PHYSICIANS' MEDICAL CENTER, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

CPAs / ADVISORS

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PHYSICIANS' MEDICAL CENTER, LLC

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Blue & Co., LLC / 2650 Eastpoint Parkway, Suite 300 / Louisville, KY 40223
main 502.992.3500 fax 502.992.3509 email blue@blueandco.com

blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Members of the Board
Physicians' Medical Center, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Physicians' Medical Center, LLC (the "Company"), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of income, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of the Board
Physicians' Medical Center, LLC

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

Louisville, Kentucky
September 30, 2015

PHYSICIANS' MEDICAL CENTER, LLC

BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
Current assets		
Cash	$ 649,658	$ 141,273
Patient accounts receivables,net of estimated uncollectibles of $2,127,174 in 2014 and $905,926 in 2013	2,934,561	3,229,110
Other receivables	129,796	497,533
Inventories	788,641	576,191
Prepaid expenses	106,362	85,394
Total current assets	4,609,018	4,529,501
Property and equipment		
Medical equipment and instruments	4,002,714	3,833,640
Other equipment	223,387	223,387
Furniture and furnishings	277,920	277,928
Improvements	41,983	40,284
Software	348,035	348,035
Computer equipment	220,721	185,776
	5,114,760	4,909,050
Less accumulated depreciation	4,029,204	3,442,927
	1,085,556	1,466,123
Construction in progress	156,407	-0-
Property and equipment, net	1,241,963	1,466,123
Other assets		
Due from related parties	1,442,553	1,478,773
Goodwill	6,700,131	6,700,131
Deferred loan costs, net of amortization of $9,300 in 2014 and $9,078 in 2013	-0-	222
Total other assets	8,142,684	8,179,126
Total assets	$ 13,993,665	$ 14,174,750

See accompanying notes to financial statements.

PHYSICIANS' MEDICAL CENTER, LLC

BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

LIABILITIES AND MEMBERS' CAPITAL

	2014	2013
Current liabilities		
Line of credit - bank	$ -0-	$ 1,400,000
Accounts payable	782,574	1,453,102
Obligation under capital lease	-0-	66,667
Current portion of long-term debt	148,600	148,600
Notes payable - former members	-0-	156,695
Accrued personnel costs	317,974	261,803
Estimated third-party settlements	150,000	150,000
Accrued expenses	388,148	689,550
Total current liabilities	1,787,296	4,326,417
Long-term liabilities		
Long-term debt, net of current portion	284,817	433,417
Interest rate swap	995	2,546
Total long-term liabilities	285,812	435,963
Total liabilities	2,073,108	4,762,380
Members' capital	11,920,557	9,412,370
Total liabilities and members' capital	$ 13,993,665	$ 14,174,750

See accompanying notes to financial statements.

PHYSICIANS' MEDICAL CENTER, LLC

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Net patient service revenue	$ 24,668,270	$ 17,929,064
Operating expenses		
Salaries and other personnel expenses	5,442,146	4,055,172
Employee benefits and payroll taxes	967,372	728,280
Professional fees	322,111	233,505
Medical supplies	5,026,035	4,109,584
Bad debts	1,285,527	597,932
Purchased services	1,319,263	1,013,229
Utilities	242,913	228,900
Depreciation and amortization	627,268	682,625
Hospital assessment fee	154,380	225,730
Rent	922,074	907,410
Insurance	96,823	71,953
Other operating expenses	1,113,973	871,435
Total operating expenses	17,519,885	13,725,755
Income from operations	7,148,385	4,203,309
Other income (expense)		
Miscellaneous income	40,769	1,072
Interest income	52,495	55,783
Interest expense	(37,592)	(57,205)
Gain (loss) on interest rate swap	1,551	5,578
Other income (expense), net	57,223	5,228
Net income	$ 7,205,608	$ 4,208,537

See accompanying notes to financial statements.

