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IN THE ATTACHED
AUDITED FINANCIAL
STATEMENT

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2003

ASSETS	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	University Health Care, Inc.	Eliminations	Consolidated total
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 200,814	\$ 852,664	\$ -	\$ 1,053,478
Accounts receivable	-	15,573	103,471	-	119,044
Risk pool reimbursement receivable	-	-	3,345,093	-	3,345,093
Prepaid expenses	-	7,535	14,103	-	21,638
Advances to UHC	-	695,340	-	(695,340)	-
Total current assets	-	919,262	4,315,331	(695,340)	4,539,253
INVESTMENTS IN AFFILIATES	-	-	434,632	-	434,632
PROPERTY AND EQUIPMENT - AT COST					
Buildings and improvements	-	3,750,671	-	-	3,750,671
Leasehold improvements	-	-	20,224	-	20,224
Furniture and equipment	-	69,632	389,166	-	458,798
	-	3,820,303	409,390	-	4,229,693
Less accumulated depreciation and amortization	-	1,097,903	278,883	-	1,376,786
	-	2,722,400	130,507	-	2,852,907
Land	-	926,643	-	-	926,643
	-	3,649,043	130,507	-	3,779,550
INVESTMENT IN HPW	-	-	785,958	(785,958)	-
Total assets	\$ -	\$ 4,568,305	\$ 5,666,428	\$ (1,481,298)	\$ 8,753,435

LIABILITIES AND NET ASSETS	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	University Health Care, Inc.	Eliminations	Consolidated total
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ -	\$ 143,548	\$ -	\$ -	\$ 143,548
Trade accounts payable	-	48,490	503,845	-	552,335
Risk pool payable	-	-	3,345,093	-	3,345,093
Accrued liabilities					
Vacation and sick pay	-	-	14,085	-	14,085
Other	-	19,667	-	-	19,667
	-	19,667	14,085	-	33,752
Advances from HPW	-	-	695,340	(695,340)	-
 Total current liabilities	 -	 211,705	 4,558,363	 (695,340)	 4,074,728
 LONG-TERM DEBT, less current maturities	 -	 5,070,642	 -	 -	 5,070,642
 COMMITMENTS AND CONTINGENCIES	 -	 -	 -	 -	 -
 MINORITY INTEREST IN SUBSIDIARY	 -	 1,500,000	 -	 -	 1,500,000
 COMMON STOCK	 -	 669,715	 -	 (669,715)	 -
 UNRESTRICTED NET ASSETS (DEFICIT)	 -	 (2,883,757)	 1,108,065	 (116,243)	 (1,891,935)
 Total liabilities and net assets	 \$ -	 \$ 4,568,305	 \$ 5,666,428	 \$ (1,481,298)	 \$ 8,753,435

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2002

ASSETS	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	Eliminations	Consolidated total
CURRENT ASSETS				
Cash and cash equivalents	\$ 607,040	\$ 113,855	\$ -	\$ 720,895
Accounts receivable				
Trade, less allowance for doubtful accounts of \$1,827,000	1,715,758	-	-	1,715,758
Other	26,724	19,630	-	46,354
	<u>1,742,482</u>	<u>19,630</u>	<u>-</u>	<u>1,762,112</u>
Risk pool reimbursement receivable	-	-	-	-
Prepaid expenses	162,734	7,046	-	169,780
Advances to UHC	4,876	-	-	4,876
Advances to UCC	-	728,868	(728,868)	-
	<u>-</u>	<u>728,868</u>	<u>(728,868)</u>	<u>-</u>
Total current assets	2,517,132	869,399	(728,868)	2,657,663
INVESTMENTS IN AFFILIATES				
	-	-	-	-
PROPERTY AND EQUIPMENT - AT COST				
Buildings and improvements	-	3,750,671	-	3,750,671
Leasehold improvements	85,503	-	-	85,503
Furniture and equipment	726,138	69,632	-	795,770
Medical equipment	346,598	-	-	346,598
	<u>1,158,239</u>	<u>3,820,303</u>	<u>-</u>	<u>4,978,542</u>
Less accumulated depreciation and amortization	821,381	963,489	-	1,784,870
	<u>336,858</u>	<u>2,856,814</u>	<u>-</u>	<u>3,193,672</u>
Land	-	926,643	-	926,643
	<u>336,858</u>	<u>3,783,457</u>	<u>-</u>	<u>4,120,315</u>
OTHER ASSETS				
Other long-term receivables	27,168	-	-	27,168
Investment in HPW	773,603	-	(773,603)	-
	<u>800,771</u>	<u>-</u>	<u>(773,603)</u>	<u>27,168</u>
Total assets	<u>\$ 3,654,761</u>	<u>\$ 4,652,856</u>	<u>\$ (1,502,471)</u>	<u>\$ 6,805,146</u>

