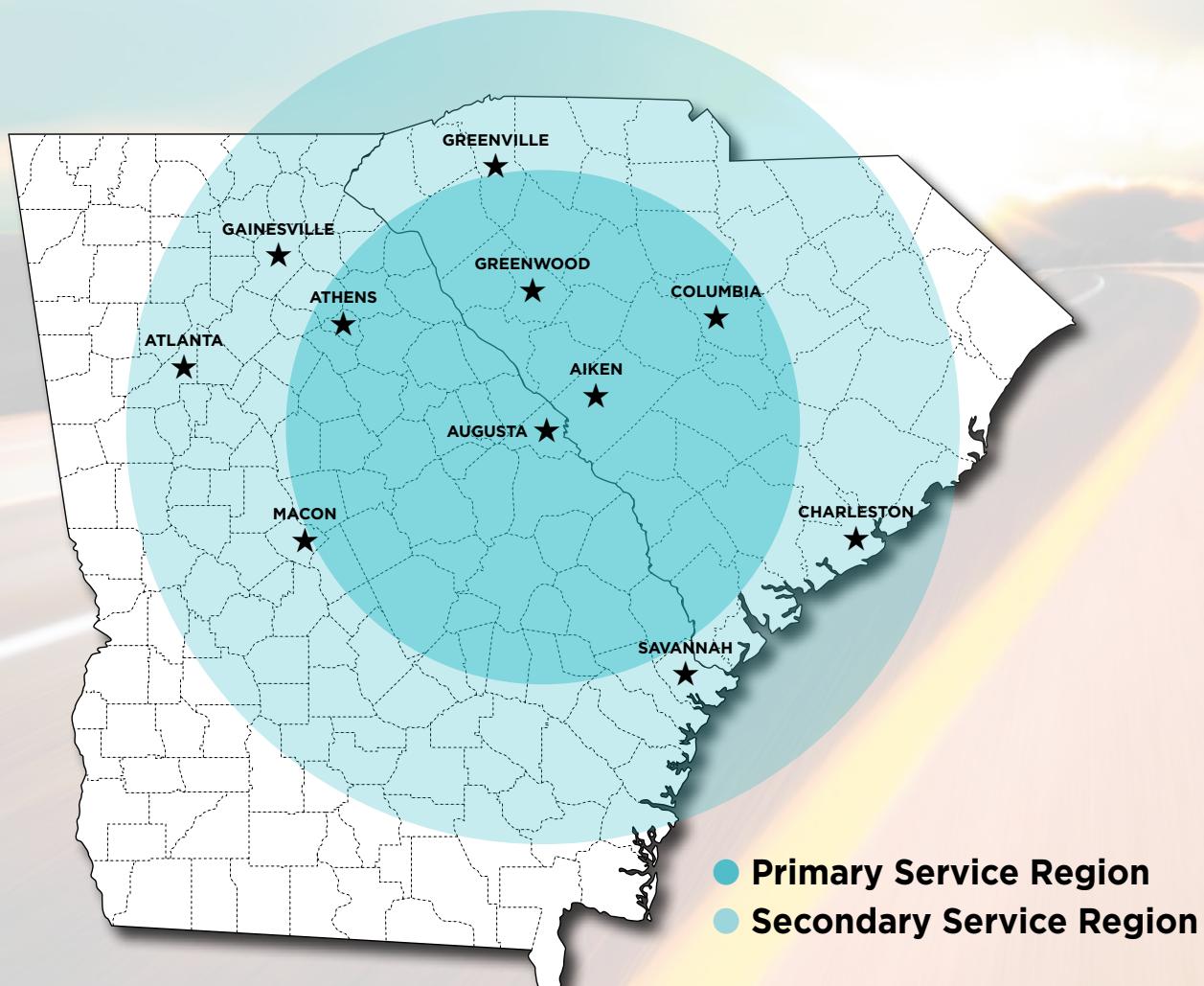


2009 Annual Report to the Community

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As a not-for-profit regional destination center, Walton Rehabilitation Health System strives to provide a broad range of services to counties in Georgia and South Carolina.

