

JAN 20 2017

IN THE SUPERIOR COURT OF FLOYD COUNTY
STATE OF GEORGIA

BOKF, N.A., as Indenture Trustee,

Plaintiff,

v.

ROME ALF, LLC; OXTON PLACE OF
ROME, LLC; MANOR HOUSE OF
ROME, LLC; AFFINITY LIVING
GROUP, LLC; DWAYNE EDWARDS;
and TODD BARKER,

Defendants.

CLERK

Case No. SU16CV01749JFL002

MONTHLY OPERATING REPORT DATED JANUARY 19, 2017

Healthcare Management Partners, LLC (“*HMP*”) and Derek Pierce (“*Pierce*” and together with HMP, the “*Receiver*”), as receiver, by and through its undersigned counsel, submits this Monthly Operating Report for the period from December 4, 2016 through January 14, 2017 (the “*Reporting Period*”).

ADMINISTRATION OF THE RECEIVERSHIP ESTATE AND FACILITY OPERATIONS

Since the Receiver’s appointment on October 11, 2016 pursuant to the *Order Granting Consent Motion for the Entry of an Order: (I) Appointing an Interim Receiver; (II) Granting Injunctive Relief; and (III) Approving Receiver Financing* (the “*Receivership Order*”),¹ the Receiver has gained access to and control over the Receivership Estate. In particular, the Receiver has, among other things, toured the assets comprising the Receivership Estate, taken possession and control of bank accounts and other assets necessary for the continued operation of the Receivership Estate, reviewed past financial reports pertaining to the Receivership Estate,

¹ Capitalized terms used in this report and not otherwise defined shall have the meanings ascribed to them in the Receivership Order.

interviewed key personnel, continued preparation of marketing materials for the eventual sale of the assets comprising the Receivership Estate, provided oversight and direction to the current manager of the assets comprising the Receivership Estate, and begun preparing forward-looking cash flow analyses and projections. In addition, the Receiver has had preliminary communications with potential purchasers of substantially all assets of the Receivership Estate. The Receiver will continue to take all actions the Receiver deems necessary and advisable to fulfill the Receiver's obligations under the Receivership Order.

TURNOVER OF ASSETS AND RECORDS

The Receivership Order appointed the Receiver to control, manage, administer, operate, and protect the Receivership Estate. In addition, the Receiver was appointed to, among other things, operate and administer the Receivership Estate in an economical and efficient manner.

To that end, as previously reported, the Receiver immediately demanded that the above-captioned defendants (the "*Defendants*") deliver to the Receiver: (i) full access to all Books and Records; (ii) full and exclusive control over any and all Cash Equivalent Assets, Contract and Licenses, and Contact Information Assets; and (iii) full access to and exclusive control over any and all Physical Assets. Further, the Receiver: (a) has taken control of (i) the administration and operation of the Facility and Physical Assets and (ii) the bank accounts and accounts receivable; (b) is establishing protocols to ensure unhindered control of the identified Cash Equivalent Assets; and (c) has requested full access to the Books and Records.² To date, the Defendants have cooperated with the Receiver. The Receiver continues to investigate whether requests for additional information are necessary and to assess whether he has obtained access to all necessary Books and Records.

² Many records have been received; however, the Receiver still has certain requests outstanding.
4811-0453-4592.2

PROFESSIONAL FEES AND EXPENSES

As previously reported, Affinity Living Group, LLC (“*Affinity*”) continues to manage the Facility under the Receiver’s direction and control.

Waller Lansden Dortch & Davis, LLP (“*Waller*”) continues to act as general counsel to the Receiver and to assist with the substantial legal work required to advise and represent the Receiver with respect to his general duties under the Receivership Order. The reasonable fees and expenses of the Receiver and Receiver Affiliates are payable on a current basis as priority administrative claims against the Receivership Estate, without the need for any fee application or other filing with or order of this court. The fees and expenses of the Receiver from December 1, 2016 through December 31, 2016 are \$9,619.59. The fees and expenses of the Waller for the period from December 1, 2016 through December 31, 2016 are \$14,258.36. As of the date of this report, the foregoing fees and expenses of the Receiver and Waller have not been paid.

FINANCIAL PERFORMANCE

Attached as Exhibit A to this monthly operating report is a cash flow analysis for the Reporting Period. As set forth in the attached cash flow analysis, during the Reporting Period, the Receivership Estate collected \$119,858 in cash receipts and expended \$129,626 in necessary operating expenses, resulting in a negative cash flow in the amount of \$9,768. As of January 13, 2017, the census at the Facility was thirty-one (31), with twenty-nine (29) vacant units available for occupancy. The Receiver anticipates being able to continue implementing measures to enhance revenue generation and decrease expenses incurred in connection with the operation of the Receivership Estate.