PHYSICIANS' MEDICAL CENTER, LLC

STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
YEARS ENDED DECEMBER 31, 2014 AND 2013

	Capital Contributions	Members' Capital	Total
Balance, December 31, 2012	$ 8,020,713	$ 354,173	$ 8,374,886
Capital contributions	60,000	-0-	60,000
Redemption of members' units	(153,860)	-0-	(153,860)
Distributions	-0-	(3,077,193)	(3,077,193)
Net income	-0-	4,208,537	4,208,537
	(93,860)	1,131,344	1,037,484
Balance, December 31, 2013	7,926,853	1,485,517	9,412,370
Capital contributions	240,000	-0-	240,000
Redemption of members' units	-0-	-0-	-0-
Distributions	-0-	(4,937,421)	(4,937,421)
Net income	-0-	7,205,608	7,205,608
	240,000	2,268,187	2,508,187
Balance, December 31, 2014	$ 8,166,853	$ 3,753,704	$ 11,920,557

See accompanying notes to financial statements.

PHYSICIANS' MEDICAL CENTER, LLC

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Operating activites		
Net income	$ 7,205,608	$ 4,208,537
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	627,046	680,314
Amortization	222	2,311
Bad debts	1,285,527	597,932
Accrued interest on advaces to related parties	(52,495)	(55,784)
Gain on interest rate swap	(1,551)	(5,578)
Changes in operating assets and liabilities:		
Patient accounts receivables	(990,978)	(2,207,993)
Other receivables	367,737	(507,003)
Inventories	(212,450)	(136,187)
Prepaid expenses	(20,968)	(30,671)
Accounts payable	(806,452)	537,007
Accrued personnel costs	56,171	62,030
Estimated third-party settlements	-0-	(56,170)
Accrued expenses	(301,402)	388,754
Net cash flows from operating activities	7,156,015	3,477,499
Investing activities		
Purchase of property and equipment	(266,962)	(577,776)
Advances to related parties	(110,334)	(15,979)
Advances from related parties	199,049	324,550
Net cash flows from investing activities	(178,247)	(269,205)
Financing activities		
Net change in line of credit	(1,400,000)	760,000
Principal payments on capital lease	(66,667)	(799,998)
Principal payments on note payable	(148,600)	(148,600)
Proceeds from issuance of members' units	240,000	60,000
Distributions to members	(4,937,421)	(3,067,723)
Redemption of members' units	-0-	(24,700)
Payments on notes payable - former member	(156,695)	(26,669)
Net cash flows from financing activities	(6,469,383)	(3,247,690)
Net change in cash	508,385	(39,396)
Cash, beginning of year	141,273	180,669
Cash, end of year	$ 649,658	$ 141,273
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 37,592	$ 57,205
Supplemental disclosure of noncash investing and financing activities		
Purchase of property and equipment by accounts payable	$ 135,924	$ 4,395
Distributions used to reduce other receivables	$ -0-	$ 9,470
Redemption of members' units through notes payable	$ -0-	$ 129,160

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS

Physicians' Medical Center, LLC (the "Company") is a physician-owned hospital located in New Albany, Indiana. Services provided include both outpatient and inpatient healthcare services. The Company was organized as a limited liability company under the laws of the State of Indiana. As a limited liability company, each member's liability for the debts and obligations of the Company is limited under provisions of the Internal Revenue Code. There is only one class of membership interest. As a result, each membership interest shares equally in the rights, preferences, and privileges of members' equity. Net income or loss is apportioned among the members in accordance with membership interest percentage. The period of duration of the Company specified in its operating agreement is perpetual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could vary from the estimates used.

Patient Accounts Receivable and Net Patient Service Revenue

The Company recognizes net patient service revenues on the accrual basis of accounting in the reporting period in which services are performed based on the current gross charge structure, less actual adjustments and estimated discounts for contractual allowances, principally for patients covered by Medicare, Medicaid, managed care, and other health plans. Gross patient service revenue is recorded in the accounting records using the established rates for the types of service provided to the patient. The Company recognizes an estimated contractual allowance to reduce gross patient charges to the estimated net realizable amount for service rendered based upon previously agreed-to rates with a payor. The Company estimates the contractual allowances on a payor-by-payor basis based on the rates in effect for each primary third-party payor. The Company's management continually reviews the contractual estimation process to consider and incorporate updated laws and regulations and the frequent changes in managed care contractual terms that result from contract negotiations and renewals.

