

IN THE SUPERIOR COURT OF FLOYD COUNTY NOV 21 2016  
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

FIRST MONTHLY OPERATING REPORT DATED NOVEMBER 18, 2016

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 September 25, 2016 through November 12, 2016 (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*”),<sup>1</sup> the Receiver has undertaken to gain access to and control over the Receivership Estate. In connection with those efforts, the Receiver has, among other things, toured the assets comprising the Receivership Estate, taken actions to gain possession and control of bank accounts and other assets necessary for the continued operation of the Receivership Estate, reviewed past financial

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

reports pertaining to the Receivership Estate, interviewed key personnel, begun 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. 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, upon the Receiver's appointment, 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.<sup>2</sup> 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.

#### RETENTION OF PROFESSIONALS

In the exercise of the Receiver's sound business judgment, the Receiver has permitted Affinity Living Group, LLC ("*Affinity*") to continue managing the Facility under the Receiver's

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<sup>2</sup> Many records have been received; however, the Receiver still has certain requests outstanding.  
4845-2207-7501.1

direction and control. Affinity was the manager of the Facility at the time the Receiver was appointed.

In addition, in the exercise of the Receiver's sound business judgment and in accordance with the powers granted under the Receivership Order, the Receiver retained Waller Lansden Dortch & Davis, LLP 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 through November 17, 2016 are \$15,503.75. The fees and expenses of the Waller for the period from October 13, 2016 through October 31, 2016 are \$2,288.01. 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 \$204,376 in cash receipts, which included certain advances by the Indenture Trustee, and expended \$149,848 in necessary operating expenses, resulting in a positive cash flow in the amount of \$54,528. The Receiver anticipates being able to implement measures to enhance revenue generation and decrease expenses incurred in connection with the operation of the Receivership Estate.

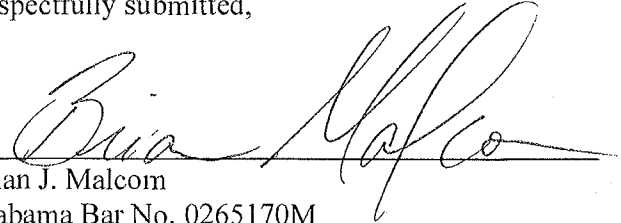
#### LIQUIDATION OF CLAIM OF THE RECEIVERSHIP ESTATE

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. The Receiver intends to address the liquidation of claims and causes of action of the Receivership Estate for the benefit of creditors, as contemplated by the Receivership Order.

Dated: November 16, 2016

Respectfully submitted,



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*Attorneys for Healthcare Management Partners,  
LLC, as receiver*

**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 18<sup>th</sup> day of Nov., 2016.

  
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Of Counsel

EXHIBIT A  
CASH FLOW REPORT

## Cash flow- Rome

For October 1, 2016 - November 12, 2016

Category	Week beginning: Week ending: Week number: Actual/Projected	9/25/2016 10/1/2016 -6 Act	10/2/2016 10/8/2016 -5 Act	10/9/2016 10/15/2016 -4 Act	10/16/2016 10/22/2016 -3 Act	10/23/2016 10/29/2016 -2 Act	10/30/2016 11/5/2016 -1 Act	11/6/2016 11/12/2016 0 Act
Bal b/f		17,636	12,265	74,988	78,537	57,437	43,313	78,253
<b>Deposits</b>								
Resident deposits	156,828	-	55,405	28,350	1,890	2,200	40,676	28,307
Contribution	-	-	-	-	-	-	-	-
Bondholder Wire	47,548	-	47,548	-	-	-	-	-
A/R normalization (projected)	-	-	-	-	-	-	-	-
<b>Total inflows</b>	<b>204,376</b>	<b>-</b>	<b>102,953</b>	<b>28,350</b>	<b>1,890</b>	<b>2,200</b>	<b>40,676</b>	<b>28,307</b>
<b>Payments</b>								
Payroll	(74,326)	-	(26,227)	-	(22,837)	-	-	(25,262)
Food	(10,837)	-	-	(6,077)	-	(4,760)	-	-
Mgmt Fee	(16,000)	-	(8,000)	-	-	-	-	(8,000)
Insurance	(5,260)	-	-	-	-	-	(5,260)	-
Deposit refund	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-
Telephone & internet	(384)	-	-	(384)	-	-	-	-
Bank charges	(153)	-	-	-	(153)	-	-	-
Laundry & Linen	-	-	-	-	-	-	-	-
Other expense	(35,516)	-	(6,003)	(17,577)	-	(10,327)	(475)	(1,134)
Rent-Wire Bank of Oklahoma	-	-	-	-	-	-	-	-
Repairs and Maintenance	(1,336)	(635)	-	(459)	-	(242)	-	-
Utilities	(6,036)	(4,736)	-	(304)	-	(996)	-	-
Wire-Mortgage Payment Shortage	-	-	-	-	-	-	-	-
Case cost	-	-	-	-	-	-	-	-
A/P normalization (projected)	-	-	-	-	-	-	-	-
BOKF protection payment	-	-	-	-	-	-	-	-
<b>Total payments</b>	<b>(149,848)</b>	<b>(5,370)</b>	<b>(40,230)</b>	<b>(24,801)</b>	<b>(22,990)</b>	<b>(16,324)</b>	<b>(5,736)</b>	<b>(34,396)</b>
<b>Balance c/f</b>		<b>12,265</b>	<b>74,988</b>	<b>78,537</b>	<b>57,437</b>	<b>43,313</b>	<b>78,253</b>	<b>72,164</b>

