	14,066
Total unrestricted revenue and other support	145,821,018	(154,824)	132,790,253	513,590	4,166,510	3,009,046	–	865,164	4,631,279
Expenses									
Wages	59,384,146	–	51,068,614	145,619	3,611,376	1,891,264	–	253,175	2,414,098
Employee benefits	14,354,647	–	13,174,598	23,018	475,531	334,754	–	38,247	308,499
Professional fees	1,159,752	–	1,143,335	–	16,417	–	–	–	–
Supplies	22,390,273	–	21,559,062	36,165	234,876	67,957	–	71,380	420,833
Utilities	1,879,402	–	1,611,893	–	100,803	52,785	–	16,990	96,931
Purchased services	11,774,319	–	10,502,820	80,333	179,099	143,301	–	412,557	456,209
Other	8,382,290	(154,824)	6,997,204	105,374	513,786	268,112	–	263,904	388,734
Insurance	7,194,141	–	6,953,320	–	29,411	37,148	–	2,602	171,660
Interest	1,668,974	–	1,662,506	–	–	6,468	–	–	–
Depreciation/amortization	3,931,753	–	3,658,830	2,957	145,672	41,990	–	9,516	72,788
Bad debt	13,660,443	–	13,580,792	–	70,478	–	–	9,173	–
Total expenses	145,780,140	(154,824)	131,912,974	393,466	5,377,449	2,843,779	–	1,077,544	4,329,752
Income (loss) from operations	40,878	–	877,279	120,124	(1,210,939)	165,267	–	(212,380)	301,527
Net nonoperating loss	(12,054)	–	–	–	–	–	–	–	(12,054)
Excess of revenue over expenses (expenses over revenue)	28,824	–	877,279	120,124	(1,210,939)	165,267	–	(212,380)	289,473

Garden City Hospital and Subsidiaries

Consolidating Statement of Operations and Changes in Unrestricted Net Assets (continued)

	Consolidated	Consolidating Adjustments	Garden City Hospital	Garden City Hospital Foundation	Amerigard Development	United Home Health Services	United Home Care Services	Amerigard Diagnostic Centre	Advance Nursing Center
Unrestricted net assets									
Excess of (expenses over revenue)									
revenue over expenses	28,824	-	877,279	120,124	(1,210,939)	165,267	-	(212,380)	289,473
Change in net unrealized depreciation									
in fair value of investments	483,545	-	483,545	-	-	-	-	-	-
Change in additional minimum									
pension liability	(2,152,979)	-	(2,152,979)	-	-	-	-	-	-
Transfer to/from affiliate	-	-	(525,000)	-	1,100,000	-	-	-	(575,000)
(Decrease) increase in unrestricted net assets	(1,640,610)	-	(1,317,155)	120,124	(110,939)	165,267	-	(212,380)	(285,527)
Temporarily restricted net assets									
Contributions	164,779	-	12,844	151,935	-	-	-	-	-
Increase in temporarily restricted net assets	164,779	-	12,844	151,935	-	-	-	-	-
(Decrease) increase in net assets	(1,475,831)	-	(1,304,311)	272,059	(110,939)	165,267	-	-	(285,527)
Net assets at beginning of year	23,690,814	-	20,534,735	9,459,429	(7,676,439)	(14,050)	(48,000)	-	2,462,557
Net assets at end of year	<u>\$ 22,214,983</u>	<u>\$ -</u>	<u>\$ 19,230,424</u>	<u>\$ 9,731,488</u>	<u>\$ (7,787,378)</u>	<u>\$ 151,217</u>	<u>\$ (48,000)</u>	<u>\$ -</u>	<u>\$ 2,177,030</u>