Payors include federal and state agencies, including Medicare and Medicaid, managed care health plans, commercial insurance companies, and patients. These third-party payors provide payments to the Company at amounts different from its established rates based on negotiated reimbursement agreements. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and fee schedule payments. Retroactive adjustments under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Change in Accounting Principle

As more fully described in Note 12, in 2014, the Company adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date*, which established guidance for the accounting and disclosure of obligations under joint and several liability arrangements. That guidance requires an entity to measure such arrangement for which the total amount of the obligation is fixed at the reporting date, as the sum of (a) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. The adoption of the guidance expanded the disclosures of certain co-borrowing agreements in Notes 4, 5 and 12, but did not have a significant impact on the financial statements.

Allowance for Uncollectible Patient Receivables

The Company estimates an allowance for uncollectible patient receivables based on an evaluation of the aging of the accounts, historical losses, current economic conditions, and other factors unique to their service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

Inventories

Inventories consist of medical supplies and are stated at the lower of cost (using the first-in, first-out method) or market.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 7 years.

Goodwill

Goodwill is subject to at least an annual assessment for impairment. As of December 31, 2014 and 2013, the Company determined there was no impairment of the reported goodwill.

Advertising

The Company follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $25,797 for 2014 and $78,358 for 2013.

Income Taxes

No provision is made for federal and state income taxes since the members report their distributive share of Company's taxable income or loss on their respective income tax returns. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Company and has concluded as of December 31, 2014 and 2013, there are no uncertain positions taken or expected to be taken requiring recognition of a liability or disclosure in the accompanying financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Company has filed its federal and state income tax returns for periods through December 31, 2014. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date.

Professional Liability Insurance

The Company is insured against medical professional liability claims under a claims made-based policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Company bears the risk of the ultimate costs of any individual claim exceeding $250,000 or aggregate claims exceeding $5,000,000 for claims asserted in the policy year. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, will be uninsured.

Reclassifications

Certain 2013 amounts have been reclassified to provide consistency with reporting of 2014 information. Net working capital, members' capital, and net income as previously reported are unchanged due to these reclassifications.

Subsequent Events

The Company has evaluated the subsequent events through September 30, 2015, which is the date the financial statements were available to be issued.

2. PATIENT ACCOUNTS RECEIVABLE

The detail of patient receivables is set forth below:

	2014	2013
Patient accounts receivable	$ 10,959,824	$ 12,085,564
Less allowances for:		
Contractual adjustments	5,898,089	7,950,528
Uncollectible accounts	2,127,174	905,926
Patient accounts receivable, net	$ 2,934,561	$ 3,229,110

The Company grants credit without collateral to its patients, most of whom are local residents who are insured under third-party payor agreements.

The mix of receivables from patients and third party payors at December 31, 2014 and 2013 is as follows:

	2014		2013	
	Revenues	Receivables	Revenues	Receivables
Medicare	38%	27%	37%	32%
Medicaid	7%	8%	8%	8%
Blue Cross	25%	18%	26%	26%
Commercial and other	29%	27%	28%	28%
Self Pay	1%	20%	1%	6%
	100%	100%	100%	100%

3. OBLIGATION UNDER CAPITAL LEASE

The Company leases property from Fifth Third Bank under a capital lease. The economic substance of the capital lease is financing the acquisition of the assets through the lease. The capital lease was initially for $3,999,995 with $1,135,112 in assets transferred to a related party. The Company recognizes the entire obligation under the capital lease on its balance sheet. The assets transferred out are reflected in the balance shown as due from the related party.

The following is a summary of the property under the capital lease as of December 31, 2014 and 2013:

	2014	2013
Medical equipment and instrument	$ -0-	$ 2,584,557
Other equipment	-0-	102,660
Furniture and furnishings	-0-	116,307
Software	-0-	61,359
	-0-	2,864,883
Accumulated depreciation	-0-	2,461,450
Total property and equipment	$ -0-	$ 403,433

Each member has personally guaranteed their pro rata share of the capital lease.

