

Trinity Health International
Section 177 Health Plan
Agreement with The Republic
of the Marshall Islands

Special-Purpose Statement of Support and Expenses
for the Year Ended December 31, 2010, and
Independent Auditors' Report

**TRINITY HEALTH INTERNATIONAL
SECTION 177 HEALTH PLAN AGREEMENT WITH
THE REPUBLIC OF THE MARSHALL ISLANDS**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
SPECIAL-PURPOSE STATEMENT OF SUPPORT AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010	2
NOTES TO SPECIAL-PURPOSE STATEMENT OF SUPPORT AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010	3–4

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Trinity Health International
Farmington Hills, Michigan

We have audited the Special-Purpose Statement of Support and Expenses of Trinity Health International (the "Statement") for the year ended December 31, 2010. The support and expenses were received and incurred in conjunction with The Republic of the Marshall Islands Section 177 Health Plan Agreement with Trinity Health International (the "Contractor"). This Statement is the responsibility of the Contractor's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit 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 Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as it relates to the Statement 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 Contractor's internal control over financial reporting as it relates to the Statement. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying Statement was prepared to present the support received and expenses incurred by the Contractor in the performance of the Section 177 Health Plan Agreement with The Republic of the Marshall Islands and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Statement referred to above presents fairly, in all material respects, the support received and expenses incurred by the Contractor in the performance of the Section 177 Health Plan Agreement with The Republic of the Marshall Islands for the year ended December 31, 2010, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Board of Trustees, management of Trinity Health International, management of The Republic of the Marshall Islands, the cognizant audit, and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 29, 2011

**TRINITY HEALTH INTERNATIONAL
SECTION 177 HEALTH PLAN AGREEMENT WITH
THE REPUBLIC OF THE MARSHALL ISLANDS**

**SPECIAL-PURPOSE STATEMENT OF SUPPORT AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010**

I. SUPPORT:

A. Section 177 Health Plan payments \$ 985,233

Total support 985,233

II. EXPENSES:

A. Primary care expenses

1. Direct expenses 559,932

2. Special missions and projects 190,279

3. Logistical support 123,933

Total primary care expenses 874,144

B. Administrative expenses

1. Administrative services 4,481

2. Trinity Health International overhead 162,000

Total administrative expenses 166,481

Total expenses 1,040,625

EXPENSES IN EXCESS OF SUPPORT \$ (55,392)

See notes to special-purpose statement of support and expenses.

TRINITY HEALTH INTERNATIONAL

SECTION 177 HEALTH PLAN AGREEMENT WITH THE REPUBLIC OF THE MARSHALL ISLANDS

NOTES TO SPECIAL-PURPOSE STATEMENT OF SUPPORT AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010

1. SECTION 177 HEALTH PLAN AGREEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Trinity Health International (the “Contractor”), a wholly owned subsidiary of Trinity Health, entered into a contract, commencing on January 1, 2010, extending through December 31, 2010, with The Republic of the Marshall Islands (the “Government”). Subsequent to December 31, 2010, the Contractor received written approval from the Government to continue the program through December 31, 2011. Under the terms of the contract, the Contractor has the obligation to provide management of specified health services for eligible citizens of The Republic of the Marshall Islands. In consideration of these services, the Government supports qualified contract expenses and provides a specified administration fee to the Contractor.

The contract can be terminated at the option of either party if the other party has not cured, within 60 days, a formally notified contractual default or if the other party files for bankruptcy. In addition, the Contractor may terminate the contract upon 90 days’ notice if the Section 177 Health Plan is operated in a manner which is inconsistent with the ethical standards and philosophy of the Contractor.

Patient eligibility is determined by the Government. The Government provides approvals for eligible patients to the Contractor.

The Special-Purpose Statement of Support and Expenses (the “Statement”) was prepared to present the support received and expenses incurred by the Contractor in the performance of the Section 177 Health Plan Agreement with the Government in accordance with Section 12 of the Contract for Management of the Section 177 Health Plan Agreement and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting — The accompanying statement is presented on the accrual basis of accounting for expenses and on a cash basis for support received.

Fixed Assets — Fixed assets purchased by the Contractor in The Republic of the Marshall Islands, for use exclusively in the execution of the Section 177 Health Plan Agreement with the Government, are expensed when purchased. The Contractor is the custodian of the assets until the completion of the contract. Upon completion of the contract, the assets become the property of the Government.

Support — Support is recognized on the Section 177 Health Plan Agreement with the Government in an amount equal to the total contractual (including amendments) support received. In accordance with the terms of the contract, any excess of support received over reported expenses is reimbursable to the Government at the end of the contract year, or carried forward to the next contract year, if the provider has received an extension of the contract. The Contractor is not obligated to incur expenses in excess of contractual support. In the current year, carryover funds from the prior year in the amount of \$55,392, which was not included in the support reported on the statement of support and expenses, were used to fund current year programs.

Allocation of Expenses — Salaries, wages, and related benefits are allocated by the Contractor on the basis of actual or estimated time devoted to the contract.

2. RELATED-PARTY TRANSACTIONS

The Contractor purchases inpatient and outpatient care and pays certain personnel and other costs through two branches of the Government. Amounts paid to the Government for inpatient and outpatient care, and for certain personnel and other costs, totaled approximately \$56,111 for the year ended December 31, 2010.

3. SUBSEQUENT EVENTS

The Contractor has evaluated subsequent events through April 29, 2011, which is the date the Statement was available for issuance.

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