

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

COMMITTEE DAY

AGENDA

January 26, 2017
10:00 a.m.

- New York State Department of Health Offices at 90 Church Street, 4th Floor, Rooms 4A and 4B, NYC

I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW

Peter Robinson, Chair

A. Applications for Construction of Health Care Facilities/Agencies

Acute Care Services – Construction

Exhibit # 1

	<u>Number</u>	<u>Applicant/Facility</u>
1.	162380 C	Rochester General Hospital (Monroe County)

Residential Health Care Facility - Construction

Exhibit # 2

1.	162251 C	Fox Run at Orchard Park (Erie County)
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B. Applications for Establishment and Construction of Health Care Facilities/Agencies

Acute Care Services – Establish/Construct

Exhibit # 3

	<u>Number</u>	<u>Applicant/Facility</u>
1.	162324 E	Northwell Healthcare, Inc. (Westchester County)
2.	162330 E	Northwell Healthcare, Inc. (Westchester County)
3.	162353 E	Northwell Quality and Medical Affairs, Inc. (Nassau County)
4.	162391 E	Winthrop-University Hospital (Nassau County)
5.	162396 E	WMC Health Network – Ulster, Inc. (Ulster County)
6.	162407 E	Upper Alleghany Health System (Cattaraugus County)

Ambulatory Surgery Centers - Establish/Construct

Exhibit # 4

<u>Number</u>	<u>Applicant/Facility</u>
1. 162026 B	Manhattan RSC, LLC dba Manhattan Reproductive Surgery Center (New York County)
2. 162212 E	Griffis Surgery Center (Oneida County)
3. 162290 E	Melville SC, LLC d/b/a Melville Surgery Center (Suffolk County)
4. 162300 E	Plattsburgh ASC, LLC d/b/a Cataract Center for the Adirondacks (Clinton County)
5. 162358 B	North Fork SC, LLC (Suffolk County)

Diagnostic and Treatment Centers - Establish/Construct

Exhibit # 5

<u>Number</u>	<u>Applicant/Facility</u>
1. 161303 E	Smile New York Outreach, LLC (Queens County)

Residential Health Care Facilities - Establish/Construct

Exhibit # 6

<u>Number</u>	<u>Applicant/Facility</u>
1. 152135 E	Delmar Acquisition I LLC d/b/a Bethlehem Commons Nursing and Rehabilitation Center (Albany County)
2. 161200 E	Kennedy Pavilion RH LLC d/b/a The Pavilion at Queens for Rehabilitation & Nursing (Queens County)
3. 161262 E	YGC at Woodycrest, LLC d/b/a Highbridge Woodycrest Center (Bronx County)
4. 162255 E	CLR Schenectady LLC d/b/a The Capital Living Nursing and Rehabilitation Center (Schenectady County)
5. 162256 E	CLR Carthage LLC d/b/a The Country Manor Nursing and Rehabilitation Center (Jefferson County)

6. 162257 E CLR Minoa LLC
d/b/a The Crossings Nursing and Rehabilitation Center
(Onondaga County)
7. 162258 E CLR New Paltz LLC
d/b/a The Mountain View Nursing and Rehabilitation Center
(Ulster County)
8. 162259 E CLR Granville LLC
d/b/a The Orchard Nursing and Rehabilitation Center
(Washington County)
9. 162260 E CLR Troy LLC
d/b/a The Springs Nursing and Rehabilitation Center
(Rensselaer County)
10. 162261 E CLR Glens Falls LLC
d/b/a The Stanton Nursing and Rehabilitation Center
(Warren County)
11. 162274 E Rockaway Operations Associates LLC
d/b/a Far Rockaway Center for Rehabilitation and Nursing
(Queens County)

C. Home Health Agency Licensures

Home Health Agency Licensures

Exhibit # 7

New LHCSAs – Affiliated with Assisted Living Programs (ALPs)

- | | |
|--------|--|
| 2296 L | Deer Run at River Ridge LLC
d/b/a The Sentinel at Amsterdam
(Montgomery, Saratoga, Fulton, Schenectady, Otsego,
and Schoharie Counties) |
| 2604 L | Greater Adult Neighbors, Inc.
d/b/a Arcadia Home Care Agency
(Sullivan County) |
| 162276 | The Bristol Home, Inc. d/b/a Bristol Home Care
(Allegany, Genesee, Cattaraugus, Niagara, Chautauqua,
Orleans, Erie and Wyoming Counties) |

Changes of Ownership

- | <u>Number</u> | <u>Applicant/Facility</u> |
|---------------|--|
| 2643 L | Ideal Home Health Inc.
(Bronx, Kings, New York, Queens, and Richmond
Counties) |

- 151296 Crickett Care, Inc.
(Bronx, Westchester, Putnam, and Rockland Counties)
- 152390 A-Plus Care HHC Inc.
(Kings, Bronx, Queens, Richmond, New York and
Westchester Counties)
- 161335 SeniorBridge Family Companies (NY), Inc.
(New York County)
- 162087 CareGuardian, Inc. d/b/a Hometeam
(New York, Kings, Queens, Bronx, and Richmond
Counties)
- 162411 Blue Parasol, LLC
(Bronx, Queens, Kings, Richmond, New York, and
Westchester Counties)

D. Certificates

Exhibit # 8

Certificate of Amendment of the Certificate of Incorporation

Applicant

Loretto Management Corporation

ROCHESTER GENERAL HOSPITAL AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

Assets	December 31	
	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 42,351,198	\$ 64,642,251
Investments	29,657,679	13,403,139
Current portion of assets whose use is limited	872,645	1,191,576
Patient accounts receivable, net of allowance for doubtful accounts of \$12,875,000 in 2015 and \$14,618,000 in 2014	55,828,143	46,781,428
Estimated third-party payor receivables	14,414,062	15,201,919
Due from affiliates	64,253,433	50,722,711
Inventories	2,214,876	3,313,371
Prepaid expenses and other	<u>15,094,630</u>	<u>13,371,996</u>
Total current assets	224,686,666	208,628,391
Assets whose use is limited:		
Funds held by bond trustees	12,620,949	21,978,942
Board-designated funds	238,855,983	210,406,956
Deferred compensation	<u>2,071,474</u>	<u>2,050,727</u>
	253,548,406	234,436,625
Property and equipment - net	281,459,290	278,424,273
Due from affiliates, net of current portion	-	4,136,413
Other assets:		
Interest in net assets of Rochester General Hospital Foundation, Inc.	35,588,522	35,420,783
Estimated third-party payor receivables, less current portion	2,333,553	3,024,302
Insurance recoveries receivable	48,289,501	49,477,961
Other	<u>19,182,342</u>	<u>16,282,416</u>
	105,393,918	104,205,462
Total assets	<u>\$ 865,088,280</u>	<u>\$ 829,831,164</u>

ROCHESTER GENERAL HOSPITAL AND AFFILIATES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

Liabilities and net assets	December 31	
	2015	2014
Current liabilities:		
Accounts payable	\$ 36,875,239	\$ 31,877,403
Accrued salaries, vacations, and payroll taxes	31,532,002	24,589,584
Accrued expenses	30,659,445	24,622,133
Accrued interest payable	425,040	447,195
Estimated liabilities for third-party settlements, net	27,422,520	39,249,120
Current portion of long-term debt	7,420,064	9,402,232
Due to affiliates	9,903,379	731,071
Total current liabilities	<u>144,237,689</u>	<u>130,918,738</u>
Long term debt, less current portion	123,566,841	131,404,514
Accrued insured and self-insured liabilities	86,606,253	85,626,500
Estimated third-party payor payables, less current portion	101,490,730	86,429,255
Deferred compensation	2,071,474	2,050,727
Total liabilities	<u>457,972,987</u>	<u>436,429,734</u>
Net assets:		
Unrestricted	373,286,205	359,722,402
Temporarily restricted	25,719,659	25,571,317
Permanently restricted	8,109,429	8,107,711
Total net assets	<u>407,115,293</u>	<u>393,401,430</u>
Total liabilities and net assets	<u>\$ 865,088,280</u>	<u>\$ 829,831,164</u>

ROCHESTER GENERAL HOSPITAL AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the Years Ended December 31	
	<u>2015</u>	<u>2014</u>
Unrestricted revenues, gains, and other support		
Patient service revenue, net of contractual allowances and discounts	\$ 895,410,924	\$848,060,502
Provision for bad debts	<u>(16,077,537)</u>	<u>(16,138,393)</u>
Net patient service revenue, less provision for bad debts	879,333,387	831,922,109
Other revenue, gains, and support	<u>42,277,299</u>	<u>26,563,607</u>
Total unrestricted revenues, gains, and other support	921,610,686	858,485,716
Expenses:		
Salaries and wages	418,432,803	378,710,637
Employee benefits	90,001,371	81,113,914
Professional fees	97,076,841	93,923,383
Purchased services and supplies	239,396,343	223,018,203
Depreciation and amortization	41,261,220	40,473,366
Malpractice and workers' compensation expense	9,869,489	15,118,983
Interest	<u>5,308,941</u>	<u>5,352,963</u>
Total expenses	901,347,008	837,711,449
Income from operations	20,263,678	20,774,267
Non-operating revenue (expense):		
Loss on sale of property and equipment	(44,110)	(66,730)
Investment income, net	<u>7,334,230</u>	<u>11,881,548</u>
Total nonoperating revenue, net	7,290,120	11,814,818
Excess of revenue over expenses	27,553,798	32,589,085

Rochester General Hospital and Affiliates
 Consolidated Balance Sheets

	(Unaudited)
	September 30,
	2016
	<hr/>
Assets	
Current assets:	
Cash and cash equivalents	\$ 56,181,620
Investments	29,968,011
Current portion of assets whose use is limited	2,787,525
Patient accounts receivable, net of allowance for doubtful accounts of approximately \$10,971,000	55,455,607
Estimated third-party payor receivables	15,450,711
Due from affiliates	20,001,043
Inventories	1,893,344
Prepaid expenses and other	21,641,592
Total current assets	<hr/> 203,379,453
Assets whose use is limited:	
Funds held by bond trustees	8,018,920
Board designated	254,368,728
Tax-exempt financing fund	6,152,365
Deferred compensation	489,980
	<hr/> 269,029,993
Property and equipment – net	301,023,768
Other assets:	
Interest in net assets of Rochester General Hospital Foundation, Inc.	36,357,389
Estimated third-party payor receivables	2,501,381
Insurance recoveries receivable	71,525,193
Other	4,309,488
	<hr/> 114,693,451
Total assets	<hr/> <u>\$ 888,126,665</u>

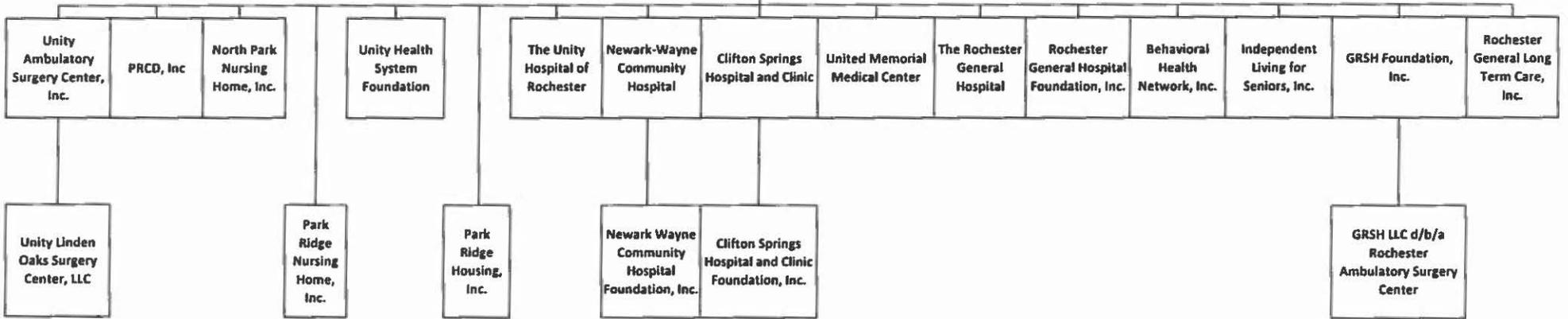
	(Unaudited)
	September 30,
	2016
	<hr/>
Liabilities and net assets	
Current liabilities:	
Accounts payable	\$ 28,834,087
Accrued salaries, vacations, and payroll taxes	32,875,658
Accrued expenses	34,544,776
Accrued interest payable	1,503,292
Estimated third-party payor payables	29,394,726
Current portion of long-term debt	10,194,003
Due to affiliates	3,082,760
Total current liabilities	<hr/> 140,429,302
Long-term liabilities:	
Long-term debt, less current portion	134,871,689
Accrued insured and self-insured liabilities	67,942,143
Estimated third-party payor payables	108,789,864
Deferred compensation	2,233,142
	<hr/> 313,836,838
Total liabilities	454,266,140
Net assets:	
Unrestricted	399,465,991
Temporarily restricted	25,830,078
Permanently restricted	8,564,456
Total net assets	<hr/> 433,860,525
Total liabilities and net assets	<hr/> <hr/> \$ 888,126,665

Rochester General Hospital and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

	(Unaudited) Nine months ended September 30, 2016
Unrestricted revenues, gains, and other support	
Patient service revenue, net of contractual allowances and discounts	\$ 684,467,209
Provision for bad debts	<u>(17,318,909)</u>
Net patient service revenue, less provision for bad debts	667,148,300
Other revenue, gains and other support	<u>33,019,094</u>
Total unrestricted revenues, gains, and other support	700,167,394
Expenses	
Salaries and wages	334,150,255
Employee benefits	74,187,863
Professional fees	16,861,370
Purchased services and supplies	224,894,098
Depreciation and amortization	31,883,952
Interest	<u>3,696,053</u>
Total expenses	<u>685,673,591</u>
Income from operations	14,493,803
Non-operating:	
Gain on sale of property and equipment	12,295
Investment income, net	<u>2,701,343</u>
	<u>2,713,638</u>
Excess of revenues over expenses	\$ 17,207,441

ROCHESTER REGIONAL HEALTH



**FOX RUN AT ORCHARD PARK
BALANCE SHEET
July 31, 2016**

ASSETS

	<u>12/31/15 Unaudited</u>	<u>7/31/16 Unaudited</u>
CURRENT ASSETS:		
Cash and cash equivalents/Investments-short term	\$ 11,613,176	\$ 15,424,968
Prepaid expenses	357,225	169,650
Accounts receivable	827,071	983,511
Accrued investment income	40,243	35,522
TOTAL CURRENT ASSETS	<u>12,837,715</u>	<u>16,613,651</u>
ASSETS WHOSE USE IS LIMITED:		
Trustee held investments, net of current portion	5,816,300	5,889,074
Investments	6,035,650	6,181,067
Property, plant & equipment	68,996,094	69,215,499
Less accumulated depreciation	<u>(18,524,576)</u>	<u>(19,901,663)</u>
	50,471,518	49,313,836
Deferred financing costs, net	1,426,960	1,369,032
Costs of acquiring initial cont care contracts, net	<u>1,082,444</u>	<u>919,393</u>
	<u>2,509,404</u>	<u>2,288,425</u>
TOTAL ASSETS	<u>\$ 77,670,587</u>	<u>\$ 80,286,053</u>

LIABILITIES & NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 221,692	\$ 205,171
Accrued wages and benefits	287,623	315,297
Accrued interest-bonds	399,680	539,438
Current portion of refundable entrance fees	564,074	564,074
Current portion long term debt	1,115,000	1,115,000
Current portion deferred development fees	<u>483,500</u>	<u>183,500</u>
TOTAL CURRENT LIABILITIES	3,071,569	2,922,480
Resident liabilities	52,005,728	54,709,912
Obligation to provide future services and Use of facilities	1,377,000	1,377,000
Long-term debt	43,165,000	43,165,000
Original issue premium	<u>3,062,901</u>	<u>2,938,561</u>
TOTAL LIABILITIES	102,682,198	105,112,953
NET ASSET DEFICIENCY		
Unrestricted net asset deficiency	(25,043,073)	(24,858,362)
Temporarily restricted net assets	<u>31,462</u>	<u>31,462</u>
TOTAL NET ASSET DEFICIENCY	(25,011,611)	(24,826,900)
TOTAL LIABILITIES & NET ASSETS	<u>77,670,587</u>	<u>80,286,053</u>

FOX RUN AT ORCHARD PARK
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
MONTH AND YTD ENDING JULY 31, 2016

	July 2016 Actual	July 2016 Budget	July 2016 Variance	YTD 2016 Actual	YTD 2016 Budget	YTD 2016 Variance	YTD 2015 Actual	YTD 2015 Variance
REVENUE								
Independent living	705,886	691,029	14,857	4,920,566	4,837,203	83,363	4,641,958	278,608
Earned entrance fees	76,535	57,000	19,535	643,007	483,996	159,011	541,322	101,685
Assisted living	111,162	81,114	30,048	700,489	562,554	137,935	524,003	176,486
Memory care	62,725	71,570	(8,845)	467,765	494,590	(26,825)	444,644	23,121
Skilled nursing	321,534	328,228	(6,694)	2,091,766	2,259,192	(167,426)	2,363,469	(271,703)
Future service obligation income/expense	-	-	-	-	-	-	-	-
Other income	642	513	129	5,103	3,591	1,512	9,847	(4,744)
Investment income	12,890	14,500	(1,610)	93,135	101,500	(8,365)	105,574	(12,439)
TOTAL REVENUE	1,291,374	1,243,954	47,420	8,921,831	8,742,626	179,205	8,630,817	291,014
OPERATING EXPENSES								
Administrative and General	105,613	102,483	(3,130)	770,401	783,574	13,174	710,627	(59,774)
Marketing	69,865	43,986	(25,879)	358,036	321,567	(36,469)	300,974	(57,062)
Creative Arts	18,856	16,721	(2,135)	126,471	111,747	(14,724)	104,662	(21,809)
Maintenance	52,898	62,585	9,687	427,872	448,463	20,592	423,562	(4,310)
Housekeeping and Laundry	43,652	42,188	(1,464)	281,749	287,485	5,736	260,776	(20,973)
Dining Services	175,137	172,356	(2,781)	1,202,029	1,189,588	(12,440)	1,107,295	(94,734)
Assisted Living/Memory Care	85,391	91,504	6,114	584,135	616,989	32,855	579,781	(4,354)
Health center	246,900	261,923	15,024	1,669,402	1,773,374	103,974	1,718,646	49,244
Utilities, insurance and tax	101,940	102,655	715	743,190	807,328	64,138	777,292	34,102
TOTAL OPERATING EXPENSES	900,252	896,401	(3,849)	6,163,285	6,340,115	176,836	5,983,615	(179,670)
INCOME FROM OPERATIONS	391,122	347,553	43,571	2,758,546	2,402,511	356,041	2,647,202	111,344
Interest	162,050	179,813	17,763	1,094,292	1,258,691	164,399	1,412,093	317,801
Depreciation	197,533	202,160	4,627	1,377,087	1,415,120	38,033	1,342,209	(34,878)
Amortization	31,568	28,721	(2,847)	220,979	201,047	(19,932)	218,398	(2,581)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(29)	(63,141)	63,114	66,188	(472,347)	538,541	(325,498)	391,686
OTHER CHANGES IN NET ASSETS								
Net unrealized gain (loss) on investments	8,208	-	8,208	126,697	-	126,697	2,456	124,241
Net realized gain (loss) on investments	(1,078)	-	(1,078)	(8,369)	-	(8,369)	(14,267)	5,898
Gain (loss) on sale of asset	-	-	-	200	-	(200)	-	200
Write off of Original Issue Premium	-	-	-	-	-	-	-	-
Refunding Escrow Interest/Loss	-	-	-	-	-	-	-	-
Write off of deferred financing	-	-	-	-	-	-	-	-
Extraordinary gain (loss)	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	7,101	(63,141)	70,244	184,716	(472,347)	656,669	(337,309)	522,025