4. LINE OF CREDIT

The Company has a line of credit with a local bank. The line is for a maximum of $1,500,000 with interest at a floating rate per annum equal to 2.2% in excess of the LIBOR rate (LIBOR rate was .1635% at December 31, 2014). The line is subject to annual renewal in September and is collateralized by substantially all business assets. Borrowings on the line of credit were $0 and $1,400,000 at December 31, 2014 and December 31, 2013, respectively.

The line of credit agreement contains a covenant which requires the Company, jointly with Physicians' Surgical Properties, LLC ("PSP") to maintain a specified level of debt service coverage as defined by the bank.

The Company and PSP are jointly and severally liable on the line of credit noted above. The full amount of this obligation has been recorded in the Company's financial statements.

5. LONG-TERM DEBT

At December 31, 2014 and 2013, the Company was obligated for long-term debt agreements as follows:

	2014	2013
Note payable to a bank at LIBOR plus 2.75% (LIBOR was .1635% at December 31, 2014), monthly payments of $12,383 plus interest, through November 2017, collateralized by substantially all business assets.	$ 433,417	$ 582,017
Current portion of long-term debt	148,600	148,600
Long-term debt, net of current portion	$ 284,817	$ 433,417

Aggregate maturities on the note payable are as follows:

2015	$ 148,600
2016	148,600
2017	136,217
Total	$ 433,417

The Company's term loan agreement contains covenants which require the Company jointly with PSP to maintain a specified level of debt service coverage as defined by the bank and to submit audited financial statements within a specified period of time. The Company did not submit audited financial statements within the specified period of time for 2014 and 2013. The bank waived all of the covenant violations at December 31, 2014 and 2013. Management believes the Company was in compliance with the debt service coverage covenant at December 31, 2014 and 2013.

The Company and PSP are jointly and severally liable on the note listed above. The full amount of this obligation has been recorded in the Company's financial statements.

6. NOTES PAYABLE – FORMER MEMBERS

Notes payable – former members consists of the following:

	2014	2013
Unsecured note payable to a former member bearing interest at 3.25%, annual payments of $5,695 including principal and interest, payable on demand, paid in full in 2014.	$ -0-	$ 5,515
Unsecured note payable to a former member bearing interest at 3.25%, annual payments of $11,367 including principal and interest, payable on demand, paid in full in 2014.	-0-	11,010
Unsecured note payable to a former member bearing interest at 3.25%, annual payments of $11,367 including principal and interest, payable on demand, paid in full in 2014.	-0-	11,010
Unsecured note payable to a former member bearing no interest, lump sum payable on demand, paid in full in 2014.	-0-	99,160
Unsecured note payable to a former member bearing no interest, lump sum payable on demand, paid in full in 2014.	-0-	30,000
	-0-	156,695
Current maturities	-0-	156,695
Notes payable - former members, net of current portion	$ -0-	$ -0-

7. DERIVATIVES

The Company makes limited use of derivative financial instruments for the purpose of managing interest rate risk. In particular, forward interest rate swaps are used to manage the risk associated with interest rates on variable-rate borrowings and to lower its overall borrowing costs.

At December 31, 2014, the Company has outstanding an interest rate swap agreement with a commercial bank having a notional amount of $433,417. The agreement effectively changed the Company's interest rate exposure on its floating rate note due in 2017 to a fixed rate of 3.65%. The interest rate swap agreements mature at the time the related note matures. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Company does not anticipate nonperformance by the counterparties.

These derivatives are not designed as hedging instruments and are marked-to-market on the balance sheets at fair value. The related gains and losses are included in net income for the reporting periods. Cash flows from interest rate swap contracts are classified as an operating activity in the statements of cash flows.

The derivatives are reported as noncurrent liabilities on the balance sheets. At December 31, 2014 and 2013 the fair value of the derivative recorded in the balance sheets are as follows:

	2014	2013
Interest rate swap	$ 995	$ 2,546

The amount of gain recognized in the income statements as other income (expense) is as follows:

	2014	2013
Gain on interest rate swap	$ 1,551	$ 5,578

8. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014:

- Interest rate swap: Valued using pricing models derived principally from observable market data based on discounted cash flows and interest rate yield curves at quoted intervals for the full term of the swap.