Our Mission, Our Passion

Mission Walton Rehabilitation Health System restores ability, hope and independence to people who need medical rehabilitation and/or community supports following temporary illness, injury or a life-changing disability.

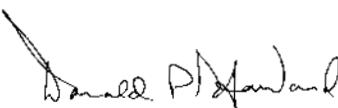
In the journey of life, sometimes there are detours, and Walton is a welcome stop along that road. What's best about Walton? Our many services—which are the answer for so many people. For some, we're a compassionate, high-quality **rehabilitation hospital**. For others, we're an **outpatient therapy center** that cares for injuries minor to major. We're a **pain and headache center** with the latest treatments to help ease pain. We're **Walton West**, a transitional living center for brain injury survivors. And for still others, Walton is **home**, thanks to Harison Heights and Walton's 10 (and growing!) independent living settings that provide accessible apartments for those with disabilities and for seniors in Georgia and South Carolina.

So in 2009, we put it in writing, by developing a new mission statement that reflects everything Walton has become over the past 21 years—and where Walton is going. After becoming an independent organization in 2008, Walton has continued to build on its strong foundation and reaching a number of milestones, which are outlined in this report.

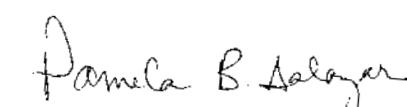
We are proud to be the region's Experts in Rehabilitation. As we look to the future, can you imagine the possibilities? We can. And we thank you for coming on this journey with us.



Dennis Skelley
President and CEO



Donald P. Howard
Board Chairman



Pamela Salazar, MD
Medical Director



Dr. Pam Salazar, Dennis Skelley, Don Howard



Preston Sizemore

Postscript

After serving as Board Chairman for Walton Rehabilitation Health System for an astonishing 23 years, Don Howard is "passing the gavel" on to fellow board member and friend Preston Sizemore. During Don's tenure, he has had oversight over many of Walton's exciting accomplishments. We thank him for his long dedication to Walton, and look forward to his continued involvement as a board member. Please join us in welcoming Preston in his new role!

CLINICAL QUALITY, COMPASSIONATE CARE

Restoring Ability

As a rehabilitation health system, clinical quality coupled with compassionate care continues to be a driving force at Walton. Along with a new mission statement, Walton completed its five-year strategic plan, outlining how to continue to achieve milestones in what it is most passionate about—rehabilitation.

Helping to drive that strategic plan is the continued recruitment and retention of board-certified and fellowship-trained rehabilitation specialists. In addition, in keeping with its goal as the region's Center of Excellence in Rehabilitation, Walton continues to lead the region in stroke and other certifications from The Joint Commission and the Commission for the Accreditation of Rehabilitation Facilities.

Walton's continued success could not be achieved without the dedication of our staff. Every quarter, nurses who work with stroke patients participate in a Stroke Workshop, a three-day intensive course that covers anatomy and physiology, complications of stroke, stroke risks, treatment, education for the family, psychosocial issues and caring for the caregivers.

Walton's nursing staff also benefits from twice-a-year Certified Rehabilitation Registered Nurse review classes for all RNs eligible to sit for the exam. CRRN certification demonstrates excellence in care by validating qualifications and specialized knowledge in rehabilitation nursing. Walton's goal is for 100 percent of their eligible registered nurses to have CRRN certification by 2010.

All therapists and licensed nurses at Walton attended and passed a Functional Independence Measure (FIM) exam in 2009, enabling Walton to be a FIM-certified facility. The FIM instrument is a scale that measures a patient's ability to function with independence at admission and at discharge, and is used by rehabilitation providers worldwide.

Facility improvements also continue. After a capital campaign conducted by Walton Foundation for Independence, Walton Rehabilitation Hospital completed its \$1-million-dollar private room transformation. Valuable input from nurses and therapists helped ensure that the new rooms fulfill Walton's mission to continue to provide the highest quality care in a comforting patient environment.