University Health Care, Inc.	Eliminations	Consolidated total
\$ 852,313	\$ -	\$ 1,573,208
-	-	1,715,758
93,052	-	139,406
93,052	-	1,855,164
2,465,622	-	2,465,622
31,298	-	201,078
-	(4,876)	-
-	-	-
3,442,285	(4,876)	6,095,072
231,006	-	231,006
-	-	3,750,671
20,224	-	105,727
831,030	-	1,626,800
-	-	346,598
851,254	-	5,829,796
681,611	-	2,466,481
169,643	-	3,363,315
-	-	926,643
169,643	-	4,289,958
-	-	27,168
-	-	-
-	-	27,168
\$ 3,842,934	\$ (4,876)	\$ 10,643,204

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED
December 31, 2002

LIABILITIES AND NET ASSETS	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	Eliminations	Consolidated total
CURRENT LIABILITIES				
Current maturities of long-term debt	\$ -	\$ 1,641,928	\$ -	\$ 1,641,928
Trade accounts payable	550,486	35,422	-	585,908
Risk pool payable	-	-	-	-
Accrued liabilities				
Salaries, wages and payroll withholdings	355,357	-	-	355,357
Vacation and sick pay	107,612	-	-	107,612
Pension plans	620,910	-	-	620,910
Other	23,750	-	-	23,750
	<u>1,107,629</u>	<u>-</u>	<u>-</u>	<u>1,107,629</u>
Advances from UCC	-	-	-	-
Advances from HPW	728,868	-	(728,868)	-
	<u>2,386,983</u>	<u>1,677,350</u>	<u>(728,868)</u>	<u>3,335,465</u>
Total current liabilities	2,386,983	1,677,350	(728,868)	3,335,465
LONG-TERM DEBT, less current maturities	3,000,000	701,903	-	3,701,903
COMMITMENTS AND CONTINGENCIES	-	-	-	-
MINORITY INTEREST IN SUBSIDIARY	-	1,500,000	-	1,500,000
COMMON STOCK	-	669,715	(669,715)	-
UNRESTRICTED NET ASSETS (DEFICIT)	(1,732,222)	103,888	(103,888)	(1,732,222)
Total liabilities and net assets	\$ 3,654,761	\$ 4,652,856	\$ (1,502,471)	\$ 6,805,146

University Health Care, Inc.	Eliminations	Consolidated total
\$ 11,877	\$ -	\$ 1,653,805
235,705	-	821,613
2,465,622	-	2,465,622
39,632	-	394,989
18,002	-	125,614
77,662	-	698,572
-	-	23,750
135,296	-	1,242,925
4,876	(4,876)	-
-	-	-
2,853,376	(4,876)	6,183,965
-	-	3,701,903
-	-	-
-	-	1,500,000
-	-	-
989,558	-	(742,664)
<u>\$ 3,842,934</u>	<u>\$ (4,876)</u>	<u>\$ 10,643,204</u>

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2003

	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc. January 1, 2003 through June 30, 2003	Eliminations	Consolidated total
Operating revenues and other support				
Capitation fees	\$ 664,591	\$ -	\$ -	\$ 664,591
Net patient service revenue	4,632,069	-	-	4,632,069
Program and other support				
University of Wisconsin Hospital and Clinics Authority	-	-	-	-
University of Wisconsin Medical Foundation	-	-	-	-
University of Wisconsin Medical Foundation - Ophthalmology	-	-	-	-
	-	-	-	-
	-	-	-	-
Total operating revenues and other support	5,296,660	-	-	5,296,660
Operating expenses				
Capitation costs	-	-	-	-
Staff salaries and wages	1,381,901	-	-	1,381,901
Staff benefits	466,597	-	-	466,597
Physician and mid-level compensation and benefits	2,672,090	-	-	2,672,090
Malpractice insurance	293,217	-	-	293,217
Purchased services and office expenses	1,059,441	28,762	(24,931)	1,063,272
Building rent and utilities	612,171	98,983	(36,269)	674,885
Medical and ancillary supplies	573,980	-	-	573,980
Advertising and promotion	28,535	-	-	28,535
Equipment expense	105,713	6,624	-	112,337
Total operating expenses	7,193,645	134,369	(61,200)	7,266,814
Decrease in unrestricted net assets from operations	\$ (1,896,985)	\$ (134,369)	\$ 61,200	\$ (1,970,154)