The following table sets forth the level within the hierarchy, the Company's liabilities measured at fair value on a recurring basis as of December 31, 2014 are as follows:

	Liabilities at Fair Value as of December 31, 2014			
	Level 1	*Level 2*	*Level 3*	*Total*
Interest rate swap	$ 0	$ 995	$ 0	$ 995

The following table sets forth the level within the hierarchy, the Company's liabilities measured at fair value on a recurring basis as of December 31, 2013 are as follows:

	Liabilities at Fair Value as of December 31, 2013			
	Level 1	*Level 2*	*Level 3*	*Total*
Interest rate swap	$ 0	$ 2,546	$ 0	$ 2,546

The Company's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers among levels during 2014 and 2013.

9. NET PATIENT SERVICE REVENUES

The Company has agreements with third-party payors which provide for payments to the Company at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare.** The Company is a provider of services to patients entitled to coverage under Title XVIII (Medicare) of the Health Insurance Act. The Company is reimbursed for Medicare inpatient services based on a fixed price per discharge for each diagnosis related grouping (DRG) and Medicare outpatient services based on a fixed price per clinical unit of service. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Company's year-end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. The difference between computed reimbursement and interim reimbursement is reflected as a receivable from or payable to the third-party program. The Company's classification of patients under the Medicare program and the appropriateness of their admissions are subject to an independent review by a peer review organization under contract with the Company. As of December 31, 2014, the Company's submitted Medicare cost reports have been final settled with the Fiscal Intermediary through December 31, 2011.

- **Medicaid.** The Company is a provider of services to patients entitled to coverage under Title XIX (Medicaid) of the Health Insurance Act. The Company is reimbursed for Medicaid inpatient services based on a fixed price per discharge for each diagnosis related grouping and Medicaid outpatient services based on a fixed price per clinical unit of service. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Company's year-end, a cost report is filed with the Medicaid program computing reimbursement amounts related to Medicaid patients. There is no cost settlement for either of the inpatient or outpatient programs.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility recorded estimates will change by a material amount in the near term. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions form Medicare and Medicaid programs. The Company believes it is in compliance with all applicable laws and regulations.

The Company has also entered into payment agreements with certain commercial insurance carriers. Payment arrangements to the Company under these agreements included discounted charges and fee schedule payments.

10. RELATED PARTY TRANSACTIONS

The Company leases property on a triple net lease from PSP dated June 30, 2008. The majority of the Company's primary members are also members of PSP. The lease is for ten years and has an option to renew under the same terms for four additional five-year terms. The rental payments will increase 3% after each 60 month period. The lease was amended to include a 4% increase in the rent as of January 1, 2011. All other terms of the lease remained the same. Rental expense was $922,074 for 2014 and $907,410 for 2013.

At December 31, 2014 the minimum lease payments under the terms of all lease agreements were as follows:

Year ending December 31:		
2015	$	920,820
2016		920,820
2017		920,820
2018		460,410
Total	$	3,222,870

The Company had a balance due from PSP of approximately $1,440,000 at December 31, 2014 and approximately $1,480,000 at December 31, 2013.

The Company is required to pay Indiana income tax on behalf of its non-resident members. If there is any balance due from members at year end, it is included in other receivables on the balance sheets. The amount due from members was $1,203 and $27,111 at December 31, 2014 and 2013, respectively, and has been included in other receivables on the balance sheets. The amount paid on behalf of non-resident members was $67,820 in 2014 and $17,641 in 2013. The Company reduces distributions to recoup the balances owed by these members.

Several members indirectly own a portion of Louisville Lithotripsy, LLC. The Company entered an agreement with Louisville Lithotripsy, LLC for the use of a mobile extracorporeal shock wave lithotripter. The agreement is for a one-year period and unless terminated, will be automatically renewed for successive one-year terms. The Company had a balance due to Louisville Lithotripsy, LLC of $2,400 at December 31, 2014 and $18,600 at December 31, 2013. The balance due has been included in accounts payable on the balance sheets at December 31, 2014 and 2013. The Company paid $416,906 for the year ended December 31, 2014 and $169,297 for the year ended December 31, 2013 under the agreement.