Subcategory	Category	Total	9/25/2016	10/2/2016	10/9/2016	10/16/2016	10/23/2016	10/30/2016	11/6/2016
ARCO Fire Protection, Inc.	Other expense	(1,389)	-	-	(1,389)	-	-	-	-
Bank fee	Bank charges	(153)	-	-	-	(153)	-	-	-
Bondholder Wire	Bondholder Wire	47,548	-	47,548	-	-	-	-	-
Carolina Senior Care	Other expense	(488)	-	-	-	-	(488)	-	-
City of Rome	Other expense	(216)	-	-	-	-	(216)	-	-
Clay Goodwin Plumbing, Inc.	Other expense	(1,368)	-	-	(1,368)	-	-	-	-
Comcast	Telephone & internet	(384)	-	-	(384)	-	-	-	-
Cook's Pest Control	Repairs and Maintenance	(701)	-	-	(459)	-	(242)	-	-
Deposit	Resident deposits	156,828	-	55,405	28,350	1,890	2,200	40,676	28,307
DIRECTV	Other expense	(1,303)	-	-	-	-	(1,303)	-	-

Category		Week beginning:	9/25/2016	10/2/2016	10/9/2016	10/16/2016	10/23/2016	10/30/2016	11/6/2016
		Week ending:	10/1/2016	10/8/2016	10/15/2016	10/22/2016	10/29/2016	11/5/2016	11/12/2016
		Week number:	-6	-5	-4	-3	-2	-1	0
		Actual/Projected	Act	Act	Act	Act	Act	Act	Act
Ecolab	Other expense	(96)	-	-	(96)	-	-	-	-
Flat Iron Capital	Other expense	(2,418)	-	-	(2,418)	-	-	-	-
Floyd County Finance Department	Other expense	(196)	-	-	-	-	(196)	-	-
Floyd County Water Department	Utilities	(304)	-	-	(304)	-	-	-	-
Food Fitness First, Inc.	Food	(655)	-	-	-	-	(655)	-	-
Gail Tate	Other expense	(2,306)	-	-	(2,306)	-	-	-	-
Georgia Power	Utilities	(4,736)	(4,736)	-	-	-	-	-	-
Global Business Systems	Other expense	(487)	-	-	-	-	(487)	-	-
Go Green Medical Waste Solutions	Other expense	(60)	-	-	(60)	-	-	-	-
HOB	Other expense	(800)	-	-	-	-	(400)	-	(400)
Holt Ney Zatcoff & Wasserman, LLP	Other expense	(1,285)	-	-	-	-	(1,285)	-	-
IGH Health Services, LLC	Other expense	(3,333)	-	-	(3,333)	-	-	-	-
Imaging Resource Group	Other expense	(227)	-	-	(227)	-	-	-	-
Ins Purchased	Other expense	(5,260)	-	(5,260)	-	-	-	-	-
Insurance	Insurance	(5,260)	-	-	-	-	-	(5,260)	-
J & C Heating & Air	Repairs and Maintenance	(635)	(635)	-	-	-	-	-	-
James Walters	Other expense	(826)	-	-	(826)	-	-	-	-
Jan Yarbrough	Other expense	(149)	-	-	-	-	(149)	-	-
Lisa Berergac	Other expense	(138)	-	-	(138)	-	-	-	-
Matrixcare	Other expense	(2,920)	-	-	(2,190)	-	(730)	-	-
Mgmt Fee	Mgmt Fee	(16,000)	-	(8,000)	-	-	-	-	(8,000)
One Source Communications	Other expense	(2,083)	-	-	-	-	(2,083)	-	-
Payroll	Payroll	(74,326)	-	(26,227)	-	(22,837)	-	-	(25,262)
Petty Cash	Other expense	(1,477)	-	(743)	-	-	-	-	(734)
PFG Milton's - Performance Food Group	Food	(10,182)	-	-	(6,077)	-	(4,105)	-	-
Reclass ACH payment to Ppd - was paid twice	Other expense	(475)	-	-	-	-	-	(475)	-
Republic Services #999	Other expense	(438)	-	-	(438)	-	-	-	-
Rome News Media	Other expense	(105)	-	-	(105)	-	-	-	-
SEE THE MATRIX INC.	Other expense	(426)	-	-	(426)	-	-	-	-
Smartlinx Solutions, LLC	Other expense	(1,309)	-	-	(1,309)	-	-	-	-
Stellar Private Cable Systems/SeniorTV	Other expense	(60)	-	-	(60)	-	-	-	-
Sysco Atlanta, LLC	Other expense	(2,640)	-	-	-	-	(2,640)	-	-
Teresa West	Other expense	(302)	-	-	(302)	-	-	-	-
The Steritech Group, Inc.	Other expense	(184)	-	-	(184)	-	-	-	-
True Natural Gas SEDC	Utilities	(996)	-	-	-	-	(996)	-	-
Vikus Corporation	Other expense	(400)	-	-	(400)	-	-	-	-
Wayne Sanders	Other expense	(350)	-	-	-	-	(350)	-	-