BALANCE SHEETS
December 31,

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	\$ 11,613,175	\$ 9,781,659
Resident accounts receivable, net	826,521	616,211
Prepaid expenses	357,225	338,091
Other current assets	40,793	50,390
Total current assets	<u>12,837,714</u>	<u>10,786,351</u>
Assets limited as to use	5,816,300	4,082,853
Investments, long-term	6,035,650	6,006,149
Property, plant and equipment, net	50,471,518	52,212,731
Other assets:		
Deferred financing costs, net	1,426,960	955,460
Costs of acquiring initial continuing care contracts, net	1,082,444	1,361,959
	<u>2,509,404</u>	<u>2,317,419</u>
Total assets	<u>\$ 77,670,586</u>	<u>\$ 75,405,503</u>
LIABILITIES AND NET ASSET DEFICIENCY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 908,981	\$ 1,013,050
Current portion of deferred development fee payable	483,500	600,000
Current portion of refundable entrance fees	564,074	1,885,014
Current portion of bonds payable	1,115,000	885,000
Total current liabilities	<u>3,071,555</u>	<u>4,383,064</u>
Development fee payable	-	483,500
Deposits from prospective residents	742,621	456,621
Refundable entrance fees	44,974,821	42,987,717
Deferred revenue from entrance fees, net	6,288,286	6,193,057
Bonds payable	46,227,901	40,651,293
Obligation to provide future services and use of facilities	<u>1,377,000</u>	<u>-</u>
Total liabilities	<u>102,682,184</u>	<u>95,155,252</u>
Net asset deficiency:		
Unrestricted net asset deficiency	(25,043,060)	(19,773,976)
Temporarily restricted net assets	31,462	24,227
Total net asset deficiency	<u>(25,011,598)</u>	<u>(19,749,749)</u>
Total liabilities and net asset deficiency	<u>\$ 77,670,586</u>	<u>\$ 75,405,503</u>

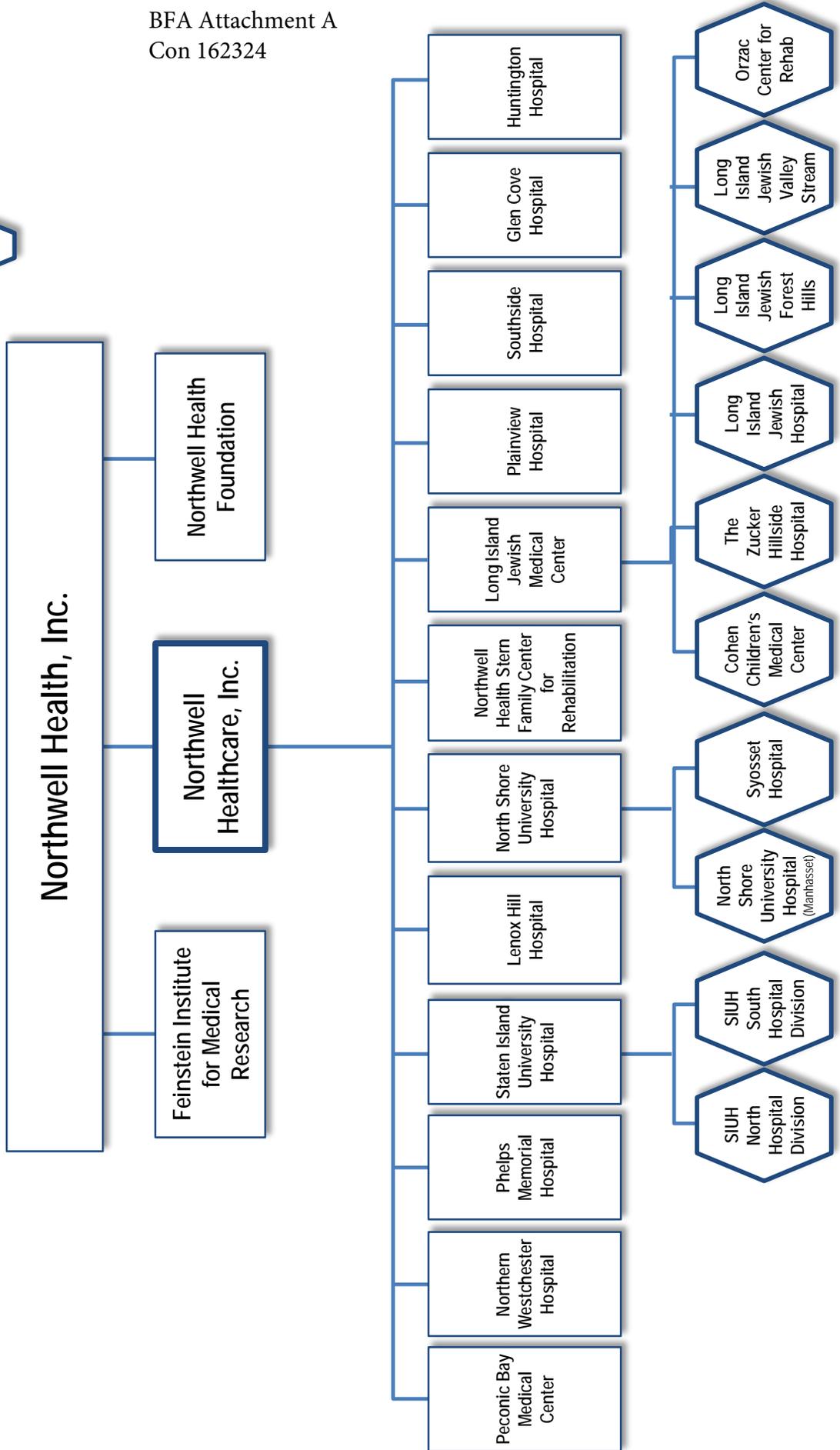
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSET DEFICIENCY
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
Unrestricted revenue:		
Net resident service revenue	\$ 12,260,218	\$ 13,508,078
Earned entrance fees	944,618	1,169,674
Other income	14,547	98,992
Investment income	144,657	107,910
Total unrestricted revenue	<u>13,364,040</u>	<u>14,884,654</u>
Expenses:		
Health services	4,011,290	3,843,971
Dining services	1,938,957	1,899,770
Facility costs and utilities	2,026,378	2,046,571
Administrative and general	1,225,287	1,110,229
Marketing	574,096	576,509
Housekeeping and laundry	474,716	464,259
Activities and recreation	192,926	225,362
Interest	2,378,055	2,455,222
Depreciation and amortization	2,675,253	2,636,457
Total expenses	<u>15,496,958</u>	<u>15,258,350</u>
Loss from operations	(2,132,918)	(373,696)
Other expense:		
Unrealized losses on investments	(53,505)	(33,466)
Loss on refinancing - advance refunding	<u>(3,082,661)</u>	<u>-</u>
Decrease in unrestricted net assets	(5,269,084)	(407,162)
Temporarily restricted revenue:		
Contributions	<u>7,235</u>	<u>24,227</u>
Increase in temporarily restricted net assets	7,235	24,227
Net decrease in net assets	(5,261,849)	(382,935)
Net asset deficiency - beginning of year	<u>(19,749,749)</u>	<u>(19,366,814)</u>
Net asset deficiency - end of year	<u>\$ (25,011,598)</u>	<u>\$ (19,749,749)</u>

Northwell Health Principal Entities



BFA Attachment A
Con 162324



Northwell Health, Inc.

Consolidated Statements of Financial Position
September 30, 2016 and December 31, 2015 (In Thousands)

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 365,447	\$ 432,829
Marketable securities and other investments	2,112,635	1,844,892
Accounts receivable for services to patients, net of allowance for doubtful accounts	995,200	876,130
Accounts receivable for physician activities, net	120,430	111,902
Assets limited as to use, current portion	128,513	101,683
Pledges receivable, current portion	34,088	35,097
Insurance claims receivable, current portion	67,729	71,068
Other current assets	240,219	207,968
Total current assets	4,064,261	3,681,569
Assets limited as to use, net of current portion	1,954,821	1,508,032
Pledges receivable, net of current portion	88,050	91,090
Property, plant and equipment, net	4,539,601	4,315,166
Insurance claims receivable, net of current portion	266,925	278,530
Other assets	337,281	264,340
Total assets	\$ 11,250,939	\$ 10,138,727
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	925,025	733,653
Accrued salaries and related benefits	631,630	625,383
Current portion of capital lease obligations	4,880	3,138
Current portion of long-term debt	56,778	55,613
Current portion of insurance claims liability	67,729	71,068
Current portion of malpractice and other insurance liabilities	102,999	101,720
Current portion of third-party payer structured liabilities	1,663	4,346
Current portion of estimated payable to third-party payers	288,708	235,768
Total current liabilities	2,189,630	1,940,907
Accrued retirement benefits, net of current portion	832,685	782,972
Capital lease obligations, net of current portion	174,469	171,888
Long-term debt, net of current portion	2,689,411	2,199,401
Insurance claims liability, net of current portion	266,925	278,530
Malpractice and other insurance liabilities, net of current portion	938,661	881,794
Third-party payer structured liabilities, net of current portion	4,529	8,303
Other long-term liabilities	600,519	635,892
Total liabilities	7,696,829	6,899,687
Commitments and contingencies		
Net assets:		
Unrestricted	3,021,957	2,710,921
Temporarily restricted	362,200	363,573
Permanently restricted	169,953	164,546
Total net assets	3,554,110	3,239,040
Total liabilities and net assets	\$ 11,250,939	\$ 10,138,727

Northwell Health, Inc.

Consolidated Statements of Operations
For the Nine Months Ended September 30, 2016 and 2015 (In Thousands)

	(Unaudited) 2016	(Unaudited) 2015
Operating revenue:		
Net patient service revenue	\$ 5,610,533	\$ 5,098,327
Physician practice revenue	941,165	816,140
Provision for bad debts	(92,784)	(80,818)
Total patient revenue, net of provision for bad debts	<u>6,458,914</u>	<u>5,833,649</u>
Other operating revenue	388,188	331,429
Net health insurance premium revenue	395,432	154,578
Net assets released from restrictions used for operations	42,297	46,269
Total operating revenue	<u>7,284,831</u>	<u>6,365,925</u>
Operating expenses:		
Salaries	3,485,376	3,179,225
Employee benefits	900,473	823,157
Supplies and expenses	2,424,781	1,911,595
Depreciation and amortization	307,901	292,142
Interest	82,216	78,242
Total operating expenses	<u>7,200,747</u>	<u>6,284,361</u>
Excess of operating revenue over operating expenses	84,084	81,564
Non-operating gains and losses:		
Investment income	41,536	39,273
Change in net unrealized gains and losses and change in value of equity method investments	134,041	(115,136)
Change in fair value of interest rate swap agreements designated as derivative instruments	190	565
Loss on refunding and redemption of long-term debt	-	(56,975)
Contributions received in the acquisitions of Peconic Bay Medical Center (2016), Phelps Memorial Hospital (2015) and Northern Westchester Hospital (2015)	36,343	259,807
Gain from acquired interest in Optum360	-	115,600
Other non-operating gains and losses	(9,198)	(5,486)
Total non-operating gains and losses	<u>202,912</u>	<u>237,648</u>
Excess of revenue and gains and losses over expenses	286,996	319,212
Net assets released from restrictions for capital asset acquisitions	28,221	5,055
Change in fair value of interest rate swap agreements designated as cash flow hedges	13	610
Recovery of fair value of endowment corpus	609	-
Other changes in net assets	(4,803)	(2,360)
Increase in unrestricted net assets	<u>\$ 311,036</u>	<u>\$ 322,517</u>

Northwell Health, Inc.

Consolidating Statement of Financial Position – Northern Westchester Hospital
(In Thousands)

December 31, 2015

	Northern Westchester Hospital Association and Subsidiaries	Eliminations	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation, Inc.	Other Subsidiaries
Assets					
Current assets:					
Cash and cash equivalents	\$ 51,319	\$ –	\$ 51,131	\$ –	\$ 188
Accounts receivable for services to patients, net of allowance for doubtful accounts	22,590	–	22,590	–	–
Accounts receivable for physician activities, net	1,158	–	1,158	–	–
Assets limited as to use, current portion	4,537	–	4,537	–	–
Other current assets	6,966	–	6,894	–	72
Total current assets	86,570	–	86,310	–	260
Due from affiliates, net	–	(7,621)	6,983	–	638
Assets limited as to use, net of current portion	66,579	–	46,145	20,434	–
Pledges receivable, net of current portion	4,314	–	–	4,314	–
Property, plant and equipment, net	174,894	–	159,542	–	15,352
Other assets	7,997	–	7,544	–	453
Total assets	\$ 340,354	\$ (7,621)	\$ 306,524	\$ 24,748	\$ 16,703
Liabilities and net assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 30,161	\$ –	\$ 29,973	\$ 17	\$ 171
Accrued salaries and related benefits	9,173	–	9,173	–	–
Current portion of capital lease obligations	904	–	904	–	–
Current portion of long-term debt	2,782	–	2,782	–	–
Current portion of malpractice and other insurance liabilities	4,088	–	4,088	–	–
Current portion of estimated payable to third-party payers	292	–	292	–	–
Total current liabilities	47,400	–	47,212	17	171
Due to affiliates, net	51	(7,621)	–	700	6,972
Accrued retirement benefits, net of current portion	45,194	–	45,194	–	–
Long-term debt, net of current portion	60,583	–	60,583	–	–
Malpractice and other insurance liabilities, net of current portion	18,875	–	18,875	–	–
Other long-term liabilities	8,622	–	7,568	–	1,054
Total liabilities	180,725	(7,621)	179,432	717	8,197
Commitments and contingencies					
Net assets:					
Unrestricted	133,811	–	121,384	3,921	8,506
Temporarily restricted	18,771	–	4,798	13,973	–
Permanently restricted	7,047	–	910	6,137	–
Total net assets	159,629	–	127,092	24,031	8,506
Total liabilities and net assets	\$ 340,354	\$ (7,621)	\$ 306,524	\$ 24,748	\$ 16,703

The consolidating schedules are presented for supplementary informational purposes. Due to the effects of intercompany transactions, which are eliminated in consolidation, the schedules are not intended to present the financial position or results of operations of the individual entities.

Northwell Health, Inc.

Consolidating Statement of Operations – Northern Westchester Hospital
(In Thousands)

Year Ended December 31, 2015

	Northern Westchester Hospital Association and Subsidiaries	Eliminations	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation, Inc.	Other Subsidiaries
Operating revenue:					
Net patient service revenue	\$ 250,001	\$ –	\$ 247,907	\$ –	\$ 2,094
Physician practice revenue	7,712	–	7,712	–	–
Provision for bad debts	(4,965)	–	(4,965)	–	–
Total patient revenue, net of provision for bad debts	252,748	–	250,654	–	2,094
Other operating revenue	5,685	(1,017)	3,634	1,017	2,051
Net assets released from restrictions used for operations	1,002	–	664	338	–
Total operating revenue	259,435	(1,017)	254,952	1,355	4,145
Operating expenses:					
Salaries	104,477	(593)	102,626	593	1,851
Employee benefits	32,674	(148)	32,355	148	319
Supplies and expenses	97,433	(801)	95,008	1,139	2,087
Depreciation and amortization	11,637	–	11,014	–	623
Interest	888	–	888	–	–
Total operating expenses	247,109	(1,542)	241,891	1,880	4,880
Excess (deficiency) of operating revenue over operating expenses	12,326	525	13,061	(525)	(735)
Non-operating gains and losses:					
Investment income	331	–	177	–	154
Change in net unrealized gains and losses and change in value of equity method investments	(1,802)	–	(1,802)	–	–
Other non-operating gains and losses	(122)	(525)	403	–	–
Total non-operating gains and losses	(1,593)	(525)	(1,222)	–	154
Excess (deficiency) of revenue and gains and losses over expenses	10,733	–	11,839	(525)	(581)
Net assets released from restrictions for capital asset acquisitions	150	–	150	–	–
Pension and other postretirement liability adjustments	2,015	–	2,015	–	–
Increase (decrease) in unrestricted net assets	\$ 12,898	\$ –	\$ 14,004	\$ (525)	\$ (581)

The consolidating schedules are presented for supplementary informational purposes. Due to the effects of intercompany transactions, which are eliminated in consolidation, the schedules are not intended to present the financial position or results of operations of the individual entities.

Northwell Health, Inc.

Consolidating Statement of Financial Position - Northern Westchester Hospital
September 30, 2016 (Unaudited and In Thousands)

	Northern Westchester Hospital Association and Subsidiaries	Eliminations	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
Assets					
Current assets:					
Cash and cash equivalents	\$8,715	\$-	\$8,277	\$-	\$438
Marketable securities and other investments	40,000	-	40,000	-	-
Accounts receivable for services to patients, net of allowance for doubtful accounts	23,149	-	23,149	-	-
Accounts receivable for physician activities, net	1,712	-	1,712	-	-
Assets limited as to use, current portion	2,770	-	2,770	-	-
Other current assets	7,431	-	7,228	-	203
Total current assets	83,777	-	83,136	-	641
Due from affiliates, net	-	(6,454)	5,579	-	875
Assets limited as to use, net of current portion	79,208	-	55,540	23,668	-
Pledges receivable, net of current portion	3,723	-	-	3,723	-
Property, plant and equipment, net	181,476	-	166,940	-	14,536
Other assets	8,350	-	7,480	3	867
Total assets	\$356,534	(\$6,454)	\$318,675	\$27,394	\$16,919
Liabilities and net assets					
Current liabilities:					
Accounts payable and accrued expenses	\$21,597	\$-	\$21,225	\$25	\$347
Accrued salaries and related benefits	11,055	-	11,032	23	-
Current portion of capital lease obligations	406	-	406	-	-
Current portion of long-term debt	2,782	-	2,782	-	-
Current portion of malpractice and other insurance liabilities	4,543	-	4,543	-	-
Current portion of estimated payable to third-party payers	479	-	479	-	-
Total current liabilities	40,862	-	40,467	48	347
Due to affiliates, net	1,714	(6,454)	-	1,325	6,843
Accrued retirement benefits, net of current portion	38,463	-	38,463	-	-
Long-term debt, net of current portion	59,754	-	59,754	-	-
Malpractice and other insurance liabilities, net of current portion	19,958	-	19,958	-	-
Other long-term liabilities	7,704	-	6,650	-	1,054
Total liabilities	168,455	(6,454)	165,292	1,373	8,244
Commitments and contingencies					
Net assets:					
Unrestricted	160,121	-	148,033	3,413	8,675
Temporarily restricted	20,911	-	4,440	16,471	-
Permanently restricted	7,047	-	910	6,137	-
Total net assets	188,079	-	153,383	26,021	8,675
Total liabilities and net assets	\$356,534	(\$6,454)	\$318,675	\$27,394	\$16,919

Northwell Health, Inc.

