

**University of Wisconsin Medical Foundation, Inc.**

***Consolidated Financial Statements***

**As of six months ended June 30, 2003 & year ended December 31, 2002**

University of Wisconsin Medical Foundation, Inc.

Consolidated Balance Sheets

	June 30 2003	December 31 2002
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 13,751,954	\$ 17,407,468
Accounts receivable, less allowances for contractual provisions and doubtful accounts of \$93,202,000 and \$89,384,000 in 2003 and 2002, respectively	60,655,043	61,989,448
Inventories	2,602,867	2,368,844
Prepaid expense and other current assets	6,214,188	4,808,890
<b>Total current assets</b>	<b>83,224,052</b>	<b>86,574,650</b>
Investments	21,071,802	18,644,831
Investment in unconsolidated affiliates	5,793,142	5,646,527
Property, plant and equipment, net	64,662,469	66,921,951
Intangible assets, net	2,617,010	2,882,768
Other assets	2,384,764	2,446,490
<b>Total assets</b>	<b>\$179,753,239</b>	<b>\$183,117,217</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 35,324,613	\$ 38,983,589
Current maturities of long-term obligations	5,238,590	2,248,994
Amount due to Medical School Development Fund	5,710,629	8,162,321
Amount due to Research and Development Fund	873,002	2,447,013
<b>Total current liabilities</b>	<b>47,146,834</b>	<b>51,841,917</b>
Long-term obligations, less current portion	58,598,713	60,338,622
<b>Total liabilities</b>	<b>105,745,547</b>	<b>112,180,539</b>
Unrestricted net assets	74,007,692	70,936,678
<b>Total liabilities and net assets</b>	<b>\$179,753,239</b>	<b>\$183,117,217</b>

See accompanying notes.

MU 0308-0488128

University of Wisconsin Medical Foundation, Inc.

Consolidated Statements of Operations and Changes in Net Assets

	Six months ended June 30 2003	Year ended December 31 2002
Unrestricted revenues:		
Net patient service revenue	\$127,030,238	\$244,055,445
Premium revenue	44,157,003	84,135,155
Other revenue	8,051,358	12,707,181
Total revenues	179,238,599	340,877,781
Expenses:		
Compensation and benefits	103,731,809	204,926,869
Operating expenses paid through the University of Wisconsin, principally compensation and benefits	24,183,343	45,791,140
Other operating expenses	24,724,230	42,723,904
Purchased services	2,754,925	8,736,359
Medical School Development Fund	10,460,629	19,787,448
Research and Development Fund	6,068,073	7,921,902
University Community Clinics, Inc. support	706,632	705,000
University Health Care, Inc. support	410,088	974,000
Depreciation and amortization	3,759,921	6,827,716
Interest	830,312	1,852,380
Total expenses	177,629,962	340,246,718
Operating income	1,608,637	631,063
Other income (expenses):		
Equity in net earnings of unconsolidated affiliates	951,290	1,679,092
Investment income	653,237	1,284,256
Other	(19,960)	(42,541)
Other income, net	1,584,567	2,920,807
Revenue in excess of expenses before income taxes	3,193,204	3,551,870
Income tax benefit	53,999	54,125
Revenue in excess of expenses	3,247,203	3,605,995
Change in unrealized (losses) gains on investments	(176,189)	59,406
Increase in unrestricted net assets	3,071,014	3,665,401
Unrestricted net assets at beginning of year	70,936,678	67,271,277
Unrestricted net assets at end of year	\$ 74,007,692	\$ 70,936,678

See accompanying notes

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