11. HOSPITAL ASSESSMENT FEE

During 2012, the Hospital Assessment (“HAF”) Program for the period July 1, 2011 through June 30, 2013 was approved by Centers for Medicare & Medicaid Services (“CMS”) retroactive to July 1, 2011. During March 2014, the HAF program was reinstated by CMS retroactive to July 1, 2013. The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (“DSH”) payments for Indiana hospitals as reflected as Hospital assessment fee reported in the statements of income. Previously, the State share was funded by government entities through intergovernmental transfers. The Medicaid enhanced payments relate to both fee for service and managed care claims. The Medicaid enhanced payments are designed to follow the patients and result in increased Medicaid rates. The Hospital recognized HAF program expense of $154,380 and $225,730 at December 31, 2014 and 2013, respectively.

12. COMMITMENTS AND CONTINGENCIES

The Company is jointly and severally liable with PSP, a related party, on $3,248,200 of LIBOR plus 2.75% (LIBOR was .1635% at December 31, 2014) secured long-term borrowings. The Company entered into a reimbursement agreement with PSP to guarantee a bond issued by PSP for the construction of the facility used by the Company. The bonds were refinanced during 2012. Therefore, effective December 14, 2012, the Company was a co-borrower with PSP on a term note for the purpose of refinancing the bonds. The borrowings on the term note were advanced to PSP on January 17, 2013. Annual principal payment requirements range from $206,000 to $232,000 with final payment in 2018. The agreement with PSP calls for PSP to pay all of the required principal and interest payments. The Company is obligated under the terms of the notes to perform if PSP should fail to meet its requirements under the debt agreement. The maximum potential amount of future payments the Company would be required to make if this guarantee was invoked subsequent to December 31, 2014, is dependent on the related outstanding balance on the term notes plus any accrued interest. At December 31, 2014 and 2013, the balance remaining on the term note was $3,248,200 and $3,447,400, respectively. The Company has not been called upon to perform under this guarantee and has suffered no losses as a result of the guarantee. Accordingly, the Company has recorded no additional debt related to this guarantee for both 2014 and 2013. Should the Company be required to pay any portion of the total amount of the loans it has guaranteed, the Company could attempt to recover some or the entire amount from PSP. The Company holds no collateral in respect of the guarantee. The loan agreements contain a covenant which requires PSP jointly with the Company to maintain a specified level of debt service coverage as defined by the bank.

At December 31, 2014, the Company is jointly and severally liable with PSP, a related party, on $214,000 of LIBOR plus 3% (LIBOR was .1635% as December 31, 2014) secured term note. The borrowings were for the construction of the facility used by the Company. Annual principal payment requirements are $214,000 with final payment in 2015. The agreement with PSP calls for PSP to pay all of the required principal and interest payments. The Company is obligated under the terms of the notes to perform if PSP should fail to meet its requirements under the debt agreement. The maximum potential amount of future payments the Company would be required to make if this guarantee was invoked subsequent to December 31, 2014, is dependent on the related outstanding balance on the term notes plus any accrued interest. At December 31, 2014 and 2013, the balance remaining on this term note was $214,000 and $642,000, respectively. Accordingly, the carrying amount of the debt on the Company's balance sheet is $0 for both 2014 and 2013. The Company has not been called upon to perform under this guarantee and has suffered no losses as a result of the guarantee. Accordingly, the Company has recorded no additional debt related to this guarantee for both 2014 and 2013. Should the Company be required to pay any portion of the total amount of the loans it has guaranteed, the Company could attempt to recover some or the entire amount from PSP. The Company holds no collateral in respect of the guarantee. The loan agreements contain a covenant which requires PSP jointly with the Company to maintain a specified level of debt service coverage as defined by the bank.

As of December 31, 2014, the Company has construction project commitments as follows:

Project	Expected Date of Completion	Estimated Total Cost of Project	Costs Incurred as of December 31, 2014
Regional lab buildout	2015	$ 500,000	$ 150,764
Facility expansion	2015	5,000,000	5,643
		$ 5,500,000	$ 156,407

13. CONCENTRATION OF CREDIT RISK

The Company maintains a bank deposit account at a financial institution which at times may exceed insured limits. At December 31, 2014, management believes the Company is not at risk in losing any funds held at a financial institution.