

IN THE SUPERIOR COURT OF CHATHAM COUNTY
STATE OF GEORGIA

FILED IN OFFICE

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DEP. CLK. SUPERIOR CT.
CHATHAM COUNTY, GA

BOKF, N.A., as Indenture Trustee,

Plaintiff,

v.

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

Defendants.

Case No. CV16-0862-KA

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 14, 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, 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.² 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

² Many records have been received; however, the Receiver still has certain requests outstanding.
4844-3950-2141.1

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 \$13,047.50. The fees and expenses of the Waller for the period from October 17, 2016 through October 31, 2016 are \$1,651.40. 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 \$92,037 in cash receipts, which included certain advances by the Indenture Trustee, and expended \$81,350 in necessary operating expenses, resulting in a positive cash flow in the amount of \$10,867. 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.

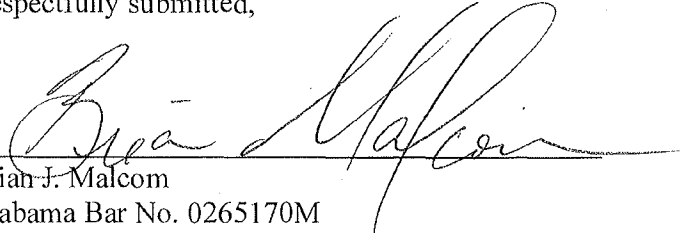
LIQUIDATION OF CLAIM OF THE RECEIVERSHIP ESTATE

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

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This the 16 day of Nov., 2016.



Of Counsel

EXHIBIT A
CASH FLOW REPORT

Cash flow- Savannah

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		25,779	32,514	1,242	1,242	5,354	22,987	38,520
Deposits								
Resident deposits	87,037	12,300	-	-	14,100	18,287	20,825	21,525
Contribution	-	-	-	-	-	-	-	-
Bondholder Wire	5,000	-	-	-	5,000	-	-	-
A/R normalisation (projected)	-	-	-	-	-	-	-	-
Total inflows	92,037	12,300	-	-	19,100	18,287	20,825	21,525
Payments								
Payroll	(47,763)	-	(15,693)	-	(14,892)	-	-	(17,178)
Food	-	-	-	-	-	-	-	-
Mgmt Fee	(12,000)	-	(6,000)	-	-	-	-	(6,000)
Insurance	(3,936)	-	-	-	-	-	(3,936)	-
Deposit refund	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-
Telephone & internet	-	-	-	-	-	-	-	-
Bank charges	(96)	-	-	-	(96)	-	-	-
Laundry & Linen	-	-	-	-	-	-	-	-
Other expense	(11,989)	-	(9,579)	-	-	(654)	(1,357)	(400)
Rent-Wire Bank of Oklahoma	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-
Utilities	(5,565)	(5,565)	-	-	-	-	-	-
Wire-Mortgage Payment Shortage	-	-	-	-	-	-	-	-
Case cost	-	-	-	-	-	-	-	-
A/P normalisation (projected)	-	-	-	-	-	-	-	-
BOXF protection payment	-	-	-	-	-	-	-	-
Total payments	(81,350)	(5,565)	(31,272)	-	(14,988)	(654)	(5,292)	(23,578)
Balance c/f		32,514	1,242	1,242	5,354	22,987	38,520	36,467

Subcategory	Category	Total	9/25/2016	10/2/2016	10/9/2016	10/16/2016	10/23/2016	10/30/2016	11/6/2016
Amanda Strickland	Other expense	(1,357)	-	-	-	-	-	(1,357)	-
Bank fee	Bank charges	(96)	-	-	-	(96)	-	-	-
Bondholder Wire	Bondholder Wire	5,000	-	-	-	5,000	-	-	-
Deposit	Resident deposits	87,037	12,300	-	-	14,100	18,287	20,825	21,525
Georgia Power	Utilities	(5,565)	(5,565)	-	-	-	-	-	-
HOB	Other expense	(800)	-	-	-	-	(400)	-	(400)
Ins Purchased	Other expense	(3,936)	-	(3,936)	-	-	-	-	-
Insurance	Insurance	(3,936)	-	-	-	-	-	(3,936)	-
Mgmt Fee	Mgmt Fee	(12,000)	-	(6,000)	-	-	-	-	(6,000)
Payroll	Payroll	(47,763)	-	(15,693)	-	(14,892)	-	-	(17,178)

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
Petty Cash	Other expense	(5,643)	-	{5,643}	-	-	-	-
SEE THE MATRIX INC.	Other expense	{254}	-	-	-	(254)	-	-