

IN THE SUPERIOR COURT OF FLOYD COUNTY DEC 20 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

MONTHLY OPERATING REPORT DATED DECEMBER 19, 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 October 30, 2016 through December 3, 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*”),¹ 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

¹ 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, 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. 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, 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.
4821-8047-4686.2

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 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 from November 1, 2016 through November 30, 2016 are \$12,710.42. The fees and expenses of the Waller for the period from November 1, 2016 through November 30, 2016 are \$5,420.70. As of the date of this report, the foregoing fees and expenses of the Receiver and Waller have not been paid.

FINANCIAL PERFORMANCE

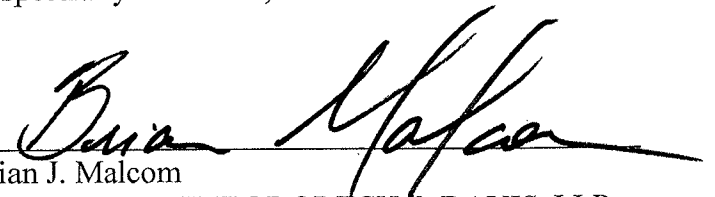
Attached as Exhibit A to this monthly operating report is a cash flow analysis for the Reporting Period. As set forth in the attached cash flow analysis, during the Reporting Period, the Receivership Estate collected \$114,396 in cash receipts and expended \$74,268 in necessary operating expenses, resulting in a positive cash flow in the amount of \$40,128. As of December 3, 2016, the census at the Facility was thirty-five (35). 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. 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. To that end, 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*"), which requires any persons or entities with claims against the Receivership Estate to file claims by a date certain. 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: December 19, 2016

Respectfully submitted,



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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 United States First Class Mail, proper postage prepaid, addressed as follows:

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This the 19th day of December, 2016.



Of Counsel

EXHIBIT A
CASH FLOW REPORT

Manor House Cash flow- Rome

From 30th October to 3rd December 2016

Category	Week beginning:	10/30/2016	11/6/2016	11/13/2016	11/20/2016	11/27/2016	Total for period
	Week ending:	11/5/2016	11/12/2016	11/19/2016	11/26/2016	12/3/2016	
	Week number:	-4	-3	-2	-1	0	
	Actual/Projected:	Act	Act	Act	Act	Act	
<i>Census</i>						35	
Bal b/f		43,313	74,067	67,978	78,146	60,265	
Deposits							
Resident deposits		40,676	28,307	10,168	4,090	31,175	114,416
Intragroup inflows		-	-	-	(20)	-	(20)
Advances from Indenture Trustee		-	-	-	-	-	-
Total inflows		40,676	28,307	10,168	4,070	31,175	114,396
Payments							
Administrative costs		-	-	-	-	-	-
Bank charges		-	-	-	(95)	-	(95)
BOKF protection payment		-	-	-	-	-	-
Case cost		-	-	-	-	-	-
Refund		-	-	-	-	-	-
Intragroup outflows		-	-	-	-	-	-
Equipment		-	-	-	-	-	-
Food		-	-	-	-	-	-
Housekeeping and Laundry		-	-	-	-	-	-
Insurance		(5,260)	-	-	-	-	(5,260)
Maintenance		-	-	-	-	-	-
Marketing		-	-	-	-	-	-
Mgmt Fee		-	(8,000)	-	-	(8,000)	(16,000)
Other		-	(400)	-	-	-	(400)
Other employee costs		-	-	-	-	-	-
Other expense		(475)	-	-	-	-	(475)
Payroll		-	(25,262)	-	(21,856)	-	(47,118)
Permits & License Fee		-	-	-	-	-	-
Petty Cash		-	(734)	-	-	-	(734)
Rent-Wire Bank of Oklahoma		-	-	-	-	-	-
Repairs and Maintenance		-	-	-	-	-	-
Telephone & internet		-	-	-	-	-	-
Utilities		(4,186)	-	-	-	-	(4,186)
Wire-Mortgage Payment Shortage		-	-	-	-	-	-
Total payments		(9,921)	(34,396)	-	(21,951)	(8,000)	
Balance c/f		74,067	67,978	78,146	60,265	83,440	