94% of Walton patients would recommend Walton Rehabilitation Hospital to their family and friends.

Stroke Rehabilitation



Stroke patients at Walton's inpatient hospital and outpatient therapy center are also benefiting from innovative equipment from **Bioness**. After a patient has a stroke or other condition that affects movement, simple activities like walking or picking up small items can be difficult, if not impossible. Equipment like the Ness L300 Foot Drop System and the Ness H200 Hand Rehabilitation System enables patients to perform these simple activities and even helps return function over time. Walton is among the first in the U.S. to offer this therapy and is a regional evaluation and treatment site for patients interested in Bioness. Biannual educational seminars on Bioness are also offered to the public.

Fredrick S. Phillips, MD, joined the rehabilitation team at Walton. As a physical medicine and rehabilitation physician, Dr. Phillips works to ensure that patients are able to reclaim maximum function that is lost due to physical injury, medical illness or a chronic disabling condition, enabling patients to care for themselves, enjoy physical activities and live at home safely. Dr. Phillips also leads Walton's stroke team.



*Despite treating more medically complex stroke patients as compared to national averages, Walton excelled in **bringing patients home** and scored well above national averages in outcomes related to self-care areas as determined by the FIM instrument.*



Eloise's Story

As a stroke survivor, Eloise Haynes (left) knows that a higher power has been with her every step of the way, from being able to stop her car and call her daughter before having her stroke to receiving a life-saving clot-busting drug in time and, finally, to her stroke rehabilitation at Walton. During her 21-day visit, Eloise benefited from three hours of intensive rehabilitation each day, as well as therapy in Walton's new rehab-ready stroke unit, which opened in 2009 and is a first for the region. "At Walton, they teach you the basics of life," said Eloise, "and they do it with an attitude of caring and love. It's just incredible. There's no place on earth like Walton."

Walton launched the region's first **rehab-ready stroke unit** as part of its private room transformation. Because of changes in health care delivery, patients who survive debilitating strokes are discharged from acute care hospitals sooner and arrive at rehabilitation hospitals with greater medical needs than in the past, making therapy intervention harder to tolerate early in their admission. Walton's new unit allows patients to start therapy immediately in the convenience of their own rooms while medically recovering from their stroke.



Karen's Story

Karen McGinley-Mauldin is an RN—and a brain injury survivor. After a snowmobile accident during a vacation in Wyoming, Karen found herself on the other side as a patient. But with the help of Walton Rehabilitation and Walton West Transitional Living Center, Karen was able to relearn basic skills like sitting, walking and reading, as well as how to live daily life. She and her husband are now active in Walton Foundation's sports and leisure programs as well as its annual Undercover Artists Show. "I was lucky at every turn, from having expert medical care in the wilderness of Wyoming to patient retraining at Walton Rehab and Walton West," said Karen. "My utmost gratitude and appreciation goes to Walton Rehab...I truly believe they perform miracles."



Brain Injury

Andrew Cullen Dennison, M.D., joined the staff at Walton Rehabilitation Health System as a specialist in brain injury. As the medical director of the brain injury program, Dr. Dennison treats patients recovering from brain injury and stroke, from hospitalization to rehabilitation to reintegration into the community. In addition to general training in the specialty of physical medicine and rehabilitation, Dr. Dennison is also fellowship trained in brain injury rehabilitation. His interests include neuropharmacology, spasticity management and the application of the newest discoveries of neuroscience to the field of rehabilitation.



Brain injury survivors at Walton recovered faster and achieved better functional independence as compared to national averages for length of stay and FIM scores.

Jeremy Hertzka, Psy.D., was named the Director of Behavioral Medicine at Walton Rehabilitation Health System. As a fellowship-trained neuropsychologist, Dr. Hertzka works with patients with neurological or psychiatric conditions who are undergoing physical rehabilitation.