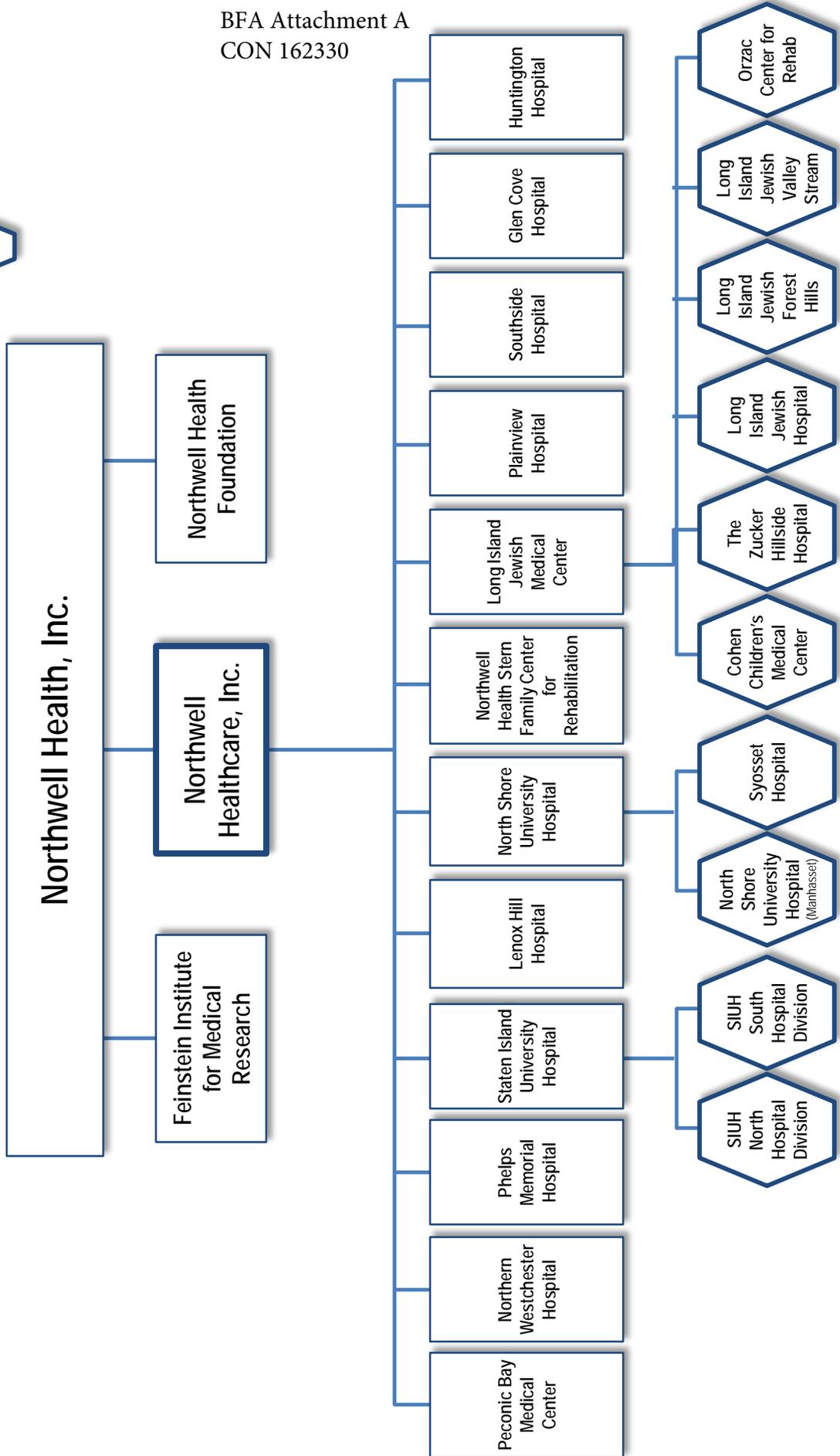
**Consolidating Statement of Operations - Northern Westchester Hospital
For the Nine Months Ended September 30, 2016 (Unaudited and In Thousands)**

	Northern Westchester Hospital Association and Subsidiaries	Northern Westchester Hospital Association	Northern Westchester Hospital Center Foundation	Other Subsidiaries
Operating revenue:				
Net patient service revenue	\$193,410	\$193,410	\$-	\$-
Physician practice revenue	7,650	7,650	-	-
Provision for bad debts	(3,908)	(3,908)	-	-
Total patient revenue, net of provision for bad debts	197,152	197,152	-	-
Other operating revenue	4,181	2,972	-	1,209
Net assets released from restrictions used for operations	510	510	-	-
Total operating revenue	201,843	200,634	-	1,209
Operating expenses:				
Salaries	84,834	84,805	-	29
Employee benefits	24,838	24,838	-	-
Supplies and expenses	71,114	70,444	-	670
Depreciation and amortization	8,438	7,622	-	816
Interest	1,349	1,349	-	-
Total operating expenses	190,573	189,058	-	1,515
Excess (deficiency) of operating revenue over operating expenses	11,270	11,576	-	(306)
Non-operating gains and losses:				
Investment income	166	(309)	-	475
Change in net unrealized gains and losses and change in value of equity method investments	286	286	-	-
Other non-operating gains and losses	(412)	96	(508)	-
Total non-operating gains and losses	40	73	(508)	475
Excess (deficiency) of revenue and gains and losses over expenses	11,310	11,649	(508)	169
Transfers from affiliates	15,000	15,000	-	-
Increase (decrease) in unrestricted net assets	\$26,310	\$26,649	(\$508)	\$169

Northwell Health Principal Entities



BFA Attachment A
CON 162330



Northwell Health, Inc.

Consolidated Statements of Financial Position
September 30, 2016 and December 31, 2015 (In Thousands)

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 365,447	\$ 432,829
Marketable securities and other investments	2,112,635	1,844,892
Accounts receivable for services to patients, net of allowance for doubtful accounts	995,200	876,130
Accounts receivable for physician activities, net	120,430	111,902
Assets limited as to use, current portion	128,513	101,683
Pledges receivable, current portion	34,088	35,097
Insurance claims receivable, current portion	67,729	71,068
Other current assets	240,219	207,968
Total current assets	<u>4,064,261</u>	<u>3,681,569</u>
Assets limited as to use, net of current portion	1,954,821	1,508,032
Pledges receivable, net of current portion	88,050	91,090
Property, plant and equipment, net	4,539,601	4,315,166
Insurance claims receivable, net of current portion	266,925	278,530
Other assets	337,281	264,340
Total assets	<u>\$ 11,250,939</u>	<u>\$ 10,138,727</u>
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	925,025	733,653
Accrued salaries and related benefits	631,630	625,383
Current portion of capital lease obligations	4,880	3,138
Current portion of long-term debt	56,778	55,613
Current portion of insurance claims liability	67,729	71,068
Current portion of malpractice and other insurance liabilities	102,999	101,720
Current portion of third-party payer structured liabilities	1,663	4,346
Current portion of estimated payable to third-party payers	288,708	235,768
Total current liabilities	<u>2,189,630</u>	<u>1,940,907</u>
Accrued retirement benefits, net of current portion	832,685	782,972
Capital lease obligations, net of current portion	174,469	171,888
Long-term debt, net of current portion	2,689,411	2,199,401
Insurance claims liability, net of current portion	266,925	278,530
Malpractice and other insurance liabilities, net of current portion	938,661	881,794
Third-party payer structured liabilities, net of current portion	4,529	8,303
Other long-term liabilities	600,519	635,892
Total liabilities	<u>7,696,829</u>	<u>6,899,687</u>
Commitments and contingencies		
Net assets:		
Unrestricted	3,021,957	2,710,921
Temporarily restricted	362,200	363,573
Permanently restricted	169,953	164,546
Total net assets	<u>3,554,110</u>	<u>3,239,040</u>
Total liabilities and net assets	<u>\$ 11,250,939</u>	<u>\$ 10,138,727</u>

Northwell Health, Inc.

Consolidated Statements of Operations
For the Nine Months Ended September 30, 2016 and 2015 (In Thousands)

	(Unaudited) 2016	(Unaudited) 2015
Operating revenue:		
Net patient service revenue	\$ 5,610,533	\$ 5,098,327
Physician practice revenue	941,165	816,140
Provision for bad debts	(92,784)	(80,818)
Total patient revenue, net of provision for bad debts	<u>6,458,914</u>	<u>5,833,649</u>
Other operating revenue	388,188	331,429
Net health insurance premium revenue	395,432	154,578
Net assets released from restrictions used for operations	42,297	46,269
Total operating revenue	<u>7,284,831</u>	<u>6,365,925</u>
Operating expenses:		
Salaries	3,485,376	3,179,225
Employee benefits	900,473	823,157
Supplies and expenses	2,424,781	1,911,595
Depreciation and amortization	307,901	292,142
Interest	82,216	78,242
Total operating expenses	<u>7,200,747</u>	<u>6,284,361</u>
Excess of operating revenue over operating expenses	84,084	81,564
Non-operating gains and losses:		
Investment income	41,536	39,273
Change in net unrealized gains and losses and change in value of equity method investments	134,041	(115,136)
Change in fair value of interest rate swap agreements designated as derivative instruments	190	565
Loss on refunding and redemption of long-term debt	-	(56,975)
Contributions received in the acquisitions of Peconic Bay Medical Center (2016), Phelps Memorial Hospital (2015) and Northern Westchester Hospital (2015)	36,343	259,807
Gain from acquired interest in Optum360	-	115,600
Other non-operating gains and losses	(9,198)	(5,486)
Total non-operating gains and losses	<u>202,912</u>	<u>237,648</u>
Excess of revenue and gains and losses over expenses	286,996	319,212
Net assets released from restrictions for capital asset acquisitions	28,221	5,055
Change in fair value of interest rate swap agreements designated as cash flow hedges	13	610
Recovery of fair value of endowment corpus	609	-
Other changes in net assets	(4,803)	(2,360)
Increase in unrestricted net assets	<u>\$ 311,036</u>	<u>\$ 322,517</u>

Northwell Health, Inc.

Consolidating Statement of Financial Position – Phelps Memorial Hospital
(In Thousands)

December 31, 2015

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co., L.P.	Phelps Medical Associates
Assets					
Current assets:					
Cash and cash equivalents	\$ 31,087	\$ -	\$ 28,817	\$ 1,312	\$ 958
Marketable securities and other investments	5,768	-	5,768	-	-
Accounts receivable for services to patients, net of allowance for doubtful accounts	24,106	-	24,106	-	-
Accounts receivable for physician activities, net	3,058	-	1,616	-	1,442
Assets limited as to use, current portion	1,133	-	1,133	-	-
Other current assets	6,965	-	6,810	155	-
Total current assets	72,117	-	68,250	1,467	2,400
Due from affiliates, net	-	(2,337)	2,337	-	-
Assets limited as to use, net of current portion	22,995	-	22,995	-	-
Pledges receivable, net of current portion	3,459	-	3,459	-	-
Property, plant and equipment, net	146,130	-	136,394	9,736	-
Insurance claims receivable, net of current portion	7,032	-	7,032	-	-
Other assets	5,592	(2,080)	7,672	-	-
Total assets	\$ 257,325	\$ (4,417)	\$ 248,139	\$ 11,203	\$ 2,400
Liabilities and net assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 10,680	\$ -	\$ 10,623	\$ 57	\$ -
Accrued salaries and related benefits	12,830	-	12,830	-	-
Current portion of long-term debt	4,750	-	1,551	3,199	-
Current portion of malpractice and other insurance liabilities	1,827	-	1,827	-	-
Total current liabilities	30,087	-	26,831	3,256	-
Due to affiliates, net	138	(2,337)	-	91	2,384
Accrued retirement benefits, net of current portion	4,837	-	4,837	-	-
Long-term debt, net of current portion	31,435	-	31,435	-	-
Insurance claims liability, net of current portion	7,032	-	7,032	-	-
Malpractice and other insurance liabilities, net of current portion	16,414	-	16,414	-	-
Other long-term liabilities	2,039	-	2,039	-	-
Total liabilities	91,982	(2,337)	88,588	3,347	2,384
Commitments and contingencies					
Net assets:					
Unrestricted	153,384	(2,080)	147,592	7,856	16
Temporarily restricted	8,675	-	8,675	-	-
Permanently restricted	3,284	-	3,284	-	-
Total net assets	165,343	(2,080)	159,551	7,856	16
Total liabilities and net assets	\$ 257,325	\$ (4,417)	\$ 248,139	\$ 11,203	\$ 2,400

Northwell Health, Inc.

Consolidating Statement of Operations – Phelps Memorial Hospital
(In Thousands)

Year Ended December 31, 2015

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co., L.P.	Phelps Medical Associates
Operating revenue:					
Net patient service revenue	\$ 212,022	\$ -	\$ 212,022	\$ -	\$ -
Physician practice revenue	22,760	-	8,193	-	14,567
Provision for bad debts	(1,851)	-	(1,847)	-	(4)
Total patient revenue, net of provision for bad debts	232,931	-	218,368	-	14,563
Other operating revenue	8,185	(2,269)	7,855	2,114	485
Net assets released from restrictions used for operations	235	-	235	-	-
Total operating revenue	241,351	(2,269)	226,458	2,114	15,048
Operating expenses:					
Salaries	124,367	-	108,877	-	15,490
Employee benefits	33,986	-	30,236	124	3,626
Supplies and expenses	66,667	(2,269)	63,400	844	4,692
Depreciation and amortization	10,976	-	10,689	287	-
Interest	1,360	-	1,138	222	-
Total operating expenses	237,356	(2,269)	214,340	1,477	23,808
Excess (deficiency) of operating revenue over operating expenses	3,995	-	12,118	637	(8,760)
Non-operating gains and losses:					
Investment income	575	-	575	-	-
Change in net unrealized gains and losses and change in value of equity method investments	(162)	-	(162)	-	-
Change in interest in acquired entities	-	(461)	461	-	-
Other non-operating gains and losses	182	-	182	-	-
Total non-operating gains and losses	595	(461)	1,056	-	-
Excess (deficiency) of revenue and gains and losses over expenses	4,590	(461)	13,174	637	(8,760)
Net assets released from restrictions for capital asset acquisitions	224	-	224	-	-
Transfers from affiliates	10,009	-	1,234	-	8,775
Other changes in net assets	(333)	402	(156)	(579)	-
Increase (decrease) in unrestricted net assets	\$ 14,490	\$ (59)	\$ 14,476	\$ 58	\$ 15

Northwell Health, Inc.

Consolidating Statement of Financial Position - Phelps Memorial Hospital
September 30, 2016 (Unaudited and In Thousands)

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
Assets					
Current assets:					
Cash and cash equivalents	\$50,537	\$-	\$31,343	\$2,495	\$16,699
Marketable securities and other investments	6,192	-	6,192	-	-
Accounts receivable for services to patients, net of allowance for doubtful accounts	24,791	-	24,791	-	-
Accounts receivable for physician activities, net	3,058	-	1,616	-	1,442
Assets limited as to use, current portion	1,066	-	1,066	-	-
Other current assets	6,797	-	6,614	183	-
Total current assets	92,441	-	71,622	2,678	18,141
Due from affiliates, net	-	(15,498)	15,498	-	-
Assets limited as to use, net of current portion	25,455	-	25,455	-	-
Pledges receivable, net of current portion	3,082	-	3,082	-	-
Property, plant and equipment, net	149,001	-	139,115	9,518	368
Insurance claims receivable, net of current portion	7,032	-	7,032	-	-
Other assets	5,621	(1,279)	6,900	-	-
Total assets	\$282,632	(\$16,777)	\$268,704	\$12,196	\$18,509
Liabilities and net assets (deficit)					
Current liabilities:					
Accounts payable and accrued expenses	\$10,839	\$-	\$10,762	\$43	\$34
Accrued salaries and related benefits	14,042	-	13,351	-	691
Current portion of long-term debt	1,599	-	1,550	49	-
Current portion of malpractice and other insurance liabilities	1,827	-	1,827	-	-
Current portion of estimated payable to third-party payers	968	-	968	-	-
Total current liabilities	29,275	-	28,458	92	725
Due to affiliates, net	12,647	(15,498)	63	1,222	26,860
Accrued retirement benefits, net of current portion	4,837	-	4,837	-	-
Long-term debt, net of current portion	34,002	-	30,445	3,557	-
Insurance claims liability, net of current portion	7,032	-	7,032	-	-
Malpractice and other insurance liabilities, net of current portion	17,029	-	17,029	-	-
Other long-term liabilities	1,690	-	1,690	-	-
Total liabilities	106,512	(15,498)	89,554	4,871	27,585
Commitments and contingencies					
Net assets (deficit):					
Unrestricted	163,923	(1,279)	166,953	7,325	(9,076)
Temporarily restricted	8,683	-	8,683	-	-
Permanently restricted	3,514	-	3,514	-	-
Total net assets (deficit)	176,120	(1,279)	179,150	7,325	(9,076)
Total liabilities and net assets (deficit)	\$282,632	(\$16,777)	\$268,704	\$12,196	\$18,509

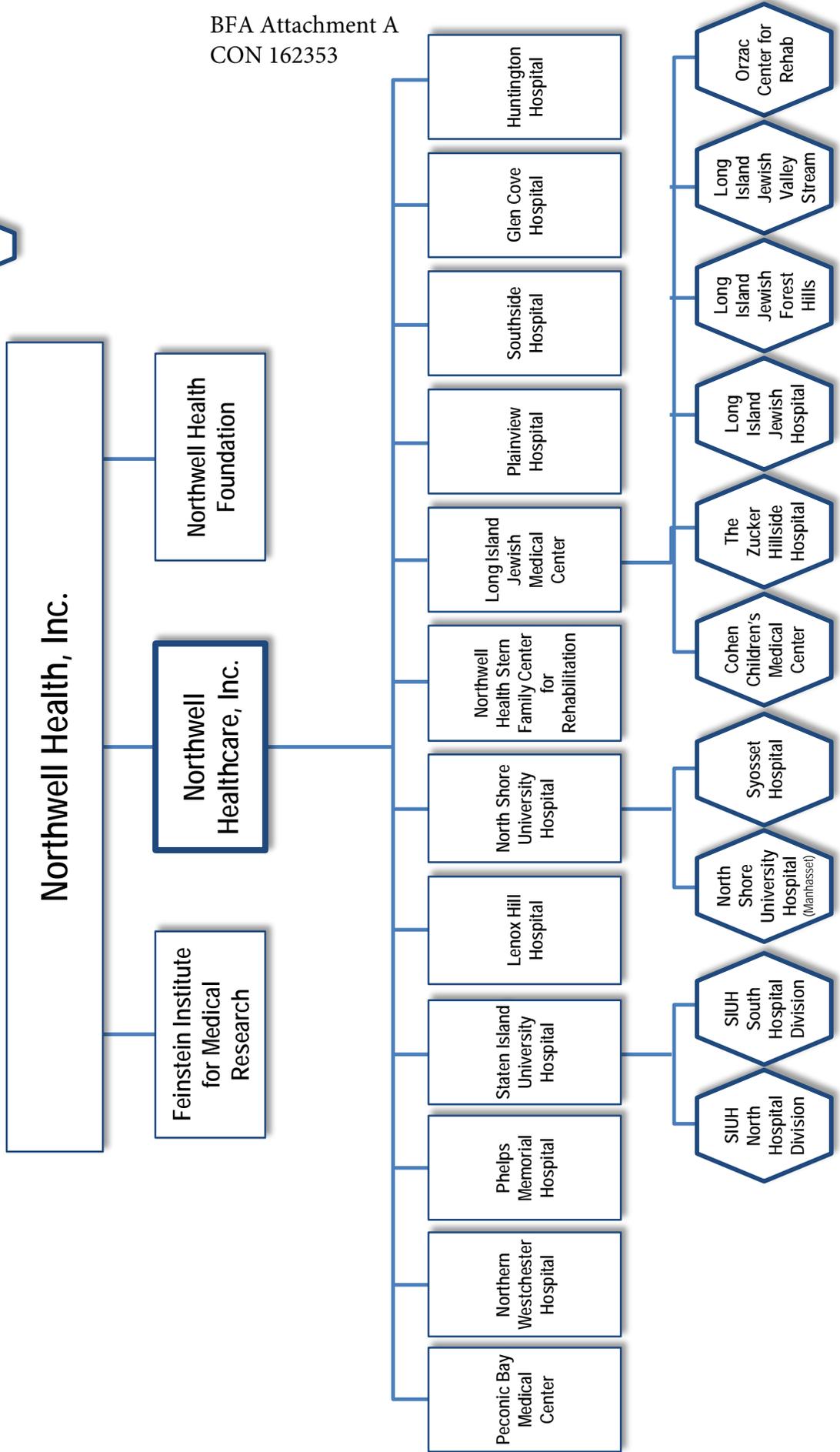
Northwell Health, Inc.