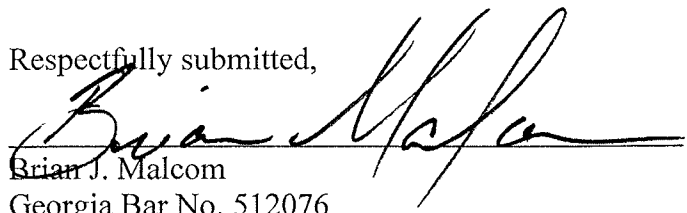
LIQUIDATION OF CLAIM OF THE RECEIVERSHIP ESTATE

Since the Receiver’s appointment, the Receiver and his counsel have focused primarily on securing and preserving the Receivership Estate and maintaining the uninterrupted operations

of the Facility. As previously reported, the Receiver filed the *Receiver's Motion to Approve (I) Proposed Claims Verification Procedures, (II) Claims Bar Date, and (III) Proposed Claims Distribution Method* (the "**Claims Procedures Motion**") to establish a procedure for evaluating and liquidating claims asserted against the Receivership Estate. On December 20, 2016, the court held a hearing to consider the Claims Procedures Motion. The Receiver's counsel attended the hearing. On December 21, 2016, the court entered the *Order Approving Receiver's Motion to Approve (I) Proposed Claims Verification Procedures, (II) Claims Bar Date, and (III) Proposed Claims Distribution Method* (the "**Claims Procedures Order**"). Pursuant to the Claims Procedures Order, any party asserting claims against the Receivership Estate: (a) that arose on or before October 11, 2016 must file a claim in accordance with the Claims Procedures Order on or before **March 12, 2017 at 5:00 p.m. (prevailing Central time)** (the "**General Claims Bar Date**"); or (b) that arose after October 11, 2016 must file a claim in accordance with the Claims Procedures Order on or before the later of the General Claims Bar Date or thirty (30) days after the date on which such Claim became due and owing by the Receivership Estate. Notice of the relief granted in the Claims Procedures Order was sent by regular United States mail, postage prepaid, to all known creditors and is also scheduled to be published in the *Rome News-Tribune* on January 11, 2017, January 18, 2017, and January 25, 2017. The Indenture Trustee is not required to participate in the proposed procedures, because the court has already made a determination as to the amount and validity of the Indenture Trustee's claims.

Dated: 11/19/17

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Malcom", written over a horizontal line.

Brian J. Malcom

Georgia Bar No. 512076

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on all counsel of record via Electronic Mail and United States First Class Mail, proper postage prepaid, addressed as follows:

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This the 19th day of January, 2017.



Of Counsel

EXHIBIT A
CASH FLOW REPORT

Manor House Cash flow- Rome

From 4th December 2016 to 14th January 2017

Category	Week beginning:	12/4/2016	12/11/2016	12/18/2016	12/25/2016	1/1/2017	1/8/2017
	Week ending:	12/10/2016	12/17/2016	12/24/2016	12/31/2016	1/7/2017	1/14/2017
	Week number:	-5	-4	-3	-2	-1	0
	Actual/Projected:	Act	Act	Act	Act	Act	Act
Census		Actual paid					
Bal b/f		83,440	82,462	94,042	73,823	73,423	54,831
Deposits							
Resident deposits	119,858	30,300	16,808	2,021	-	51,377	19,352
Intragroup inflows	-	-	-	-	-	-	-
Advances from Indenture Trustee	-	-	-	-	-	-	-
Total inflows		30,300	16,808	2,021	-	51,377	19,352
Payments							
Administrative costs	(116)	-	-	-	-	(116)	-
Bank charges	(85)	-	-	(85)	-	-	-
BOKF protection payment	-	-	-	-	-	-	-
Case cost	-	-	-	-	-	-	-
Refund	(927)	-	-	-	-	(927)	-
Intragroup outflows	-	-	-	-	-	-	-
Equipment	(109)	-	-	-	-	(109)	-
Food	(15,470)	-	-	-	-	(15,470)	-
Housekeeping and Laundry	(416)	-	-	-	-	(416)	-
Insurance	(12,433)	(5,111)	-	-	-	(7,322)	-
Maintenance	(89)	-	-	-	-	(89)	-
Marketing	-	-	-	-	-	-	-
Mgmt Fee	(8,000)	-	-	-	-	(8,000)	-
Other	(4,962)	-	(508)	-	(400)	(3,544)	(511)
Other employee costs	(233)	-	-	-	-	(233)	-
Other expense	(756)	-	-	-	-	(756)	-
Payroll	(65,590)	(22,021)	-	(20,288)	-	(23,281)	-
Permits & License Fee	(1,500)	-	-	-	-	(1,500)	-
Petty Cash	(1,444)	-	(735)	-	-	(709)	-
Rent-Wire Bank of Oklahoma	-	-	-	-	-	-	-
Repairs and Maintenance	(7,623)	-	(3,985)	-	-	(3,638)	-
Telephone & internet	(3,359)	-	-	-	-	(3,359)	-
Utilities	(6,514)	(4,146)	-	(1,868)	-	(500)	-
Wire-Mortgage Payment Shortage	-	-	-	-	-	-	-
Total payments	(129,626)	(31,277)	(5,228)	(22,240)	(400)	(69,970)	(511)
Balance c/f		82,462	94,042	73,823	73,423	54,831	73,672