His interests include the functional anatomy of the brain and its relationship with behavior, stroke, dementias, traumatic brain injury, movement disorder, and the cognitive aspects of rehabilitation.

A **higher percentage** of patients with brain injury were able to benefit from transitional living at Walton West, compared to the national average (8 percent vs. 2 percent).

Spinal Cord Injury

Walton recruited Jennifer Yang, MD, a physiatrist who is board certified in physical medicine and rehabilitation with a subspecialty in spinal cord injury medicine, and who is fellowship trained in spinal cord injury medicine. As medical director of the spinal cord program, she works with inpatients who have medical and functional issues and follows outpatients as they transition into living at home and in the community.



Patients with spinal cord injuries at Walton experience **better outcomes**, with an average 31% improvement in FIM scores as compared to a national average of 22.4%.



John Paul's Story

Twenty-year-old John Paul Richardson believes in the power of positive thinking. After he was in a car accident last year that crushed six vertebrae in his back, he refused to let negativity get him down—or distract him from his goals. Which made the Walton Outpatient Therapy Center a great fit. “Walton is so positive,” said John Paul. “I was never told anything negative, which made me more excited to go in everyday. Anything I wanted to do, they were 100 percent behind me.” With Walton’s help, John Paul learned how to do all those things that we often take for granted, but which can be difficult for a wheelchair user. This fall, John Paul headed back to Armstrong Atlanta State University in Savannah, ready to live on his own and find out what’s next. “Walton told me, ‘You can do this,’ and they showed me I could.”



Walton Pain and Headache Center

The Walton Pain Center and the Walton Headache Center **consolidated** this past year to become the Walton Pain and Headache Center. At the center, patients benefit from state-of-the-art procedures and equipment and the expertise of fellowship-trained neurologists, anesthesiologists, psychologists, nurses and therapists as part of a personalized pain and headache management program. For example, spinal cord stimulation works like a pacemaker for your back to help reduce chronic back pain and improve quality of life. As a result, more patients than ever chose the Walton Pain and Headache Center to help manage their pain, with patient volumes increasing by nearly 30 percent.



Outpatient Services

Aiken's first physical medicine and rehabilitation physician launched his practice when the **Aiken Physical Medicine & Rehabilitation Center** opened its doors in spring 2009. As part of its campus expansion, Walton recruited John A. Nicholson, MD, who is board certified in physical medicine and rehabilitation, as medical director for the new center. Dr. Nicholson provides the area's first physician-directed diagnosis and treatment of injuries or related disabilities requiring rehabilitation and/or physical therapy treatment.



Walton's outpatient services consistently score in the **90th** percentile for patient satisfaction.

BUILDING FOR THE FUTURE

Restoring Hope

The hard work and dedication of the staff and Board of Directors of Walton Foundation for Independence and the generosity and ongoing support of donors has enabled Walton to continue to achieve milestones in providing the highest quality care to patients throughout their experience.

Community Support

Despite a challenging economy, Walton Foundation for Independence continues to achieve its goals, beginning with the completion of its **\$1-million-dollar-plus capital campaign**. The campaign funded Walton's private room transformation, including a new rehab-ready stroke unit, which is a first for the region.

The campaign also enabled the creation of a **memorial courtyard**—an area designed for comfort and relaxation for patients and families—dedicated in memory of longtime Walton Foundation for Independence Board Chair Phil S. Harison. As an active community member, Mr. Harison, who passed away in April 2008, led the capital campaign to build Harison Heights, an independent living facility for people with disabilities, which is an integral part of Walton Rehabilitation Health System's continuum of care.



This year, the Foundation also created the **Cornerstone Society**, a dedicated group of annual supporters of the Walton Foundation. The Society's goal is to help Walton seize the opportunity to offer the rehabilitation experience of the future, through clinical innovations for patient care, facility improvements, state-of-the-art equipment and other initiatives.