Consolidating Statement of Operations - Phelps Memorial Hospital
For the Nine Months Ended September 30, 2016 (Unaudited and In Thousands)

	Phelps Memorial Hospital Association and Subsidiaries	Eliminations	Phelps Memorial Hospital Association	Phelps Professional Building Co.	Phelps Medical Associates
Operating revenue:					
Net patient service revenue	\$164,982	\$-	\$164,982	\$-	\$-
Physician practice revenue	20,282	-	7,685	-	12,597
Provision for bad debts	(1,209)	-	(1,207)	-	(2)
Total patient revenue, net of provision for bad debts	184,055	-	171,460	-	12,595
Other operating revenue	6,367	(1,841)	6,099	1,642	467
Net assets released from restrictions used for operations	254	-	254	-	-
Total operating revenue	190,676	(1,841)	177,813	1,642	13,062
Operating expenses:					
Salaries	98,798	-	84,185	-	14,613
Employee benefits	27,558	-	24,164	-	3,394
Supplies and expenses	51,340	(1,841)	48,346	688	4,147
Depreciation and amortization	7,981	-	7,765	216	-
Interest	959	-	817	142	-
Total operating expenses	186,636	(1,841)	165,277	1,046	22,154
Excess (deficiency) of operating revenue over operating expenses	4,040	-	12,536	596	(9,092)
Non-operating gains and losses:					
Investment income	873	-	873	-	-
Change in net unrealized gains and losses and change in value of equity method investments	936	-	936	-	-
Other non-operating gains and losses	200	-	200	-	-
Total non-operating gains and losses	2,009	-	2,009	-	-
Excess (deficiency) of revenue and gains and losses over expenses	6,049	-	14,545	596	(9,092)
Net assets released from restrictions for capital asset acquisitions	27	-	27	-	-
Transfers from affiliates	4,789	-	4,789	-	-
Other changes in net assets	(326)	801	-	(1,127)	-
Increase (decrease) in unrestricted net assets	\$10,539	\$801	\$19,361	(\$531)	(\$9,092)

Northwell Health Principal Entities

BFA Attachment A
CON 162353



Northwell Health, Inc.
Proposed Co-operator Table of Organization
 Submitted September, 2016

Entities Delegating
 Authority to
 NQMA*

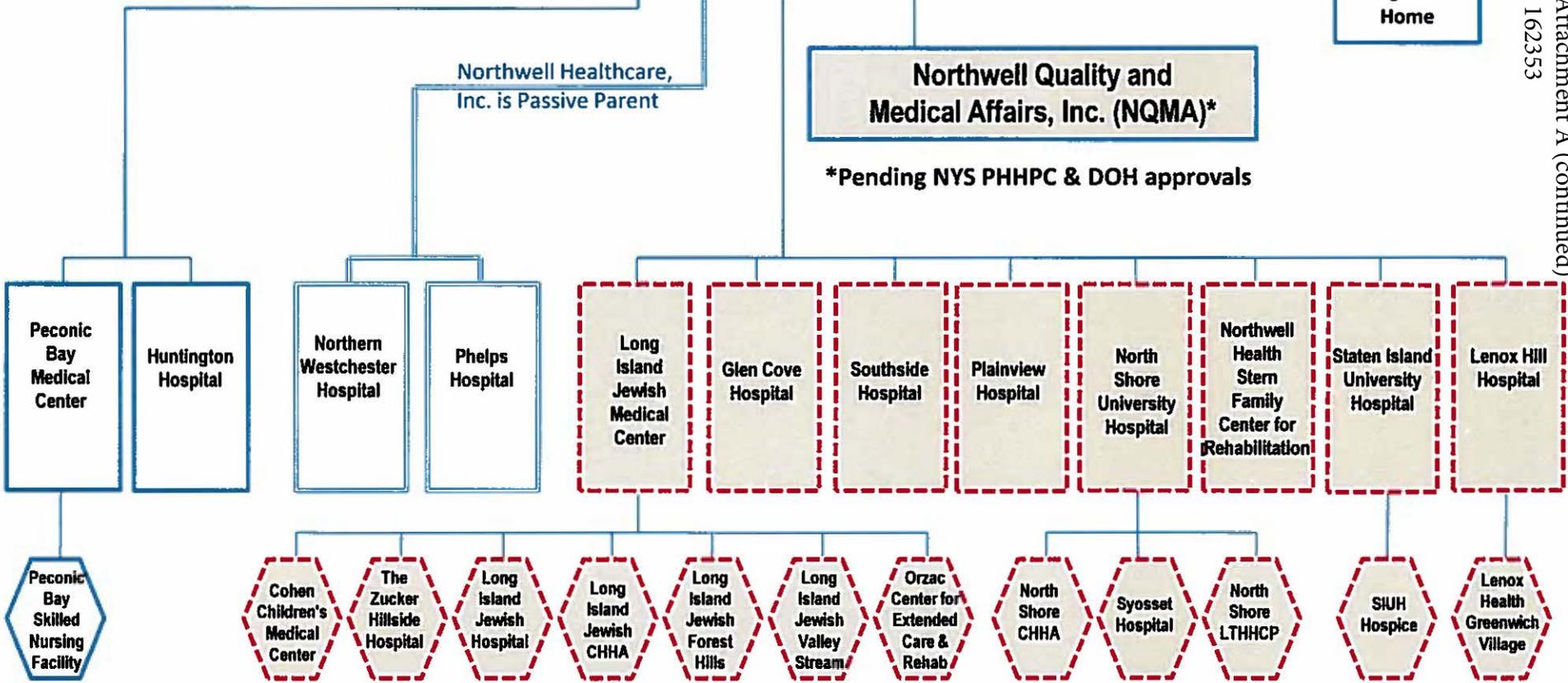
Not-for-Profit
 Corporation

For Profit
 Corporation

Division



*Pending NYS PHHPC & DOH approvals



BFA Attachment A (continued)
 CON 162353

Northwell Health, Inc.

Consolidated Statements of Financial Position
September 30, 2016 and December 31, 2015 (In Thousands)

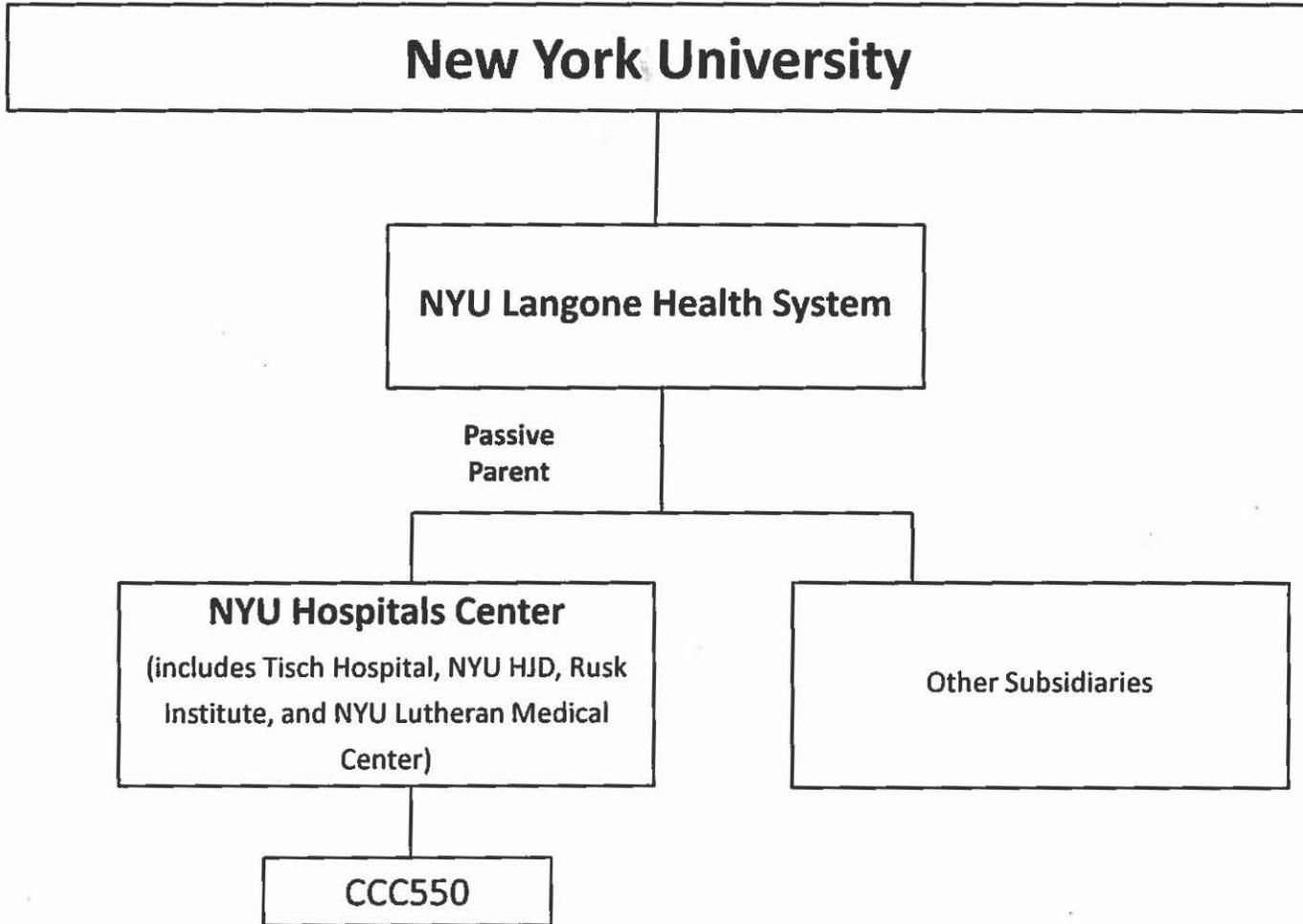
	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 365,447	\$ 432,829
Marketable securities and other investments	2,112,635	1,844,892
Accounts receivable for services to patients, net of allowance for doubtful accounts	995,200	876,130
Accounts receivable for physician activities, net	120,430	111,902
Assets limited as to use, current portion	128,513	101,683
Pledges receivable, current portion	34,088	35,097
Insurance claims receivable, current portion	67,729	71,068
Other current assets	240,219	207,968
Total current assets	<u>4,064,261</u>	<u>3,681,569</u>
Assets limited as to use, net of current portion	1,954,821	1,508,032
Pledges receivable, net of current portion	88,050	91,090
Property, plant and equipment, net	4,539,601	4,315,166
Insurance claims receivable, net of current portion	266,925	278,530
Other assets	337,281	264,340
Total assets	<u>\$ 11,250,939</u>	<u>\$ 10,138,727</u>
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	925,025	733,653
Accrued salaries and related benefits	631,630	625,383
Current portion of capital lease obligations	4,880	3,138
Current portion of long-term debt	56,778	55,613
Current portion of insurance claims liability	67,729	71,068
Current portion of malpractice and other insurance liabilities	102,999	101,720
Current portion of third-party payer structured liabilities	1,663	4,346
Current portion of estimated payable to third-party payers	288,708	235,768
Total current liabilities	<u>2,189,630</u>	<u>1,940,907</u>
Accrued retirement benefits, net of current portion	832,685	782,972
Capital lease obligations, net of current portion	174,469	171,888
Long-term debt, net of current portion	2,689,411	2,199,401
Insurance claims liability, net of current portion	266,925	278,530
Malpractice and other insurance liabilities, net of current portion	938,661	881,794
Third-party payer structured liabilities, net of current portion	4,529	8,303
Other long-term liabilities	600,519	635,892
Total liabilities	<u>7,696,829</u>	<u>6,899,687</u>
Commitments and contingencies		
Net assets:		
Unrestricted	3,021,957	2,710,921
Temporarily restricted	362,200	363,573
Permanently restricted	169,953	164,546
Total net assets	<u>3,554,110</u>	<u>3,239,040</u>
Total liabilities and net assets	<u>\$ 11,250,939</u>	<u>\$ 10,138,727</u>

Northwell Health, Inc.

Consolidated Statements of Operations
For the Nine Months Ended September 30, 2016 and 2015 (In Thousands)

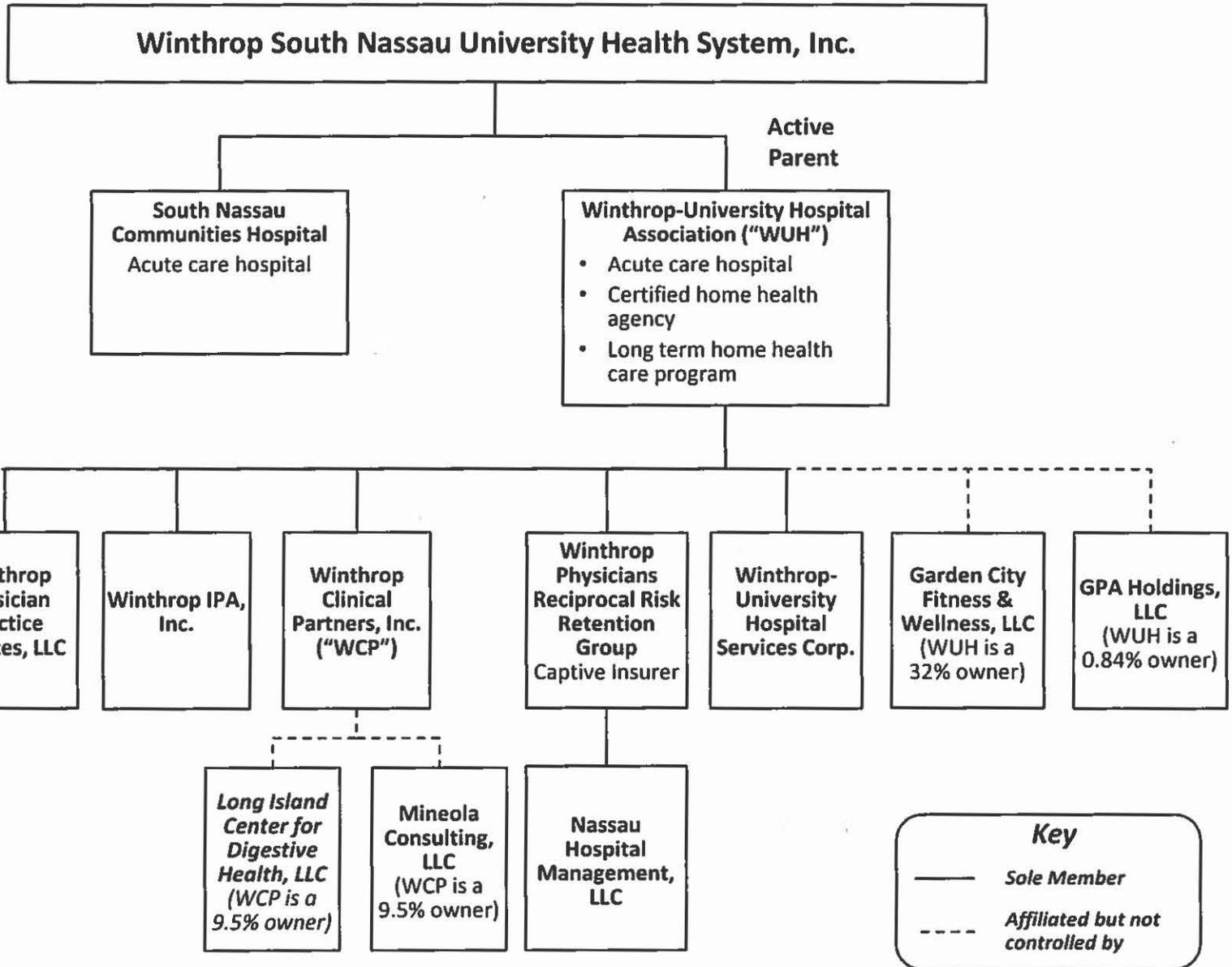
	(Unaudited) 2016	(Unaudited) 2015
Operating revenue:		
Net patient service revenue	\$ 5,610,533	\$ 5,098,327
Physician practice revenue	941,165	816,140
Provision for bad debts	(92,784)	(80,818)
Total patient revenue, net of provision for bad debts	<u>6,458,914</u>	<u>5,833,649</u>
Other operating revenue	388,188	331,429
Net health insurance premium revenue	395,432	154,578
Net assets released from restrictions used for operations	42,297	46,269
Total operating revenue	<u>7,284,831</u>	<u>6,365,925</u>
Operating expenses:		
Salaries	3,485,376	3,179,225
Employee benefits	900,473	823,157
Supplies and expenses	2,424,781	1,911,595
Depreciation and amortization	307,901	292,142
Interest	82,216	78,242
Total operating expenses	<u>7,200,747</u>	<u>6,284,361</u>
Excess of operating revenue over operating expenses	84,084	81,564
Non-operating gains and losses:		
Investment income	41,536	39,273
Change in net unrealized gains and losses and change in value of equity method investments	134,041	(115,136)
Change in fair value of interest rate swap agreements designated as derivative instruments	190	565
Loss on refunding and redemption of long-term debt	-	(56,975)
Contributions received in the acquisitions of Peconic Bay Medical Center (2016), Phelps Memorial Hospital (2015) and Northern Westchester Hospital (2015)	36,343	259,807
Gain from acquired interest in Optum360	-	115,600
Other non-operating gains and losses	(9,198)	(5,486)
Total non-operating gains and losses	<u>202,912</u>	<u>237,648</u>
Excess of revenue and gains and losses over expenses	286,996	319,212
Net assets released from restrictions for capital asset acquisitions	28,221	5,055
Change in fair value of interest rate swap agreements designated as cash flow hedges	13	610
Recovery of fair value of endowment corpus	609	-
Other changes in net assets	(4,803)	(2,360)
Increase in unrestricted net assets	<u>\$ 311,036</u>	<u>\$ 322,517</u>