University Health Care, Inc.	Health Professionals of Wisconsin, Inc. July 1, 2003 through December 31, 2003	Eliminations	Consolidated total	Eliminations	Consolidated total
\$ 99,850,634	\$ -	\$ -	\$ 99,850,634	\$ (700,320)	\$ 99,814,905
-	-	-	-	-	4,632,069
3,047,303	-	-	3,047,303	-	3,047,303
1,526,802	-	-	1,526,802	-	1,526,802
58,632	-	-	58,632	-	58,632
4,632,737	-	-	4,632,737	-	4,632,737
104,483,371	-	-	104,483,371	(700,320)	109,079,711
104,221,991	-	-	104,221,991	(700,320)	103,521,671
1,093,099	-	-	1,093,099	-	2,475,000
337,181	-	-	337,181	-	803,778
-	-	-	-	-	2,672,090
-	-	-	-	-	293,217
479,397	29,317	(24,932)	483,782	-	1,547,054
211,635	99,041	-	310,676	-	985,561
-	-	-	-	-	573,980
114,106	-	-	114,106	-	142,641
90,579	6,624	-	97,203	-	209,540
106,547,988	134,982	(24,932)	106,658,038	(700,320)	113,224,532
\$ (2,064,617)	\$ (134,982)	\$ 24,932	\$ (2,174,667)	\$ -	\$ (4,144,821)

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended December 31, 2003

	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc. January 1, 2003 through June 30, 2003	Eliminations	Consolidated total
Other income (expense)				
Risk pool reimbursement	\$ -	\$ -	\$ -	\$ -
Investment income (loss)				
Interest and dividends	2,998	9,961	(9,961)	2,998
CHS, LLC	-	-	-	-
HPW	27,592	-	(27,592)	-
	<u>30,590</u>	<u>9,961</u>	<u>(37,553)</u>	<u>2,998</u>
Interest expense	(74,065)	(89,236)	9,961	(153,340)
Loss on transfer of assets to University of Wisconsin Medical Foundation	(1,827,817)	-	-	(1,827,817)
Loss on sale of property and equipment	(7,258)	-	-	(7,258)
Miscellaneous income	71,376	241,236	(61,200)	251,412
	<u>(1,807,174)</u>	<u>161,961</u>	<u>(88,792)</u>	<u>(1,734,005)</u>
Total other income (expense)				
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(3,704,159)	27,592	(27,592)	(3,704,159)
Transfer of operating funds from UHC to UCC through June 30, 2003	2,523,679	-	-	2,523,679
Reorganization transfers				
Note payable from UCC to UHC	713,897	-	-	713,897
Long-term debt from UCC to HPW	3,000,000	(3,000,000)	-	-
Ownership of HPW from UCC to UHC	(801,195)	-	-	(801,195)
Unrestricted net assets (deficit) at January 1, 2003	<u>(1,732,222)</u>	<u>103,888</u>	<u>(103,888)</u>	<u>(1,732,222)</u>
Unrestricted net assets (deficit) at December 31, 2003	<u>\$ -</u>	<u>\$ (2,868,520)</u>	<u>\$ (131,480)</u>	<u>\$ (3,000,000)</u>

University Health Care, Inc.	Health Professionals of Wisconsin, Inc. July 1, 2003 through December 31, 2003	Eliminations	Consolidated total	Eliminations	Consolidated total
\$ 4,371,376	\$ -	\$ -	\$ 4,371,376	\$ -	\$ 4,371,376
10,001	9,870	(9,870)	10,001	-	12,999
3,626	-	-	3,626	-	3,626
(15,237)	-	15,237	-	-	-
(1,610)	9,870	5,367	13,627	-	16,625
-	(136,837)	9,870	(126,967)	-	(280,307)
-	-	-	-	-	(1,827,817)
(6,925)	-	-	(6,925)	-	(14,183)
256,664	246,712	(24,932)	478,444	-	729,856
4,619,505	119,745	(9,695)	4,729,555	-	2,995,550
2,554,888	(15,237)	15,237	2,554,888	-	(1,149,271)
(2,523,679)	-	-	(2,523,679)	-	-
(713,897)	-	-	(713,897)	-	-
-	-	-	-	-	-
801,195	-	-	801,195	-	-
989,558	-	-	989,558	-	(742,664)
\$ 1,108,065	\$ (15,237)	\$ 15,237	\$ 1,108,065	\$ -	\$ (1,891,935)