Special Events

Twenty-seven children and teens from throughout Georgia and South Carolina attended **Camp TBI (To Be Independent)**, Walton Foundation's annual week-long summer camp for children and teens with traumatic brain injury. Campers attend free thanks to funds raised through sponsorships and special events like Walton Foundation's Undercover Artists Show.



The 16th Annual Walton Foundation for Independence Golf Classic was renamed the **Phil S. Harison Memorial Golf Classic** in honor of the longtime Chairman of the Foundation Board. Thanks to the generous support and help of sponsors, underwriters, in-kind donors and volunteers, more than \$61,000 was raised to benefit programs and services at Walton, including the purchase of **Bioness equipment**, advanced therapy for stroke survivors and others.

About 225 attendees bid on one-of-a-kind art during the **3rd Annual Undercover Artists Show**, presented by Walton Foundation for Independence and Medequip. The largest crowd ever also helped raise funds for a good cause, with \$23,000 raised to help support Camp TBI. One hundred local artists, celebrities and community leaders created and donated art for the event.



Adaptive Golf Programs

Walton Foundation's monthly **adaptive golf program** continues to grow thanks to ongoing support from the community as well as grant support from the United States Golf Association. The program provides four adaptive golf carts available for use at any time by golfers with acquired disabilities who have attended one

of the monthly golf clinics, as well as volunteer golf coaches. The program is designed for people ages 15 and up who have acquired disabilities (including brain injury, stroke, spinal cord injury, amputation and blindness). Nearly 30 golfers a month participate in the program.



Masters champion Fuzzy Zoeller kicked off this year's **Walton Foundation Adaptive Golf Challenge**, raising \$9,000 for programs at Walton.

Funds raised enabled up to 10 children to attend Camp TBI or up to 36 adults to enjoy the game of golf through the adaptive golf program. The challenge, which teams golfers with disabilities with community golf enthusiasts, takes place annually on the Monday of Masters Week.



A CONTINUUM OF CARE

Restoring Independence

Patients of Walton's inpatient hospital and outpatient centers continue to benefit from Walton's many other community services.

Walton Community Services

Walton Community Services was awarded **an unprecedented \$3 million in grants** this year from the U.S. Department of Housing and Urban Development, which will go to fund three new independent living settings in South Augusta, West Augusta and Harlem and bring Walton's total number of settings to 13. Since 1992, Walton and HUD have partnered to build and manage independent living settings across the region that provide specially designed housing for seniors and people with disabilities, enabling families with lower incomes who are unable to make home modifications to have a safe, comfortable home that meets their needs. Walton's housing options have earned it the Communities of Quality Corporate Partner designation from the National Affordable Housing Management Association.



Walton West Transitional Living Center celebrated its **14th anniversary** of helping those recovering from brain injury. Residents, past residents, members of the Walton West Brain Injury Support Group and staff joined the tropical-themed celebration.

Support Groups

Walton support groups offer a **welcoming forum** for patients and families interested in information and support related to conditions like stroke, brain injury, spinal cord injury and amputation. A new addition is a stroke support group that has been launched for the Aiken area, meeting at the Aiken Physical Medicine & Rehabilitation Center.

Education and Advocacy

Walton is helping to educate the next generation of health care providers. In 2009, **LPN students from Aiken Technical College and Fort Gordon** spent time on Walton's nursing units and in our therapy gyms, learning about the delivery of care in rehabilitation hospitals.

Walton also partners with advocacy groups like Georgia's **Brain and Spinal Injury Trust Fund**. The Trust Fund, which is funded through a surcharge on drunk driving fines, awards grants to individuals with brain and spinal cord injuries to help them achieve lives of independence. Walton case managers provide information on the Trust Fund to families, and Dr. Jeremy Hertzka, Director of Behavioral Medicine at Walton, serves on its Advisory Board.

Walton Options for Independent Living



As a community partner with Walton Rehabilitation Health System, Walton Options for Independent Living continues to provide **multifaceted services and resources** to help those of all ages with all types of disabilities live independently within the community. Walton Options provided help with information and referrals, assistive technology, vocational services, life skills classes, and housing services or home modifications to about 3,000 individuals in the past year.