*NYU Langone Health System Organizational Structure
Pre-Closing*



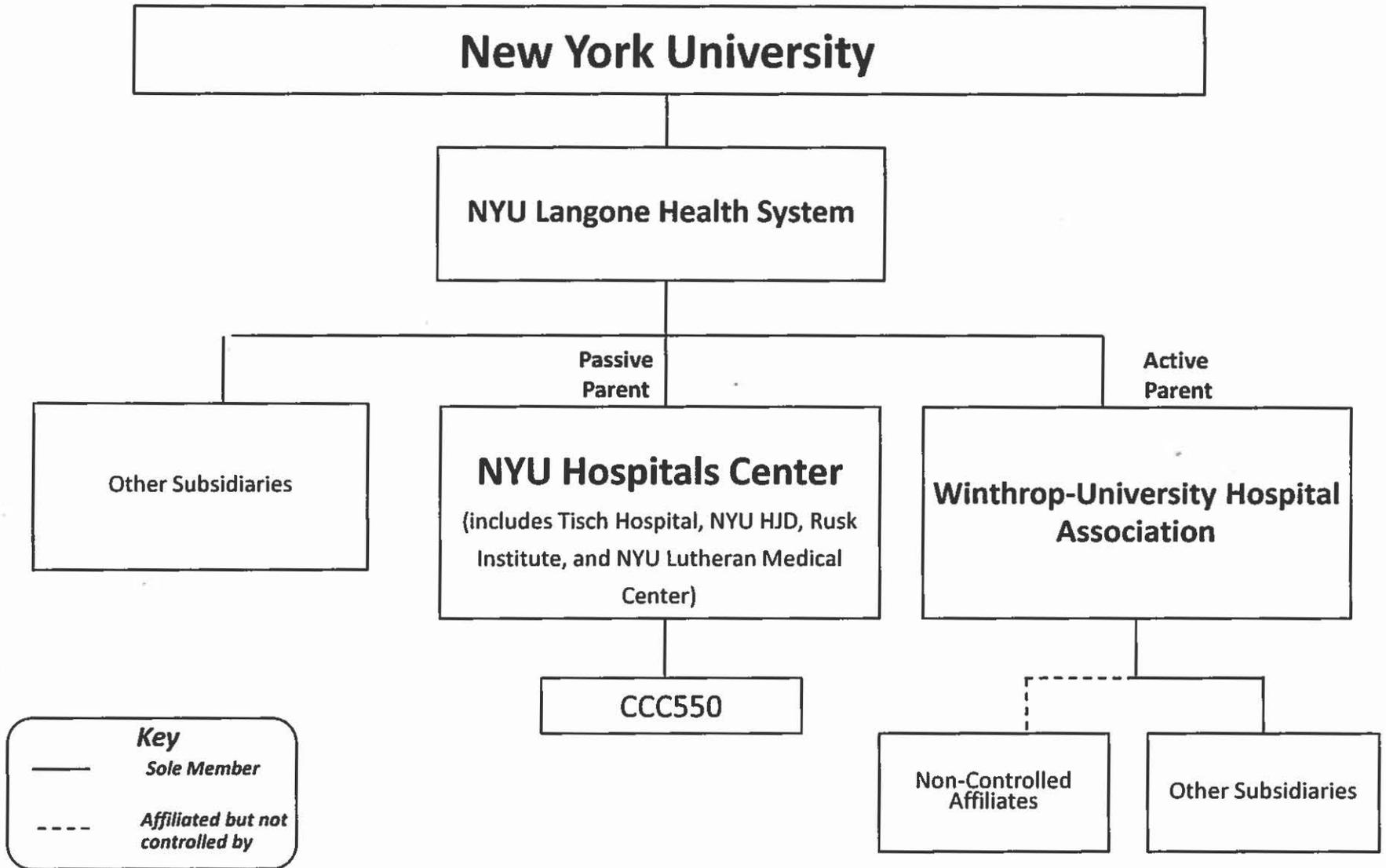
CON#162391
BFA Attachment A

Winthrop-University Hospital Association Organizational Structure Pre-Closing



* Note this chart excludes the subsidiaries of South Nassau Communities Hospital

Post-Closing Structure



**NYU Hospitals Center
Consolidated Balance Sheets
August 31, 2015 and 2014**

<i>(in thousands)</i>	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 109,739	\$ 323,459
Marketable securities	3,710	3,731
Assets limited as to use	12,557	40,796
Assets limited as to use - board designated	100,223	55,512
Patient accounts receivable, less allowances for uncollectable (2015 – \$81,456 and 2014 – \$79,552)	314,627	303,479
Contributions receivable	82,728	67,904
Insurance receivables - billed	50,557	42,405
Due from related organizations, net	4,931	-
Inventories	33,421	32,193
Disaster recovery receivable	43,572	23,402
Other current assets	55,089	61,134
Total current assets	<u>811,154</u>	<u>954,015</u>
Marketable securities, less current portion	22,913	24,087
Assets limited as to use, less current portion	356,567	378,737
Assets limited as to use - board designated, less current portion	591,220	456,501
Contributions receivable, less current portion	74,916	106,171
Other assets	18,406	18,609
Disaster recovery receivable, less current portion	63,199	106,336
Property, plant and equipment, net	2,271,892	1,958,347
Total assets	<u>\$ 4,210,267</u>	<u>\$ 4,002,803</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 42,612	\$ 36,363
Accounts payable and accrued expenses	146,244	176,425
Accounts payable and accrued expenses - disaster-related	6,265	42,166
Accrued salaries and related liabilities	49,945	46,840
Accrued interest payable	11,332	9,754
Current portion of accrued postretirement liabilities	2,045	1,916
Deferred revenue - disaster recovery	16,278	64,886
Deferred revenue - other	31,479	23,709
Due to related organizations, net	-	2,269
Other current liabilities	56,366	44,841
Total current liabilities	<u>362,566</u>	<u>449,169</u>
Long-term debt, less current portion	1,479,592	1,390,680
Outstanding losses and loss adjustment expenses	278,452	233,239
Accrued pension liabilities	130,385	96,594
Accrued postretirement liabilities, less current portion	72,773	72,646
Other liabilities	155,494	199,640
Total liabilities	<u>2,479,262</u>	<u>2,441,968</u>
Net assets		
Unrestricted	1,261,036	1,031,365
Temporarily restricted	456,924	516,425
Permanently restricted	13,045	13,045
Total net assets	<u>1,731,005</u>	<u>1,560,835</u>
Total liabilities and net assets	<u>\$ 4,210,267</u>	<u>\$ 4,002,803</u>

NYU Hospitals Center
Consolidated Statements of Operations
Years Ended August 31, 2015 and 2014

<i>(in thousands)</i>	2015	2014
Operating revenue		
Net patient service revenue, less provision for bad debts (2015 - \$11,348, 2014 - \$11,611)	\$ 2,453,875	\$ 2,039,503
Premiums earned	47,203	39,356
Contributions	4,930	6,190
Endowment distribution and return on short-term investments	17,606	21,194
Commercial insurance recoveries	-	9,232
Disaster recovery reimbursement	5,669	97,098
Other revenue	99,837	110,836
Net assets released from restrictions for operating purposes	7,929	23,044
Total operating revenue	<u>2,637,049</u>	<u>2,346,453</u>
Operating expenses		
Salaries and wages	795,591	736,018
Employee benefits	281,434	257,451
Supplies and other	1,149,037	971,323
Depreciation and amortization	113,519	98,565
Interest	62,588	46,166
Disaster related activities	6,003	22,139
Total operating expenses	<u>2,408,172</u>	<u>2,131,662</u>
Gain from operations	228,877	214,791
Other items		
(Loss) gain on impairments or disposals of property, plant and equipment	(43)	2,771
Loss on extinguishment	(27,074)	-
Disaster recovery reimbursement for capital	31,042	73,374
Grants for capital assets acquisitions	50	140
Investment return (less than) in excess of endowment distribution, net	(8,278)	8,023
Mission based payment to NYUSoM	(50,000)	(30,000)
Excess of revenue over expenses	174,574	269,099
Other changes in unrestricted net assets		
Changes in pension and postretirement obligations	(21,323)	(22,854)
Net assets released from restrictions for capital purposes	7,332	15,040
Net assets released from restrictions for hazard mitigation	69,088	12,000
Net increase in unrestricted net assets	<u>\$ 229,671</u>	<u>\$ 273,285</u>

**WINTHROP-UNIVERSITY HOSPITAL ASSOCIATION
AND SUBSIDIARIES**

Consolidated Statements of Financial Position

December 31, 2015 and 2014

Assets	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 86,157,656	92,664,401
Investments :	90,675,595	91,776,247
Current portion of assets limited as to use	23,722,871	27,503,730
Accounts receivable for services to patients, less estimated uncollectible accounts of approximately \$31,456,000 in 2015 and \$33,868,000 in 2014	147,626,730	138,311,085
Other receivables, net	9,488,517	8,922,717
Inventories	19,242,578	17,909,888
Prepaid expenses	6,257,983	7,007,301
Estimated receivable from third-party payors, net	4,581,616	10,564,289
Due from affiliates	131,634	—
Total current assets	<u>387,885,180</u>	<u>394,659,658</u>
Assets limited as to use (net of current portion)		
Internally designated:		
Board-designated funds	13,798,473	14,786,201
Externally designated:		
Self-insurance trust fund	33,923,224	39,466,142
Construction fund – unexpended bond proceeds	1,405,394	30,315,821
Retirement benefits	25,566,482	23,072,537
	<u>74,693,573</u>	<u>107,640,701</u>
Long-term investments :	13,078,693	13,118,039
Long-term receivables and other assets	54,746,738	52,155,570
Property, plant, and equipment – net	480,272,911	437,629,986
Total assets	<u>\$ 1,010,677,095</u>	<u>1,005,203,954</u>

Liabilities and Net Assets	2015	2014
	<u>2015</u>	<u>2014</u>
Current liabilities:		
Current portion of long-term debt	\$ 9,923,761	12,434,554
Line of credit	25,000,000	—
Accounts payable and accrued expenses	130,435,305	140,083,496
Other current liabilities, net	8,890,360	9,137,349
Accrued salaries and withholding taxes payable	22,909,387	33,871,514
Accrued vacation benefits	25,712,517	28,940,723
Current portion of estimated self-insurance liability	19,400,524	22,457,879
Due to affiliates	—	246,834
Total current liabilities	<u>242,271,854</u>	<u>247,172,349</u>
Accrued retirement liabilities	238,592,067	195,366,189
Estimated self-insurance liability – net of current portion	65,651,916	73,761,754
Other long-term liabilities, net	86,550,443	91,094,294
Long-term debt	<u>226,341,990</u>	<u>236,317,661</u>
Total liabilities	<u>859,408,270</u>	<u>843,712,247</u>
Commitments and contingencies		
Net assets:		
Unrestricted	129,799,686	139,225,194
Temporarily restricted	13,893,352	14,861,759
Permanently restricted	<u>7,575,787</u>	<u>7,404,754</u>
Total net assets	<u>151,268,825</u>	<u>161,491,707</u>
Total liabilities and net assets	<u>\$ 1,010,677,095</u>	<u>1,005,203,954</u>

NYU Hospitals Center
Statement of Financial Position
August 31, 2016 and August 31, 2015
(Amounts In Thousands)

	(Unaudited) August 2016	(Audited) August 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 174,414	\$ 126,241
Marketable securities	3,790	43,710
Assets whose use is limited	6,141	12,556
Assets whose use is limited - Board designated	20,001	100,223
Patient accounts receivable, less of allowances for uncollectibles	478,671	384,287
Contributions receivable - current	30,724	82,728
Inventories	48,158	40,637
Disaster recovery receivable	-	43,572
Other current assets	96,039	70,663
Total current assets	857,938	904,617
Marketable securities	22,664	87,180
Assets whose use is limited	88,945	48,827
Assets whose use is limited - Board designated	770,874	627,614
Contributions receivable - long term	98,624	74,916
Other assets	145,620	166,534
Disaster recovery receivable, less current portion	44,681	63,199
Due from related organizations less current portion	9,500	9,500
Property, plant and equipment - net	2,867,965	2,434,078
Total assets	\$ 4,906,811	\$ 4,416,465
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 50,584	\$ 52,535
Accounts payable and accrued expenses	201,358	170,214
Accounts payable and accrued expenses- disaster related	5,815	6,265
Accrued salaries and related liabilities	128,262	66,784
Accrued interest payable	10,897	11,388
Current portion of accrued postretirement liabilities	1,956	2,045
Deferred revenue - disaster recovery	84,430	16,278
Deferred revenue - other	11,338	6,930
Due to related organizations	25,086	4,230
Other current liabilities	41,811	65,626
Total current liabilities	561,537	402,295
Long-term debt, less current portion	1,620,123	1,521,895
Accrued pension liabilities	360,540	242,771
Accrued postretirement liabilities	77,548	72,773
Other liabilities	241,743	265,223
Total liabilities	2,861,491	2,504,957
Net assets:		
Unrestricted	1,645,814	1,437,299
Temporarily restricted	386,458	461,164
Permanently restricted	13,048	13,045
Total net assets	2,045,320	1,911,508
	\$ 4,906,811	\$ 4,416,465

NYU Hospitals Center
Statement Of Operations
For The Twelve Months Ended August 31, 2016
(Amounts In Thousands)

	(Unaudited)			
	Fiscal Year To Date			
	Actual	Budget	Variance	Prior Year
Operating revenue				
Inpatient	\$ 1,728,059	\$ 1,751,388	\$ (23,329)	\$ 1,602,006
Outpatient	1,594,156	1,571,370	22,786	1,334,462
Grants and sponsored programs	577	649	(72)	658
Affiliations	17,141	16,102	1,039	15,792
Contributions	5,456	8,058	(2,602)	7,504
Endowment distribution and return on short-term investments	18,105	15,287	2,818	14,896
Commercial insurance recoveries	317	-	317	-
Disaster recovery reimbursement	3,215	462	2,753	5,669
Other revenue	130,126	126,619	3,507	117,722
Net assets released from restrictions for operating purposes	13,525	23,268	(9,743)	12,545
Total operating revenue	3,510,677	3,513,203	(2,526)	3,111,254
Operating expenses				
Salaries and wages	1,131,480	1,131,161	(319)	1,015,344
Employee benefits	412,094	400,773	(11,321)	361,477
Pharmaceuticals	183,081	174,810	(8,271)	178,540
Medical supplies	270,521	259,555	(10,966)	258,285
Supplies and other	514,717	544,266	29,549	450,520
FGP purchased services and programmatic support	329,540	284,378	(45,162)	244,361
NYUSoM GME and administrative support	117,218	116,849	(369)	124,163
Sunset Park Health Council (FHC) Dental GME	23,056	-	(23,056)	24,420
Malpractice	36,110	45,092	8,982	45,982
Depreciation and amortization	145,121	147,212	2,091	128,629
Interest	59,701	64,098	4,397	64,151
Disaster related activities	9,648	-	(9,648)	6,003
Total operating expenses	3,232,287	3,168,194	(64,093)	2,901,876
Gain from operations	278,390	345,009	(66,619)	209,378
Other items				
Disaster recovery reimbursement for capital	2,435	36,663	(34,228)	31,042
Grants for capital asset acquisitions	-	-	-	47
Loss on impairment or disposal of property, plant and equipment	236	-	236	38
Support to NYUSoM	(50,000)	(50,000)	-	(50,000)
Loss on extinguishment of debt	(25,512)	-	(25,512)	(27,074)
Return on long-term investment	23,147	7,069	16,078	(13,324)
Investment return less endowment distribution, net	(42)	-	(42)	230
Excess of revenue over expenses	228,654	338,741	(110,087)	150,338
Other changes in unrestricted net assets				
Changes in pension & post retirement obligations	(111,162)	-	(111,162)	(21,323)
Equity Transfer	13,137	-	13,137	25,000
Net assets released from restrictions for capital purposes	7,756	37,628	(29,872)	7,704
Net assets released from restrictions for hazard mitigation	70,130	74,111	(3,981)	69,088
Net change in unrestricted net assets	\$ 208,515	\$ 450,480	\$ (241,965)	\$ 230,807

* Includes Lutheran Medical Center amounts for 12 months ended August 31, 2015 for comparative purposes.

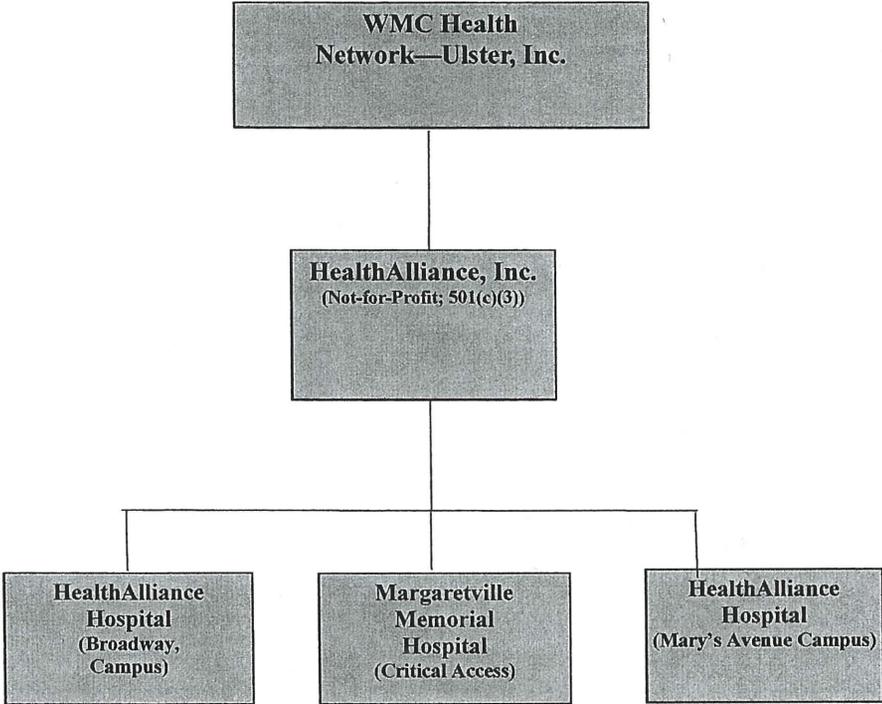
WINTHROP UNIVERSITY HOSPITAL
BALANCE SHEET

ASSETS	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015	DECEMBER 31, 2015	LIABILITIES AND NET ASSETS	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015	DECEMBER 31, 2015
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents	\$41,374,473	\$53,729,287	\$85,754,629	Lines of credit	\$12,500,000	\$0	\$25,000,000
Investments	98,799,534	88,181,960	90,675,595	Accounts payable	124,398,702	109,951,362	105,532,612
Accounts receivable for services to patients, less estimated uncollectibles	151,129,907	130,576,368	125,064,423	Accrued expenses	20,300,038	23,464,662	22,419,642
Accounts receivable - other	38,453,195	35,326,502	33,958,365	Accrued salaries and fringe benefits	63,637,946	58,217,252	48,621,904
Inventory	18,688,641	18,380,444	19,112,758	Current portion of long - term debt	6,594,820	6,390,157	6,294,557
Prepaid expenses	15,268,849	13,291,565	5,465,444	Current portion estimated payable to third-party payors	7,674,878	11,277,915	8,890,360
Assets limited to use - current portion	2,222,744	2,219,716	4,322,347	Current portion of other long-term liabilities	1,378,529	1,330,387	1,342,263
Estimated receivable from third-party payors	7,339,198	3,815,591	4,581,616				
Due from affiliated organizations	45,995	80,198	131,634	Total current liabilities	236,484,913	210,631,735	218,101,338
Total current assets	371,322,536	345,701,721	349,066,811	ACCRUED RETIREMENT BENEFITS	240,888,027	200,270,117	238,628,738
ASSETS LIMITED AS TO USE:				LONG - TERM DEBT, NET OF CURRENT PORTION			
Board designated fund	14,400,158	14,253,087	13,798,473	Bonds payable - series 2012	118,915,000	119,490,000	119,490,000
Construction fund - long term	0	7,618,753	1,405,394	Bonds payable - series 2014	35,748,000	37,122,000	37,122,000
Retirement Benefits	26,784,440	23,710,095	25,566,482	Bond premium/discount 2012	8,681,881	9,140,654	9,025,986
	41,184,598	45,581,945	40,770,349	Other long-term debt	29,395,296	31,717,683	31,122,097
				Estimated payable to third-party payors	4,623,030	12,775,772	6,609,999
				Other long-term liabilities, net of current portion	95,026,706	85,499,977	90,297,624
MALPRACTICE SELF-INSURANCE ASSETS	53,404,815	52,182,806	53,323,748		290,390,013	295,748,086	293,667,706
LONG TERM INVESTMENTS	13,825,972	12,646,711	13,078,693	MALPRACTICE SELF-INSURANCE LIABILITY	88,714,228	88,139,106	85,052,440
DEFERRED ASSETS	2,975,246	3,102,545	3,067,841	Total Liabilities	856,477,181	792,787,044	835,450,222
LONG TERM RECEIVABLES & OTHER ASSETS	58,181,733	55,459,741	57,038,952	NET ASSETS:			
PROPERTY, PLANT & EQUIPMENT - NET	469,165,004	431,433,602	448,200,072	Unrestricted	129,714,355	131,126,714	107,644,770
TOTAL ASSETS	\$1,008,059,904	\$946,109,071	\$964,546,466	Temporarily restricted	14,137,464	14,640,105	13,875,697
				Permanently restricted	7,730,904	7,555,208	7,575,787
				Total net assets	151,582,723	153,322,027	129,086,244
				TOTAL LIABILITIES AND NET ASSETS	\$1,008,059,904	\$946,109,071	\$964,546,466

Winthrop University Hospital
Gap Analysis
For the month ended September 30, 2016

	MTD	YTD
Operating Budget	\$ (1,203,279)	\$ (6,453,406)
Favorable (Unfavorable):		
Revenue		
Inpatient volume variance	\$ 1,822,000	\$ 8,700,000
Inpatient rate variance	2,151,000	5,640,000
Inpatient other misc billing adjust and inhouse intensity factors	(3,629,217)	4,127,604
Net Inpatient bad debt expense	740,653	(266,233)
Physician administrative alliance services	96,114	4,251,936
Hospital based physician services	239,865	2,851,723
Other revenue	85,018	2,861,296
Outpatient revenue	(86,857)	4,849,107
Net Outpatient bad debt expense	(1,354,293)	(4,224,242)
Subtotal	<u>\$ 64,283</u>	<u>\$ 28,791,191</u>
Expense		
Pacemakers, AICD's and Stents	99,326	919,267
Spinal Implants	(241,383)	548,956
Prosthetics	243,360	(55,812)
Sutures and other wound closures	(40,592)	(185,215)
Blood	(67,135)	(313,282)
Pharmaceuticals	(132,261)	(2,123,897)
Purchased services	768,162	(3,373,765)
Increase in OR inventory	-	(772,557)
Utilities	12,323	133,757
Other supplies and rent	(750,898)	(852,985)
Employee benefits	(913,326)	(2,446,597)
Salaries and fees	(99,304)	5,565,740
Interest expense	(20,191)	(1,932)
Depreciation	(476,830)	(4,218,766)
Insurance	(1,138,817)	(2,879,520)
Other expenses	5,777	247,336
Subtotal	<u>\$ (2,751,789)</u>	<u>\$ (9,809,271)</u>
Net Operating Income (Loss)	<u><u>\$ (3,890,785)</u></u>	<u><u>\$ 12,528,514</u></u>

WMC Health Network—Ulster, Inc. — Table of Organization



Note - This chart reflects only those entities addressed in this project.