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended December 31, 2002

	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	Eliminations
Operating revenues and other support			
Capitation fees	\$ 3,103,514	\$ -	\$ -
Net patient service revenue	8,625,128	-	-
Program and other support			
University of Wisconsin Hospital and Clinics Authority	-	-	-
University of Wisconsin Medical Foundation	-	-	-
University of Wisconsin Medical Foundation - Ophthalmology	-	-	-
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Total operating revenues and other support	11,728,642	-	-
Operating expenses			
Capitation costs	-	-	-
Staff salaries and wages	3,573,604	-	-
Staff benefits	906,250	-	-
Physician and mid-level compensation and benefits	5,626,968	-	-
Malpractice insurance	135,134	-	-
Purchased services and office expenses	1,150,498	54,625	(49,863)
Building rent and utilities	922,542	121,965	(75,538)
Medical and ancillary supplies	1,756,393	-	-
Advertising and promotion	78,133	-	-
Equipment expense	313,778	13,249	-
Start-up expenses	28,483	-	-
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Total operating expenses	14,491,783	189,839	(125,401)
Decrease in unrestricted net assets from operations	(2,763,141)	(189,839)	125,401

	Consolidated total	University Health Care, Inc.	Eliminations	Consolidated total
\$	3,103,514	\$ 84,943,901	\$ (2,640,220)	\$ 85,407,195
	8,625,128	-	-	8,625,128
	-	3,351,336	-	3,351,336
	-	1,679,281	-	1,679,281
	-	53,221	-	53,221
	-	5,083,838	-	5,083,838
	11,728,642	90,027,739	(2,640,220)	99,116,161
	-	88,329,993	(2,640,220)	85,689,773
	3,573,604	1,210,671	-	4,784,275
	906,250	276,455	-	1,182,705
	5,626,968	-	-	5,626,968
	135,134	-	-	135,134
	1,155,260	584,909	-	1,740,169
	968,969	234,922	-	1,203,891
	1,756,393	-	-	1,756,393
	78,133	64,143	-	142,276
	327,027	115,752	-	442,779
	28,483	-	-	28,483
	14,556,221	90,816,845	(2,640,220)	102,732,846
	(2,827,579)	(789,106)	-	(3,616,685)

UNIVERSITY HEALTH CARE, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES - CONTINUED
Year ended December 31, 2002

	University Community Clinics, Inc.	Health Professionals of Wisconsin, Inc.	Eliminations
Other income (expense)			
Risk pool reimbursement	\$ -	\$ -	\$ -
Investment income (loss)			
Interest and dividends	6,093	28,977	(28,977)
CHS, LLC	-	-	-
Agnesian - UW Health Ventures, LLC	-	-	-
HPW	40,082	-	(40,082)
	<u>46,175</u>	<u>28,977</u>	<u>(69,059)</u>
Interest expense	(175,550)	(198,697)	28,977
Expenses of closed clinic facilities	(14,211)	-	-
Loss on sale of property and equipment	(21,482)	-	-
Miscellaneous income	86,069	399,641	(125,401)
	<u>(78,999)</u>	<u>229,921</u>	<u>(165,483)</u>
Total other income (expense)			
	(78,999)	229,921	(165,483)
INCREASE (DECREASE)			
IN UNRESTRICTED			
NET ASSETS	(2,842,140)	40,082	(40,082)
Transfer of operating funds from UHC to UCC	2,524,716	-	-
Unrestricted net assets (deficit) at January 1, 2002	<u>(1,414,798)</u>	<u>63,806</u>	<u>(63,806)</u>
Unrestricted net assets (deficit) at December 31, 2002	<u>\$ (1,732,222)</u>	<u>\$ 103,888</u>	<u>\$ (103,888)</u>

Consolidated total	University Health Care, Inc.	Eliminations	Consolidated total
\$ -	\$ 3,386,091	\$ -	\$ 3,386,091
6,093	13,759	-	19,852
-	8,408	-	8,408
-	(487,241)	-	(487,241)
-	-	-	-
6,093	(465,074)	-	(458,981)
(345,270)	-	-	(345,270)
(14,211)	-	-	(14,211)
(21,482)	(562)	-	(22,044)
360,309	206,032	-	566,341
(14,561)	3,126,487	-	3,111,926
(2,842,140)	2,337,381	-	(504,759)
2,524,716	(2,524,716)	-	-
(1,414,798)	1,176,893	-	(237,905)
<u>\$ (1,732,222)</u>	<u>\$ 989,558</u>	<u>\$ -</u>	<u>\$ (742,664)</u>