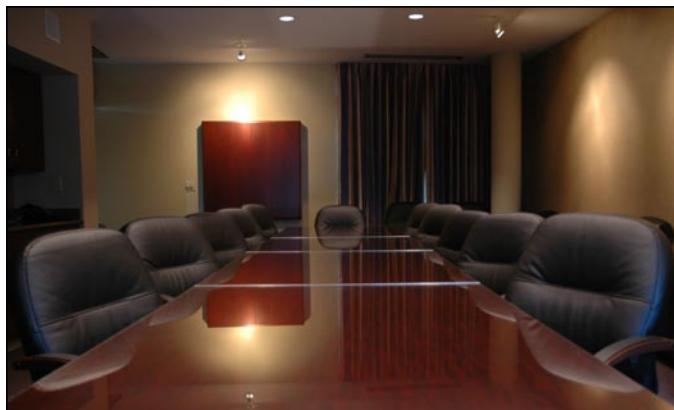
LEADERSHIP

Georgia Rehabilitation Institute dba Walton Rehabilitation Health System

Board of Directors

Don Howard
Dennis B. Skelley
Preston Sizemore, Sr.
Robert Cooks
Norman B. Chutkan, MD
Phil Harison Jr.
Harold C. McGrade, MD
Daniel Rahn, MD
Donald Shapiro
Tara Simpkins
Brent Smith
Robert Taylor

Chairman
President and CEO
Secretary
Assistant Secretary



Walton's board room was recently renovated and renamed the Donald P. Howard Board Room in honor of the board chair.

Walton Foundation for Independence

Board of Directors

James Thrash
Dennis B. Skelley
Michael W. Pope
Phil S. Harison
Dawn C. Jones

Phil Brigham
Rick D. Busby
Andrea Connell Collier
Nicholas C. Dickinson, II
Jeffrey L. Ernst, Ph.D.
Steve Hagler
David J. Hogg, Jr.
Charles Johnson
Tiffany Johnston
Condor F. McCollum
William L. McCrary, III
Nicole McLeod
Kathy Martin
E. Magruder Page
Thomas L. Rogers
Donald L. Shapiro
Rhett N. Sinclair
Lisa Sistare-Harkins
Frank Stone
Linda L. Walker
Clay Ward
Tim Wright

FISCAL AND QUALITY INDICATORS

WALTON REHABILITATION HEALTH SYSTEM STATEMENT OF OPERATIONS

STATEMENT OF REVENUES AND EXPENSES

| | 2009 | 2008 |
|--|-------------------|-------------------|
| Patient services revenue | \$18,713,203 | \$18,634,122 |
| Other revenue | 3,698,174 | 3,722,638 |
| Gifts, grants and fundraising proceeds | 313,235 | 330,137 |
| Investment gains (losses) | (89,086) | 54,620 |
| Total revenues | 22,635,526 | 22,741,517 |
| Less total expenses | <u>22,247,908</u> | <u>21,976,831</u> |
| Provision for improvements, equipment and new services | 387,618 | 764,686 |

CHARITABLE SERVICES RENDERED

| | | |
|---|--------------------|--------------------|
| Uncompensated care (patients without funding) | \$1,092,468 | \$1,025,067 |
| Donations used for programs and supporting services | <u>91,158</u> | <u>78,623</u> |
| Total | <u>\$1,183,626</u> | <u>\$1,103,690</u> |

PROPERTY AND EQUIPMENT

| | | |
|--|------------------|--------------------|
| Funds from operating revenue used to purchase property and equipment | \$892,583 | \$254,559 |
| Donations used to purchase property and equipment | <u>101,994</u> | <u>984,868</u> |
| Total | <u>\$994,577</u> | <u>\$1,239,427</u> |

Note: The Statement of Revenues and Expenses show the results from operations and are exclusive of bond debt costs and derivative market adjustments due to the extraordinary nature of the Health System's debt restructuring.