WESTCHESTER MEDICAL CENTER

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(IN THOUSANDS)

ASSETS	2016	2015	LIABILITIES AND NET POSITION	2016	2015
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents.....	\$ 135,060	\$ 118,295	Current portion of long-term debt.....	\$ 17,654	\$ 17,442
Patients accounts receivable - Net.....	157,335	154,015	Current portion of post retirement health insurance.....	13,433	13,433
Current portion of estimated third party payors.....	-	53,765	Accounts payable and accrued expenses.....	110,198	132,198
Current portion of assets limited as to use.....	45,666	29,776	Accrued salaries and related withholdings.....	65,902	55,215
Other assets.....	99,717	42,342	Current portion of self-insurance liabilities.....	30,255	30,795
			Estimated third-party payors.....	952	952
			Other liabilities.....	29,155	15,543
Total current assets.....	437,778	398,193	Total current liabilities.....	267,549	265,578
			LONG-TERM DEBT.....	714,156	458,646
ASSETS RESTRICTED AS TO USE, NET.....	318,449	123,234	POST RETIREMENT HEALTH INSURANCE.....	61,248	64,587
ESTIMATED THIRD PARTY PAYORS, NET.....	-	1,225	PENSION LIABILITY.....	28,836	30,029
PROPERTY, PLANT AND EQUIPMENT, NET.....	429,175	430,616	ESTIMATED THIRD PARTY PAYORS.....	49,114	36,116
OTHER ASSETS, NET.....	20,772	10,655	ESTIMATED SELF-INSURANCE LIABILITIES.....	85,837	83,901
			OTHER LIABILITIES.....	22,523	37,492
			TOTAL LIABILITIES.....	1,229,263	976,349
			NET POSITION:		
TOTAL ASSETS.....	\$ 1,206,174	\$ 963,923	Restricted.....	9,830	9,181
			Unrestricted.....	(32,919)	(21,607)
			Net Position.....	(23,089)	(12,426)
			TOTAL LIABILITIES AND NET POSITION.....	\$ 1,206,174	\$ 963,923

WESTCHESTER MEDICAL CENTER

UNAUDITED

STATEMENTS OF OPERATIONS
FOR THE PERIOD ENDED SEPTEMBER 30, 2016
(IN THOUSANDS)

	2016	2015
OPERATING REVENUES:		
Total net patient service revenues.....	\$ 869,708	\$ 827,614
Medicaid disproportionate share, net.....	48,750	43,125
Other operating revenue.....	47,763	50,053
Total Operating Revenues.....	966,221	920,792
OPERATING EXPENSES:		
Personal Services.....	496,823	462,431
Supplies and other expenses.....	365,963	349,879
Malpractice insurance.....	9,744	14,182
Depreciation and amortization.....	47,933	41,754
Total Operating Expenses.....	920,463	868,246
Operating income.....	45,758	52,546
NONOPERATING ACTIVITIES:		
Interest income.....	5,753	(259)
Interest expense.....	(19,346)	(19,178)
Bond issuance costs.....	(3,446)	-
Other nonoperating income.....	(75)	735
Net Nonoperating Activities.....	(17,114)	(18,702)
Income Before Excess Fringe Benefits.....	28,644	33,844
Pension cost.....	(16,775)	(19,187)
Post retirement health.....	(11,283)	(11,588)
Net Income (Loss) Before NYS Actuarial Pension Adjustment.....	586	3,069
NYS Actuarial Pension Adjustment.....	(11,250)	-
NET PROFIT (LOSS).....	\$ (10,664)	\$ 3,069

Westchester County Health Care Corporation
Statement of Net Position
(Amounts in Thousands)
December 31, 2015

	<u>WCHCC</u>	<u>Bon Secours Charity</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 118,295	\$ 21,945
Patient accounts receivable, net	154,015	64,294
Assets restricted as to use, required for current liabilities	29,776	208
Other current assets	96,107	19,383
Total current assets	<u>398,193</u>	<u>105,830</u>
Assets restricted as to use, net	123,234	7,455
Capital assets, net	430,616	137,488
Other assets, net	5,703	8,604
Total assets	<u>957,746</u>	<u>259,377</u>
Deferred Outflows of Resources		
Pension related	<u>6,177</u>	<u>-</u>
Liabilities		
Current liabilities:		
Current portion of long-term debt	17,442	1,051
Accounts payable and accrued expenses	132,198	38,988
Accrued salaries and related withholdings	55,215	21,595
Current portion of other long-term liabilities	60,723	5,237
Total current liabilities	<u>265,578</u>	<u>66,871</u>
Long-term debt, net	458,646	123,387
Other long-term liabilities, net	250,145	26,810
Total liabilities	<u>974,369</u>	<u>217,068</u>
Deferred Inflows of Resources		
Pension related	<u>1,980</u>	<u>-</u>
Commitments and contingencies		
Net Position		
Restricted		
Expendable for capital acquisitions	2,663	1,513
Expendable for specific operating activities	4,482	2,101
Nonexpendable for endowment	2,036	615
Total restricted	<u>9,181</u>	<u>4,229</u>
Unrestricted		
Net investment in capital assets	82,987	135,401
Unrestricted	<u>(104,594)</u>	<u>(97,321)</u>
Total unrestricted	<u>(21,607)</u>	<u>38,080</u>
Total net position	<u>\$ (12,426)</u>	<u>\$ 42,309</u>

**Westchester County Health Care Corporation
Statement of Revenues, Expenses, and Changes in Net Position
(Amounts in Thousands)
Year Ended December 31, 2015**

	<u>WCHCC</u>	<u>Bon Secours Charity</u>
Operating revenues		
Net patient service revenue (net of provision for bad debts of \$96,552 and \$16,269, respectively)	\$ 1,163,472	\$ 481,497
Other revenue	64,311	15,129
Total operating revenues	<u>1,227,783</u>	<u>496,626</u>
Operating expenses		
Salaries and benefits	655,928	276,034
Supplies and other expenses	477,735	192,911
Professional liability	14,892	4,058
Depreciation and amortization	53,000	24,276
Total operating expenses	<u>1,201,555</u>	<u>497,279</u>
Operating income	26,228	(653)
Nonoperating activities		
Interest income	1,421	132
Interest expense	(25,477)	(9,295)
Other nonoperating activities, net	5,050	(464)
Total nonoperating activities, net	<u>(19,006)</u>	<u>(9,627)</u>
Other additions and deductions		
Archdioceses pension plan withdrawal	-	(13,673)
Forgiveness of amounts due Bon Secours Health System, Inc.	-	127,999
Total other additions and deductions	<u>-</u>	<u>114,326</u>
Increase in net position	7,222	104,046
Net position		
Beginning of year	(10,230)	(61,737)
GASB 68 adoption adjustment-January 1, 2015	(9,418)	-
End of year	<u>\$ (12,426)</u>	<u>\$ 42,309</u>

Westchester County Health Care Corporation
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 207,777,504	\$ 204,420,734
Patient accounts receivable, net	149,399,741	127,674,680
Investments	594,590	593,329
Assets restricted as to use, required for current liabilities	24,112,600	24,090,325
Other current assets	38,645,099	32,991,767
Total current assets	420,529,534	389,770,835
Assets restricted as to use, net	125,140,929	158,294,119
Capital assets, net	409,586,001	318,117,153
Other assets, net	5,476,551	5,444,633
Total assets	960,733,015	871,626,740
Liabilities		
Current liabilities:		
Current portion of long-term debt	19,852,842	18,650,555
Accounts payable and accrued expenses	100,522,030	76,469,754
Accrued salaries and related withholdings	80,492,491	69,053,991
Current portion of estimated liability to third-party payors	27,291,831	11,061,816
Current portion of post retirement health insurance liability	12,961,000	12,164,000
Current portion of estimated self-insurance liability	25,200,000	26,550,000
Current portion of other liabilities	6,439,647	7,069,114
Total current liabilities	272,759,841	221,019,230
Long-term debt, net	474,608,373	435,395,581
Estimated liability to third-party payors, net	40,413,383	43,954,574
Estimated post retirement health insurance liability, net	62,401,000	61,555,000
Estimated self-insurance liability, net	89,413,731	90,046,615
Other liabilities, net	31,367,007	34,078,235
Total liabilities	970,963,335	886,049,235
Commitments and contingencies		
Net Position		
Restricted		
Expendable for capital acquisitions	2,379,565	2,717,305
Expendable for specific operating activities	5,744,066	5,665,000
Total restricted	8,123,631	8,382,305
Unrestricted		
Net investment in capital assets	51,471,019	6,732,192
Unrestricted	(69,824,970)	(29,536,992)
Total unrestricted	(18,353,951)	(22,804,800)
Total net position	\$ (10,230,320)	\$ (14,422,495)

**Westchester County Health Care Corporation
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues		
Net patient service revenue (net of provision for bad debts of \$74,665,795 and \$41,894,325 in 2014 and 2013, respectively)	\$ 1,025,476,316	\$ 895,371,943
Other revenue	33,655,109	23,416,354
Total operating revenues	<u>1,059,131,425</u>	<u>918,788,297</u>
Operating expenses		
Salaries and benefits	562,874,363	473,772,966
Supplies and other expenses	414,140,187	361,061,294
Professional liability	8,176,954	13,714,339
Depreciation and amortization	50,427,930	44,105,277
Total operating expenses	<u>1,035,619,434</u>	<u>892,653,876</u>
Operating income	23,511,991	26,134,421
Nonoperating activities		
Interest income	5,726,848	3,756,526
Interest expense	<u>(25,046,664)</u>	<u>(23,621,278)</u>
Increase in net position	4,192,175	6,269,669
Net position		
Beginning of year	<u>(14,422,495)</u>	<u>(20,692,164)</u>
End of year	<u>\$ (10,230,320)</u>	<u>\$ (14,422,495)</u>

HealthAlliance, Inc.
Balance Sheet
August 31, 2016*

	August 2016 Consolidated	Audited December 2015 Consolidated
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,436,019	\$ 4,004,572
Accounts Receivable, net:		
Patient and third party payors	15,867,952	16,882,547
Other Receivables	2,906,937	2,094,409
	<u>18,774,889</u>	<u>18,976,957</u>
Current Assets Whose Use is Limited	4,371,937	3,436,341
Inventories	2,301,157	2,239,559
Prepaid Expenses & Other Current Assets	2,552,183	1,299,321
	<u>31,436,185</u>	<u>29,956,750</u>
Noncurrent assets:		
Assets Limited to Use	3,146,739	5,989,852
Property, Plant and Equipment, Net	53,964,697	55,254,700
Due from Related Parties, Long Term	1,600,000	1,600,000
Other Assets, Net	20,238,635	20,454,666
	<u>\$ 110,386,256</u>	<u>\$ 113,255,968</u>
LIABILITIES		
Current Liabilities		
Current Portion of Long Term Debt	11,304,572	8,420,251
Accounts Payable and Accrued Expenses	29,731,561	30,472,266
Accrued Salaries and Related Withholding	8,437,457	8,488,790
Due to Related Parties	151,495	129,101
Other Current Liabilities	4,154,594	3,894,820
	<u>53,779,680</u>	<u>51,405,229</u>
Noncurrent Liabilities		
Long Term Debt, Less Current Portion	13,117,009	14,692,570
Other Long Term Liabilities	27,772,182	27,352,407
	<u>40,889,191</u>	<u>42,044,977</u>
Total Noncurrent Liabilities	<u>40,889,191</u>	<u>42,044,977</u>
Total Liabilities	<u>94,668,871</u>	<u>93,450,206</u>
Fund Balance		
Unrestricted	13,775,977	17,922,804
Temporarily Restricted	1,151,169	1,092,720
Permanently Restricted	790,239	790,239
	<u>15,717,385</u>	<u>19,805,763</u>
Total Net (Deficit) Assets	<u>15,717,385</u>	<u>19,805,763</u>
Total Liabilities and Net Assets	<u>\$ 110,386,256</u>	<u>\$ 113,255,968</u>

*Financial Statements do not include Woodland Pond which was an affiliate through 3/24/16



HealthAlliance
Westchester Medical Center Health Network

HealthAlliance, Inc.
Statement of Operations
August 31, 2016*

	THIS MONTH			YEAR-TO-DATE		
	Consolidated ACTUAL	Consolidated BUDGET	Consolidated FAV/(UNFAV)	Consolidated ACTUAL	Consolidated BUDGET	Consolidated FAV/(UNFAV)
Operating Revenue:						
Net Patient Service Revenue	\$ 13,426,795	\$ 13,133,053	\$ 293,742	\$ 105,527,987	\$ 108,121,305	(\$ 2,593,318)
VBP-QIP / VAPAP	442,248	-	442,248	6,648,570	2,380,933	4,267,637
Other Revenue	579,147	782,986	(203,839)	8,226,528	7,837,941	388,587
Total Operating Revenue	14,448,190	13,916,039	532,151	120,403,085	118,340,178	2,062,906
Operating Expenses:						
Salaries and Benefits	8,847,716	8,908,446	60,730	69,966,664	70,346,397	379,733
Supplies & Other Expenses	5,650,033	6,097,576	447,544	47,754,320	49,481,264	1,726,944
Interest & Mortgage Fees	66,737	111,597	44,860	808,133	934,395	126,262
Depreciation & Amortization	784,865	819,318	34,453	6,451,431	6,554,543	103,112
Total Operating Expenses	15,349,350	15,936,937	587,587	124,980,548	127,316,599	2,336,051
Operating Income (loss)	(901,161)	(2,020,899)	1,119,738	(4,577,463)	(8,976,421)	4,398,958
Non Operating Activities						
Other Non Operating Income	53,412	23,994	29,419	430,636	191,951	238,685
Transfers (to)/from Affiliates	-	-	-	0	(0)	0
Excess(Deficit) Revenue over Expense	(\$ 847,748)	(\$ 1,996,905)	\$ 1,149,157	(\$ 4,146,827)	(\$ 8,784,470)	\$ 4,637,643

*Financial Statements do not include Woodland Pond which was an affiliate through 3/24/16



HEALTHALLIANCE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 7,342,791	12,830,472
Assets limited as to use	804,492	721,483
Patient accounts receivable, net of allowance for doubtful accounts of \$5,268,718 in 2015 and \$7,449,364 in 2014	16,881,818	16,694,581
Due from related organizations, net	89,385	120,686
Grants and other receivables	2,095,778	1,036,146
Inventories, prepaid expenses and other current assets	3,543,881	4,182,035
Estimated third-party payor settlements, net	375,892	60,333
Current assets - discontinued operations	<u>5,256,528</u>	<u>5,898,132</u>
Total current assets	36,390,565	41,543,868
Assets limited as to use, net of current portion	5,680,487	5,705,954
Investments	1,357,417	1,313,428
Investment in joint ventures	3,993,627	4,076,502
Interest in the Foundations	2,075,312	7,309,153
Insurance receivable	11,356,466	11,406,141
Property and equipment, net	55,254,702	62,442,633
Deferred charges, net of accumulated amortization	515,559	504,969
Other assets	21,895	23,803
Noncurrent assets - discontinued operations	<u>89,450,246</u>	<u>93,276,069</u>
Total assets	<u>\$ 206,096,276</u>	<u>227,602,520</u>

<u>Liabilities and Net Assets (Deficit)</u>	<u>2015</u>	<u>2014</u>
Current liabilities:		
Checks issued in excess of bank balance	\$ -	817,642
Current portion of long-term debt	8,420,251	8,043,806
Accounts payable and accrued expenses	30,501,325	25,293,004
Accrued salaries and related liabilities	8,488,794	7,304,302
Deferred revenue	1,141,979	1,180,095
Current portion of postretirement benefit obligations	130,318	138,542
Estimated third-party payor settlements, net	1,258,121	3,082,475
Other current liabilities	233,308	189,507
Current liabilities - discontinued operations	<u>6,166,238</u>	<u>5,318,780</u>
Total current liabilities	56,340,334	51,368,153
Long-term liabilities:		
Long-term debt, net of current portion	14,692,570	18,060,692
Deferred revenue from advance fees	925,120	1,545,124
Postretirement benefit obligations, net of current portion	1,529,153	1,603,702
Estimated third-party payor settlements, net of current portion	7,500,883	7,737,043
Other liabilities	17,358,837	17,756,593
Noncurrent liabilities - discontinued operations	<u>165,816,939</u>	<u>167,281,795</u>
Total liabilities	<u>264,163,836</u>	<u>265,353,102</u>
Net assets (deficit):		
Unrestricted	(59,950,520)	(39,989,635)
Temporarily restricted	1,092,721	1,442,545
Permanently restricted	<u>790,239</u>	<u>796,508</u>
Total net deficit	<u>(58,067,560)</u>	<u>(37,750,582)</u>
Commitments and contingencies		
Total liabilities and net deficit	<u>\$ 206,096,276</u>	<u>227,602,520</u>

