

IN THE SUPERIOR COURT OF CHATHAM COUNTY
STATE OF GEORGIA

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DEP. CLK SUPERIOR CT.
CHATHAM COUNTY, GA

BOKF, N.A., as Indenture Trustee,

Plaintiff,

v.

Case No. CV16-0862-KA

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

Defendants.

MONTHLY OPERATING REPORT DATED MARCH 17, 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 February 12, 2017 through March 11, 2017 (the "**Reporting Period**").

ADMINISTRATION OF THE RECEIVERSHIP ESTATE AND FACILITY OPERATIONS

As previously reported, 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 gained access to and control over the Receivership Estate. Having control of the Receivership Estate, the Receiver has continued preparation of marketing materials for the eventual sale of the assets comprising the Receivership Estate, continues to provide oversight and direction to the current manager of the assets comprising the

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

Receivership Estate, and prepared and continually updated forward-looking cash flow analyses and projections. On March 10, 2017, the Receiver filed applications in the Federal Action (as defined below) to employ (a) Mike Pardoll with Marcus and Millichap Real Estate Investment Brokerage Company as the Receiver's real estate broker and exclusive listing agent for the sale of the real and personal property making up the Receivership Estate and (b) Elliott Davis Decosimo as an accountant. 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.
4818-5850-5029.1

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 for the period from February 1, 2017 through February 28, 2017 are \$4,507.50. The fees and expenses of the Waller for the period from February 1, 2017 through February 28, 2017 are \$1,875.01. 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 \$66,372 in cash receipts (which included \$45,057 in advances by the Indenture Trustee) and expended \$78,926 in necessary operating expenses, resulting in a negative cash flow in the amount of \$12,554. As of March 13, 2017, the census at the Facility was eleven (11), with twenty-three (23) 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.

SEC RECEIVERSHIP COMMENCED

As previously reported, on January 20, 2017, the Securities and Exchange Commission (the “*SEC*”) commenced an action in the United States District Court for the District of New

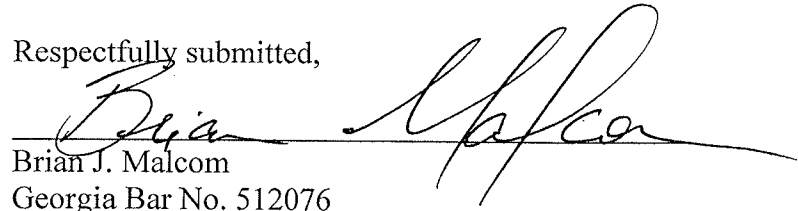
Jersey (the “**Federal Court**”) docketed in the Federal Court as case number 2:17-cv-00393-ES-SCM and styled as *Securities and Exchange Commission v. Edwards et al.* (the “**Federal Action**”). As also previously reported, the Receiver in this action has been appointed as receiver over several related entities in the Federal Action; and, it is contemplated that the receivership currently pending in this court will be terminated, with the Federal Receiver Order immediately and simultaneously establishing a receivership over of the Receivership Estate in the Federal Court. A final hearing regarding the injunctive relief requested by the SEC is currently scheduled on May 17, 2017. At this time, however, the Receiver is unable to anticipate at what time this receivership may become a receivership administered in the Federal Court. Copies of pertinent pleadings filed in the Federal Action may be obtained from the Receiver’s counsel upon request. The Receiver has also established a website where additional information regarding the Federal Action can be found. The website is oxtonseniorlivingreceivership.com.

LIQUIDATION OF CLAIMS AGAINST THE RECEIVERSHIP ESTATE

As previously reported: (a) on January 24, 2017, 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**”); and (b) as a result of the commencement of the Federal Action, the Receiver filed the *Motion of the Receiver to Stay Certain Deadlines Established by Order Approving Receiver’s Motion to Approve (I) Proposed Claims Verification Procedures, (II) Claims Bar Date, and (III) Proposed Claims Distribution Method* (the “**Stay Motion**”). As previously reported, the Stay Motion is currently pending before the court, and the Receiver has not delivered or published the various notices contemplated by the Claims Procedures Order.

Dated: March 17, 2017

Respectfully submitted,


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

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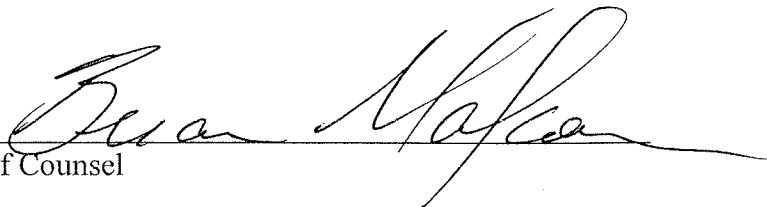
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This the 17th day of March, 2017.



Of Counsel

EXHIBIT A
CASH FLOW REPORT

Manor House Cash flow- Savannah

From 12th February to 11th March 2017

Category	Week beginning:	2/12/2017	2/19/2017	2/26/2017	3/5/2017
	Week ending:	2/18/2017	2/25/2017	3/4/2017	3/11/2017
	Week number:	-4	-3	-2	-1
	Actual/Projected:	Act	Act	Act	Act
Bal b/f		12,365	42,365	9,896	17,373
Deposits					
Resident deposits		-	1,900	14,055	5,359
Intragroup inflows		-	-	-	-
Advances from Indenture Trustee		30,000	-	15,057	-
Total inflows		30,000	1,900	29,112	5,359
Payments					
Administrative costs		-	-	-	-
Bank charges		-	(93)	-	-
BOKF protection payment		-	-	-	-
Case cost		-	-	-	-
Refund		-	-	(1,875)	-
Intragroup outflows		-	-	-	-
Equipment		-	(95)	(385)	-
Food		-	(2,605)	(767)	-
Housekeeping and Laundry		-	(109)	-	-
Insurance		-	-	-	(2,709)
Maintenance		-	(203)	-	-
Marketing		-	(202)	-	-
Mgmt Fee		-	-	(6,000)	-
Other		-	(996)	(204)	-
Other employee costs		-	(227)	-	-
Other expense		-	(67)	(10,675)	-
Payroll		-	(14,447)	-	(12,838)
Permits & License Fee		-	(450)	-	-
Petty Cash		-	-	-	(542)
Rent-Wire Bank of Oklahoma		-	-	-	-
Repairs and Maintenance		-	(14,767)	-	-
Telephone & internet		-	-	(479)	-
Utilities		-	(107)	(1,251)	(6,832)
Wire-Mortgage Payment Shortage		-	-	-	-
Total payments		-	(34,368)	(21,636)	(22,921)
Balance c/f		42,365	9,896	17,373	(190)