WALTON FOUNDATION FOR INDEPENDENCE

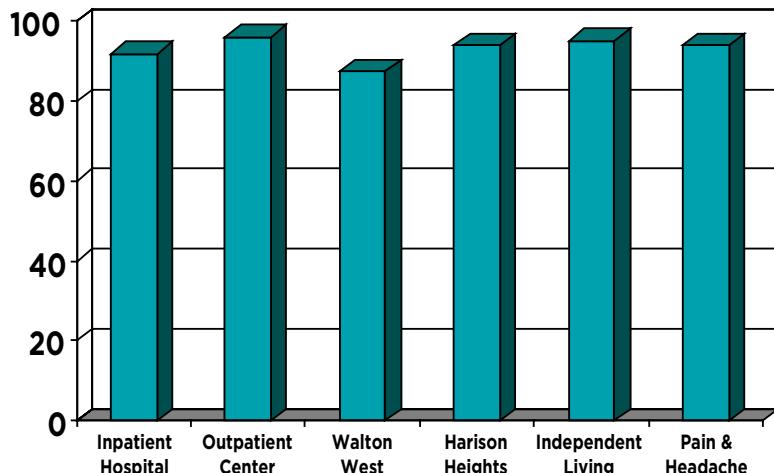
STATEMENT OF OPERATIONS

| | 2009 | 2008 |
|---|--------------------|--------------------|
| Revenue | \$493,268 | \$563,465 |
| Expenses | 243,787 | 260,447 |
| Revenue over expenses | 249,481 | \$303,018 |
| Investment (losses) | (38,817) | (28,124) |
| Net assets released to support affiliates | (101,994) | (984,868) |
| Change in net assets | 108,670 | (\$709,974) |
| Net assets, beginning | <u>1,238,166</u> | <u>1,948,140</u> |
| Net assets, ending | <u>\$1,346,836</u> | <u>\$1,238,166</u> |

QUALITY INDICATORS

PATIENT SATISFACTION

■ Total Satisfaction Scores



| | Admissions | Patient Satisfaction | Case Mix Index | Return to Community | Improvement in FIM from admission to discharge |
|-------------------------------|---------------------|----------------------|---------------------|---------------------------------|--|
| Overall Hospital | 946 | 94% | 6% > national avg. | 73.3% (vs. national avg. 73.1%) | 31% |
| Overall Outpatient | 2,169 | 96% | N/A | N/A | N/A |
| Stroke Inpatient | 250 | 93% | 3% > national avg. | 69.8% (vs. national avg. 65.2%) | 35% |
| Stroke Outpatient | 236 | 96% | N/A | N/A | N/A |
| Brain Injury Inpatient | 64 | 89% | 5% > national avg. | 68% (vs. national avg. 68.5%) | 41% |
| Brain Injury Outpatient | 70 (plus 187 neuro) | 94% | N/A | N/A | N/A |
| Spinal Cord Injury Inpatient | 63 | 89% | 14% > national avg. | 65.1% (vs. national avg. 71.4%) | 31% |
| Spinal Cord Injury Outpatient | 71 | 95% | N/A | N/A | N/A |

Case Mix Index: A higher index indicates a hospital is treating more complex patients.

Return to Community: Percentage able to live independently after discharge. Return to community is linked directly to case mix index. "Community" is defined as home, board and care, transitional living or assisted living.

FIM: Assessment scale measuring independent performance in 18 areas. Compared at admission and discharge.

Walton Rehabilitation Health System Continuum of Care

Walton Rehabilitation Hospital

Walton Outpatient Therapy Center

Aiken Physical Medicine and Rehabilitation Center

Walton Pain and Headache Center

Walton Wound Care and Infusion Center

Walton West Transitional Living Center

Harison Heights Assisted and Independent Living

Independent Living Horizons (Accessible/Affordable Housing)

Walton Foundation for Independence

Walton Options for Independent Living, a community partner



1355 Independence Drive • Augusta, GA 30901 • www.wrh.org