HEALTHALLIANCE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted revenues, gains and other support:		
Net patient service revenue, less provision for bad debts of \$5,007,458 in 2015 and \$4,427,240 in 2014	\$ 163,252,287	169,305,163
Other operating revenue	11,184,182	12,380,276
Revenue from collaborative arrangement	5,087,009	4,267,826
Net assets released from restrictions for operations	<u>9,434</u>	<u>4,850</u>
Total unrestricted revenues, gains and other support from continuing operations	<u>179,532,912</u>	<u>185,958,115</u>
Operating expenses:		
Salaries and wages	79,291,556	78,816,561
Employee benefits	22,694,849	22,931,243
Supplies and other expenses	72,631,527	72,287,622
Depreciation and amortization	12,840,195	13,533,903
Interest expense	1,642,159	2,283,642
Collaborative arrangement expense	<u>1,994,598</u>	<u>1,863,517</u>
Total operating expenses from continuing operations	<u>191,094,884</u>	<u>191,716,488</u>
Operating loss from continuing operations	<u>(11,561,972)</u>	<u>(5,758,373)</u>
Nonoperating gains (losses):		
Investment income	206,583	243,686
Loss on sale of fixed assets	-	(16,561)
Equity in loss on joint ventures	(302,462)	(38,326)
Other, net	<u>(34,906)</u>	<u>(50,684)</u>
Total nonoperating gains (losses), net, from continuing operations	<u>(130,785)</u>	<u>138,115</u>
Deficiency of revenues, gains and other support over expenses from continuing operations	<u>(11,692,757)</u>	<u>(5,620,258)</u>
Discontinued operations - loss from discontinued operations	<u>(4,431,470)</u>	<u>(6,806,842)</u>
Deficiency of revenues, gains and other support over expenses	<u>(16,124,227)</u>	<u>(12,427,100)</u>
Other changes in unrestricted net deficit:		
Grants received for capital purposes	453,906	6,218,773
Contributions received for capital purposes	116,259	34,999
Net assets released from restrictions for capital purposes	37,558	6,613
Change in net unrealized gains (losses) on investments	(137,054)	4,036
Other losses	(697)	(1,573)
Change in postretirement benefit obligations other than net periodic benefit cost	(92,487)	(187,389)
Change in interest in net assets of the Foundations	(4,837,225)	-
Other - discontinued operations	<u>623,082</u>	<u>1,659,913</u>
Increase in unrestricted net deficit	<u>\$ (19,960,885)</u>	<u>(4,691,728)</u>

Legal Corporate Structure

Jan. 7, 2016

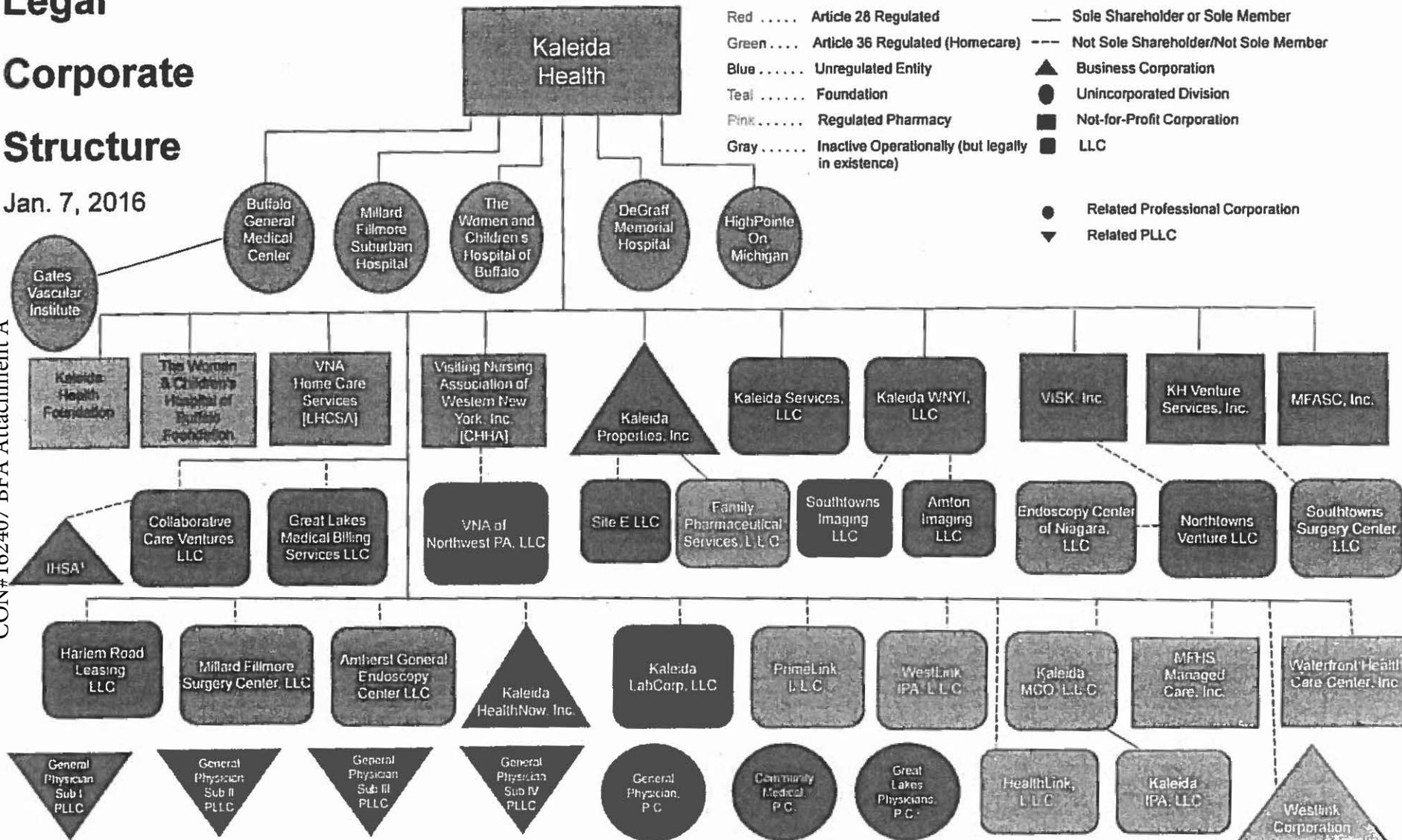
Color Key

- Red Article 28 Regulated
- Green Article 36 Regulated (Homecare)
- Blue Unregulated Entity
- Teal Foundation
- Pink Regulated Pharmacy
- Gray Inactive Operationally (but legally in existence)

Symbol Key

- Sole Shareholder or Sole Member
- Not Sole Shareholder/Not Sole Member
- ▲ Business Corporation
- Unincorporated Division
- Not-for-Profit Corporation
- LLC
- Related Professional Corporation
- ▼ Related PLLC

CON#162407 BFA Attachment A



1. Innovative Health Services of America, Inc.

2. d/b/a Western New York Urology Associates

Proposed Legal Corporate Structure

July 13, 2016

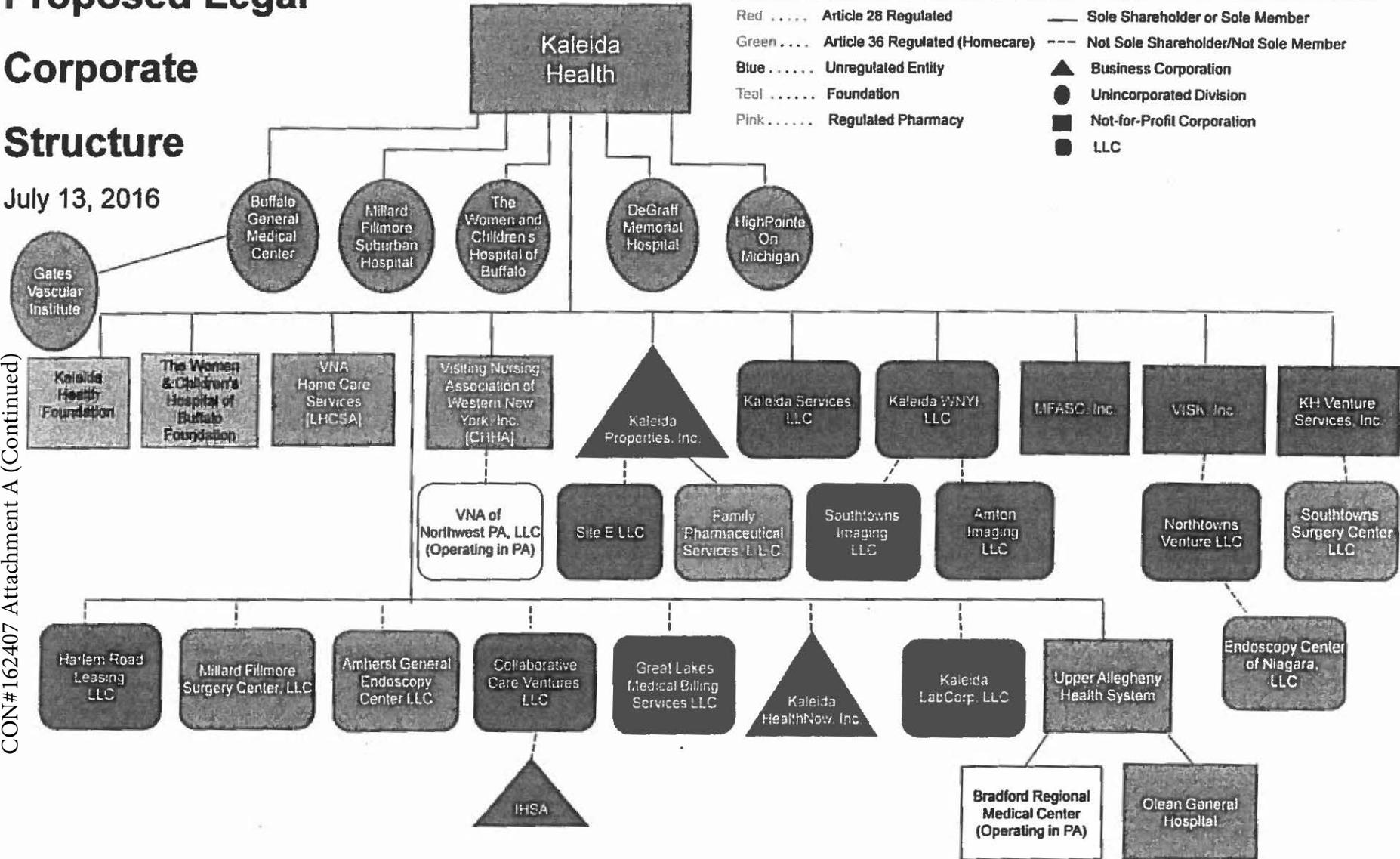
Color Key

- Red Article 28 Regulated
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Symbol Key

- Sole Shareholder or Sole Member
- Not Sole Shareholder/Not Sole Member
- ▲ Business Corporation
- Unincorporated Division
- Not-for-Profit Corporation
- LLC

CON#162407 Attachment A (Continued)



KALEIDA HEALTH
Consolidated Balance Sheets
December 31, 2015 and 2014
(Dollars in thousands)

Assets	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 65,227	95,658
Investments	156,972	171,560
Accounts receivable:		
Patient, less estimated allowance for doubtful accounts of \$36,995 in 2015 and \$37,397 in 2014	188,040	155,484
Other	28,778	21,962
Estimated third-party payor receivables	21,904	15,335
Inventories	31,745	26,182
Prepaid expenses and other current assets	14,379	14,489
Total current assets	<u>507,045</u>	<u>500,670</u>
Assets limited as to use:		
Designated under debt agreements	44,926	38,153
Designated under self-insurance programs	104,359	115,074
Board designated and donor restricted	85,015	114,929
Other	1,737	1,946
	<u>236,037</u>	<u>270,102</u>
Property and equipment, less accumulated depreciation and amortization:	514,851	444,192
Other	68,970	46,846
	<u><u>\$ 1,326,903</u></u>	<u><u>1,261,810</u></u>

KALEIDA HEALTH
Consolidated Balance Sheets (continued)
December 31, 2015 and 2014
(Dollars in thousands)

Liabilities and Net Assets	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable and other accrued expenses	\$ 112,955	92,577
Accrued payroll and related expenses	52,469	51,759
Estimated third-party payor settlements	23,255	24,518
Current portion of long-term debt	21,673	20,835
Other current liabilities	10,758	7,951
Total current liabilities	<u>221,110</u>	<u>197,640</u>
Long-term debt, less current portion	291,483	276,409
Construction costs payable	16,979	5,194
Estimated self-insurance reserves	159,382	165,774
Asset retirement obligations	13,218	12,325
Pension and postretirement obligations	259,672	279,638
Other long-term liabilities	4,834	12,265
Total liabilities	<u>966,678</u>	<u>949,245</u>
Commitments		
Net assets:		
Unrestricted:		
Available for operations	498,178	451,440
Provision for future benefit costs	(260,913)	(276,079)
Total unrestricted	<u>237,265</u>	<u>175,361</u>
Temporarily restricted	103,227	121,724
Permanently restricted	19,733	15,480
Total net assets	<u>360,225</u>	<u>312,565</u>
Total liabilities and net assets	<u>\$ 1,326,903</u>	<u>1,261,810</u>

KALEIDA HEALTH

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2015 and 2014

(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
Operating revenue:		
Patient service revenue net of contractual allowances and discounts (\$ 1,357,995	1,267,725
Less provision for bad debts	13,139	19,463
Net patient service revenue	<u>1,344,856</u>	<u>1,248,262</u>
Other operating revenue :	44,769	35,853
Net assets released from restrictions for operations :	5,578	4,918
Total operating revenue	<u>1,395,203</u>	<u>1,289,033</u>
Operating expenses:		
Salaries and benefits	785,432	723,691
Purchased services and other	253,629	235,766
Medical and nonmedical supplies	253,423	233,797
Depreciation and amortization	64,742	65,355
Interest	14,731	15,188
Total operating expenses	<u>1,371,957</u>	<u>1,273,797</u>
Income from operations	<u>23,246</u>	<u>15,236</u>
Other income:		
Investment income	2,051	7,062
Net realized gains on sales of investments	3,095	5,266
Net change in unrealized gains on investments	(10,865)	(2,361)
Total other (losses) income, net	<u>(5,719)</u>	<u>9,967</u>
Excess of revenue over expenses	<u>\$ 17,527</u>	<u>25,203</u>

OLEAN GENERAL HOSPITAL

Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,558,877	\$ 8,754,321
Accounts receivable, net of estimated uncollectibles of \$15,353,000 and \$12,360,000	13,414,454	11,493,536
Other receivables	2,019,709	4,374,911
Supplies	2,332,866	2,243,638
Prepaid expenses	2,491,011	2,598,248
	29,816,917	29,464,654
Property and equipment, net	54,483,789	57,008,901
Investments	17,510,695	18,051,431
Assets held by others	34,970,186	37,789,357
Other assets, net	2,509,775	4,477,806
	\$ 139,291,362	\$ 146,792,149
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 2,097,838	\$ 2,244,364
Accounts payable	6,227,502	6,317,917
Accrued salaries and benefits	4,316,914	4,319,621
Other accrued expenses	3,040,483	2,835,524
Estimated third-party payor settlements	832,389	1,333,673
	16,515,126	17,051,099
Long-term debt	13,869,801	13,963,280
Accrued sick time :	721,513	711,399
Accrued pension liability :	14,325,782	13,432,399
Net assets:		
Unrestricted	52,513,537	57,500,964
Temporarily restricted	17,067,031	19,213,391
Permanently restricted	24,278,572	24,919,617
	93,859,140	101,633,972
	\$ 139,291,362	\$ 146,792,149

OLEAN GENERAL HOSPITAL

Statements of Operations

For the years ended December 31,	2015	2014
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 112,239,069	\$ 108,804,242
Less: provision for bad debts	(2,989,082)	(4,106,218)
Net patient service revenue	109,249,987	104,698,024
Other revenue	5,920,856	5,627,192
Total unrestricted revenue	115,170,843	110,325,216
Expenses:		
Salaries	43,926,093	42,583,768
Employee benefits	13,004,633	12,049,153
Purchased services	23,248,971	22,644,246
Supplies	15,845,137	15,684,948
Other	8,220,383	7,397,302
Medical malpractice costs	822,300	915,094
Depreciation and amortization	7,941,963	7,498,627
Interest	485,620	469,319
Total expenses	113,495,100	109,242,457
Income from operations	1,675,743	1,082,759
Other income:		
Investment income	715,326	1,094,581
Contributions and other, net	222,204	491,607
Total other income, net	937,530	1,586,188
Excess of revenue over expenses	2,613,273	2,668,947
Change in unrealized gains and losses on investments	(1,600,481)	(1,531,099)
Contribution - forgiveness of debt from BRMC	(1,852,000)	-
Contribution - forgiveness of advances to physician group	(3,791,654)	-
Pension liability adjustment	(1,113,815)	(4,728,509)
Net assets released from restrictions for capital purposes	757,250	1,296,033
Change in unrestricted net assets	\$ (4,987,427)	\$ (2,294,628)

Kaleida Health**Combined Balance Sheet***(Dollars in Thousands)*

	June 30, 2016	December 31, 2015	Change from Prior Year End
Assets			
Current assets:			
Cash and cash equivalents	\$ 69,971	\$ 65,227	\$ 4,744
Current investments	172,995	156,972	16,023
Accounts receivable:			
Patient	189,178	188,040	1,138
Other	27,114	28,778	(1,664)
Estimated third-party payor receivables	17,329	21,904	(4,575)
Inventories	31,359	31,745	(386)
Prepaid expenses and other current assets	19,563	14,379	5,184
Total Current Assets	527,509	507,045	20,464
Assets whose use is limited:			
Designated under Self-Insurance Programs	106,624	104,359	2,265
Designated under Debt Agreements	45,718	44,926	792
Board Designated and Donor Restricted	84,843	85,015	(172)
Other	1,297	1,737	(440)
	<u>238,482</u>	<u>236,037</u>	<u>2,445</u>
Property and equipment, net	549,928	514,851	35,077
Grant Receivable	1,603	-	1,603
Other assets	71,283	68,970	2,313
Total Assets	\$ 1,388,805	\$ 1,326,903	\$ 61,902
Liabilities and net assets			
Current portion of long-term debt	\$ 20,804	\$ 21,673	\$ (869)
Accounts payable	124,157	112,955	11,202
Accrued payroll and related expenses	52,080	52,469	(389)
Estimated third-party payor settlements	19,620	23,255	(3,635)
Other current liabilities	9,651	10,758	(1,107)
Total Current Liabilities	226,312	221,110	5,202
Long-term debt	311,939	291,483	20,456
Construction costs payable	17,524	16,979	545
Estimated Self Insurance Reserves	162,513	159,382	3,131
Asset retirement obligations	13,651	13,218	433
Pension and postretirement obligations	258,855	259,672	(817)
Other long-term liabilities	4,078	4,834	(756)
	<u>768,560</u>	<u>745,568</u>	<u>22,992</u>
Total Liabilities	994,872	966,678	28,194
Net assets			
Unrestricted:			
Available for operations	536,368	498,178	38,190
Provision for future benefit costs	(260,913)	(260,913)	-
	<u>275,455</u>	<u>237,265</u>	<u>38,190</u>
Temporarily restricted	98,745	103,227	(4,482)
Permanently restricted	19,733	19,733	-
Total Net Assets	393,933	360,225	33,708
Total Liabilities and Net Assets	\$ 1,388,805	\$ 1,326,903	\$ 61,902

Kaleida Health

Consolidated Statement of Operations Year-To-Date June 30, 2016
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(Dollars in Thousands)

	Actual	Budget	Variance	Prior Year
Operating Revenues				
Patient Revenue				
Inpatient Services	\$ 923,044	\$ 877,920	\$ 45,125	\$ 875,287
Outpatient Services	698,244	689,484	8,760	578,137
Gross Patient Revenue	<u>1,621,288</u>	<u>1,567,404</u>	53,884	<u>1,453,424</u>
Less:				
Contractual Allowances	878,804	837,153	(41,652)	789,826
Bad Debt & Charity Care	12,541	10,031	(2,510)	9,968
Total Care Discounts	<u>891,346</u>	<u>847,183</u>	(44,162)	<u>799,794</u>
Net Patient Revenue	<u>729,942</u>	<u>720,221</u>	9,721	<u>653,631</u>
Operating Investment Interest & Dividend Income	1,197	1,200	(3)	888
Other Operating Revenue	<u>22,673</u>	<u>21,263</u>	1,409	<u>22,873</u>
Total Operating Revenue	<u>753,812</u>	<u>742,685</u>	11,128	<u>677,391</u>
Operating Expenses				
Salary/Wages/Contract Labor	317,996	312,617	(5,379)	286,441
Employee Benefits	102,419	105,703	3,283	100,385
Physician Fees	51,680	50,103	(1,577)	44,609
Purchased Services	38,714	34,863	(3,851)	26,665
Med & Non-Med Supplies	135,575	129,812	(5,763)	122,440
Other Expenses	37,249	35,780	(1,469)	31,373
Utilities	5,517	6,735	1,218	5,026
Insurance Expense	10,087	12,356	2,269	10,119
Depreciation & Amortization	33,593	33,453	(140)	31,861
Interest	6,965	7,300	335	7,540
Total Operating Expenses	<u>739,797</u>	<u>728,720</u>	(11,075)	<u>666,460</u>
Income (Loss) from Operations	<u>\$ 14,016</u>	<u>\$ 13,965</u>	\$ 51	<u>\$ 10,932</u>
Non Operating Gains (Losses)				
Interest and Dividends	1,981	2,250	(270)	1,912
Realized Gains (Losses)	597	2,070	(1,473)	690
Unrealized Gains (Losses)	7,932	-	7,932	2,808
Non Operating Gains (Losses), Net	<u>10,509</u>	<u>4,320</u>	6,189	<u>5,409</u>
Excess of Revenues Over Expenses	<u>\$ 24,526</u>	<u>\$ 18,285</u>	\$ 6,241	<u>\$ 16,341</u>

Olean General Hospital
Balance Sheets
June 2016, 2016 and December 31, 2015

	June-16	December-15 Unaudited
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,843,284	\$ 9,558,877
Patient Accounts Receivable, net	14,864,935	13,151,910
Other Receivables	1,181,315	2,131,839
Due from BRMC	508,367	146,501
Supplies	2,319,863	2,332,866
Prepaid and other	<u>2,573,773</u>	<u>2,491,011</u>
	29,291,538	29,813,005
Property and equipment, net	53,055,456	54,483,789
Investments	22,922,410	21,302,349
Assets held by others	35,217,635	34,970,186
Other assets	<u>3,332,987</u>	<u>2,609,775</u>
	<u>\$ 143,820,025</u>	<u>\$ 143,179,105</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 1,259,421	\$ 2,097,838
Accounts payable	5,495,749	6,222,975
Accrued salaries and other expenses	4,582,337	4,322,131
Other accrued expenses	863,519	1,370,924
Estimated third party payor settlements	<u>2,030,482</u>	<u>1,933,553</u>
	14,231,508	15,947,420
Long-term debt	14,567,396	13,949,801
Accrued pension	14,914,806	14,299,920
Accrued sick time	745,160	721,513
Net Assets:		
Unrestricted	55,259,133	54,158,429
Temporarily restricted	20,040,427	20,040,427
Permanently restricted	<u>24,061,595</u>	<u>24,061,595</u>
	<u>99,361,155</u>	<u>98,260,451</u>
	<u>\$ 143,820,025</u>	<u>\$ 143,179,105</u>

Olean General Hospital
Income Statement - Actual to Budget Comparison
For the month ended June 30, 2016

<u>Month</u>				<u>Year-to-Date</u>			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>June 2015</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>June 2015</u>
\$ 4,057,942	\$ 4,035,239	\$ 22,703	\$ 4,162,644	\$ 23,889,371	\$ 24,480,445	\$ (591,074)	\$ 24,543,801
5,409,270	5,466,935	(57,665)	5,538,952	31,995,556	32,831,543	(835,987)	31,181,624
(211,088)	(241,212)	30,124	(378,838)	(1,413,496)	(1,463,351)	49,855	(2,081,064)
9,256,125	9,260,962	(4,837)	9,322,758	54,471,432	55,848,637	(1,377,205)	53,644,361
404,656	378,289	26,367	432,980	2,867,511	2,269,716	597,795	2,476,219
9,660,781	9,639,251	21,530	9,755,738	57,338,942	58,118,353	(779,411)	56,120,580
3,717,576	3,665,419	52,157	3,708,054	21,932,604	22,242,948	(310,344)	21,648,383
1,077,543	992,427	85,116	955,911	6,275,474	6,152,167	123,307	5,791,300
4,795,120	4,657,846	137,274	4,663,965	28,208,078	28,395,115	(187,037)	27,439,683
1,532,935	1,384,366	148,569	1,313,561	8,208,066	8,398,469	(190,403)	8,017,888
2,123,272	1,982,886	140,386	2,036,385	12,406,780	11,900,619	506,161	11,533,114
760,005	744,052	15,953	759,842	4,531,266	4,489,067	42,199	4,362,266
45,891	41,666	4,225	40,588	272,362	250,000	22,362	248,439
625,979	624,996	983	646,766	3,786,865	3,755,098	31,767	3,878,657
9,883,201	9,435,812	447,389	9,461,109	57,413,416	57,188,368	225,048	55,480,047
(222,420)	203,439	(425,859)	294,629	(74,474)	929,985	(1,004,459)	640,533
62,551	25,000	37,551	48,691	344,906	150,000	194,906	110,039
-	-	-	-	-	-	-	-
62,551	25,000	37,551	48,691	344,906	150,000	194,906	110,039
(159,870)	228,439	(388,309)	343,320	270,432	1,079,985	(809,553)	750,571
295,180	-	295,180	(357,521)	569,128	-	569,128	(986)
-	-	-	-	-	-	-	-
43,524	41,667	1,857	44,750	261,144	250,000	11,144	268,508
\$ 178,834	\$ 270,106	\$ (91,272)	\$ 30,549	\$ 1,100,704	\$ 1,329,985	\$ (229,281)	\$ 1,018,094

REVENUE:
 Net inpatient revenue
 Net outpatient revenue
 Bad debt expense, net of recoveries
 Total net patient service revenue
 Other

Total operating revenue

EXPENSES:
 Salary and wages
 Employee benefits
 Total wages and benefits
 Supplies
 Purchased Services
 Other
 Interest
 Depreciation and amortization

Total expenses

Operating income (loss)

OTHER INCOME:
 Investment income
 Contributions and other

Total other income

Excess (deficiency) of revenue over expenses

Unrealized gain (loss) on Investments
 Minimum pension liability adjustment
 Net assets released by OGH Foundation

Increase (decrease) in net assets

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Balance Sheets

December 31,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 714,066	\$ 1,420,783
Assets limited as to use - current	804,015	973,554
Accounts receivable, net of estimated uncollectibles of \$3,036,000 and \$1,486,000	8,133,954	9,796,688
Other receivables	2,299,951	1,828,232
Supplies	1,697,521	1,792,557
Prepaid expenses	721,905	954,087
	<u>14,371,412</u>	<u>16,765,901</u>
Property and equipment, net	26,953,529	27,836,774
Assets limited as to use	11,268,702	10,980,149
Other assets, net	1,340,890	1,464,752
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>
Liabilities and Net Assets		
Current liabilities:		
Short-term borrowings	\$ 1,999,669	\$ 1,999,669
Current portion of long-term debt	1,545,430	1,378,580
Accounts payable	6,184,760	8,908,976
Accrued expenses	4,319,054	4,499,311
Estimated third-party payor settlements	418,322	624,024
	<u>14,467,235</u>	<u>17,410,560</u>
Long-term debt	14,944,184	15,680,175
Accrued pension liability	14,938,128	11,782,593
Net assets:		
Unrestricted	9,294,109	11,811,507
Temporarily restricted	138,262	210,126
Permanently restricted	152,615	152,615
	<u>9,584,986</u>	<u>12,174,248</u>
	<u>\$ 53,934,533</u>	<u>\$ 57,047,576</u>

BRADFORD REGIONAL MEDICAL CENTER

Consolidated Statements of Operations

For the years ended December 31,	2015	2014
Unrestricted revenue:		
Patient service revenue (net of contractual allowances and discounts)	\$ 62,032,516	\$ 69,999,932
Less: provision for bad debts	(1,549,877)	(2,520,434)
Net patient service revenue	60,482,639	67,479,498
Other revenue	4,296,225	4,220,347
Total unrestricted revenue	64,778,864	71,699,845
Expenses:		
Salaries	26,288,385	28,996,608
Employee benefits	6,175,614	6,941,196
Purchased services	10,900,960	10,634,958
Professional fees	2,263,606	2,455,661
Supplies	8,285,656	9,235,768
Other	6,849,609	7,356,380
Depreciation and amortization	3,068,162	3,003,404
Interest	863,086	997,835
Total expenses	64,695,078	69,621,810
Income from operations	83,786	2,078,035
Other income:		
Investment income	161,355	876,985
Contributions and other, net	(309,608)	80,906
Total other income, net	(148,253)	957,891
Excess (deficiency) of revenue over expenses	(64,467)	3,035,926
Change in unrealized gains and losses on investments	(225,572)	(703,509)
Contribution - forgiveness of debt to Olean General Hospital	1,852,000	-
Pension liability adjustment	(4,177,729)	(4,811,899)
Net assets released from restrictions	98,370	441,912
Change in unrestricted net assets	\$ (2,517,398)	\$ (2,037,570)

Bradford Regional Medical Center
Balance Sheets
September 31, 2016 and December 31, 2015

	September-16	December-15 Audited
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,396,050	\$ 714,067
Patient Accounts Receivable, net	6,700,593	8,133,954
Other Receivables	2,550,998	3,004,677
Supplies	1,682,301	1,697,521
Prepaid and other	<u>693,350</u>	<u>721,905</u>
	<u>13,023,292</u>	<u>14,272,124</u>
 Property and equipment, net	 26,069,208	 27,359,843
Investments	4,122,329	3,858,748
Assets limited as to use	8,046,767	7,260,917
Other assets	<u>3,045,663</u>	<u>1,902,419</u>
	<u>\$ 54,307,258</u>	<u>\$ 54,654,051</u>
 LIABILITIES & NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 1,397,135	\$ 1,545,430
Short-term borrowings	1,999,669	1,999,669
Accounts payable	6,181,745	5,654,893
Due to OGH	273,152	209,819
Accrued salaries and benefits	2,881,715	3,021,444
Other accrued expenses	307,402	63,703
Estimated third party payor settlements	<u>746,198</u>	<u>1,460,701</u>
	<u>13,787,017</u>	<u>13,955,658</u>
 Long-term debt	 14,955,184	 14,955,184
Accrued pension	15,538,385	16,121,360
 Net Assets:		
Unrestricted	9,696,123	9,291,299
Temporarily restricted	177,935	177,935
Permanently restricted	<u>152,615</u>	<u>152,615</u>
	<u>10,026,673</u>	<u>9,621,849</u>
	<u>\$ 54,307,258</u>	<u>\$ 54,654,051</u>

Bradford Regional Medical Center
Income Statement - Actual to Budget Comparison - All Entities
For the month ended September 31, 2016

Month			
Actual	Budget	Variance	September 2015
\$ 2,248,328	\$ 2,033,093	\$ 215,235	\$ 1,831,087
3,070,304	3,293,096	(222,792)	3,099,814
(113,000)	(108,082)	(4,918)	(122,175)
5,205,632	5,218,107	(12,475)	4,808,726
274,201	227,441	46,760	191,394
\$ 5,479,832	\$ 5,445,548	\$ 34,284	\$ 5,000,120
\$ 2,228,020	\$ 2,191,880	\$ 36,140	\$ 2,147,724
506,729	476,416	30,313	461,245
2,734,749	2,668,296	66,453	2,608,969
728,695	690,107	38,588	776,855
1,349,578	1,112,604	236,974	995,033
570,459	544,869	25,590	468,819
73,006	69,835	3,171	74,080
261,172	248,292	12,880	256,702
\$ 5,717,659	\$ 5,334,003	\$ 383,656	\$ 5,180,458
\$ (237,827)	\$ 111,545	\$ (349,372)	\$ (180,338)
15,171	25,144	(9,973)	21,488
-	-	-	-
15,171	25,144	(9,973)	21,488
(222,655)	136,689	(359,344)	(158,850)
28,577	-	28,577	(56,878)
(27,154)	(24,432)	(2,722)	(61,933)
\$ (221,232)	\$ 112,257	\$ (333,489)	\$ (277,662)

Year-to-Date				
Actual	Budget	Variance	September 2015	
REVENUE:				
Net Inpatient revenue	\$ 19,992,814	\$ 18,568,799	\$ 1,424,015	\$ 18,398,352
Net outpatient revenue	26,880,284	29,073,238	(2,192,954)	27,614,106
Bad debt expense, net of recoveries	(889,380)	(987,151)	97,772	(1,192,952)
Total net patient service revenue	45,983,718	46,654,886	(671,168)	44,819,506
Other	4,274,306	1,758,471	2,515,835	3,069,598
Total operating revenue	\$ 50,258,024	\$ 48,413,357	\$ 1,844,667	\$ 47,889,104
 EXPENSES:				
Salary and wages	\$ 20,023,029	\$ 20,019,222	\$ 3,807	\$ 19,585,937
Employee benefits	4,476,595	4,470,316	6,279	4,187,407
Total wages and benefits	24,499,624	24,489,538	10,086	23,773,343
Supplies	6,561,371	6,302,964	258,407	6,035,299
Purchased Services	11,017,228	9,993,336	1,023,892	9,792,567
Other	4,842,307	4,929,490	(87,183)	5,285,258
Interest	656,717	628,510	28,207	643,205
Depreciation and amortization	2,344,485	2,285,261	59,224	2,228,657
Total expenses	\$ 49,921,730	\$ 48,629,099	\$ 1,292,631	\$ 47,758,329
Operating income (loss)	\$ 336,294	\$ (215,742)	\$ 552,036	\$ 130,775
 OTHER INCOME:				
Investment income	20,650	224,796	(204,146)	188,154
Contributions and other	-	-	-	-
Total other income	20,650	224,796	(204,146)	188,154
Excess (deficiency) of revenue over expenses	356,944	9,054	347,890	318,928
Unrealized gain (loss) on Investments	290,109	-	290,109	(179,968)
Net asset increase/(decrease) BRMC Foundation	(242,229)	(221,955)	(20,274)	(337,865)
Increase (decrease) in net assets	\$ 404,823	\$ (212,901)	\$ 617,724	\$ (198,905)

Pro Forma Balance Sheet of Manhattan RSC, LLC d/b/a Manhattan
Reproductive Surgery Center

ASSETS

Cash	
Leasehold Improvements	\$2,400,000
Movable Equipment	\$986,328
Organization Expenses	\$784,000
TOTAL ASSETS	\$4,170,328

Liabilities and Member Equity

LIABILITIES

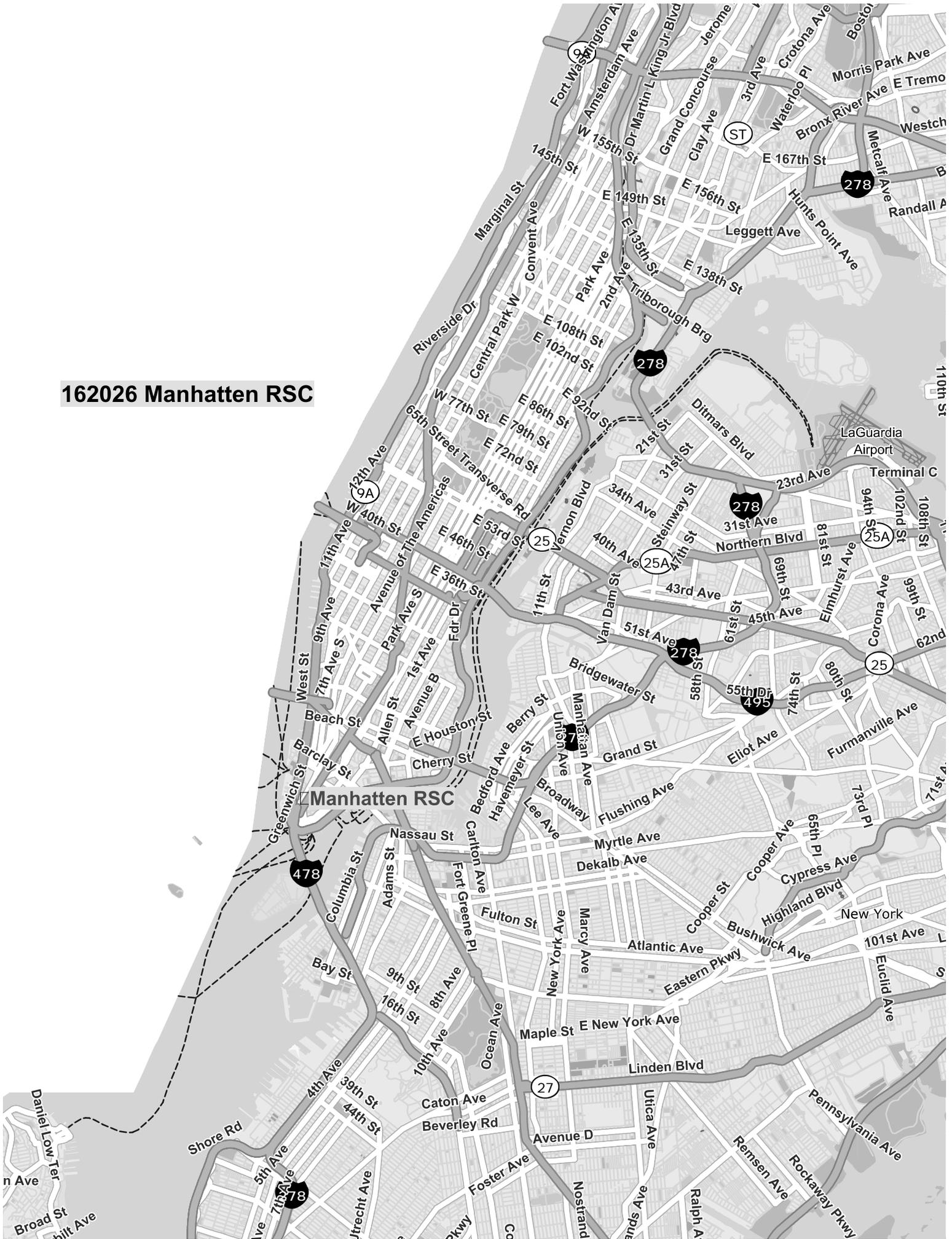
Leasehold Improvement Loan	\$2,000,000
Equipment Loan	\$800,000

TOTAL LIABILITIES \$2,800,000

MEMBER EQUITY \$1,370,328

TOTAL LIABILITIES AND MEMBER EQUITY \$4,170,328

162026 Manhattan RSC



**GRIFFISS EC, LLC
D/B/A GRIFFISS SURGERY CENTER**

Balance Sheets

December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash	\$ 246,510	352,414
Patient accounts receivable, net of allowance for doubtful accounts of approximately \$76,000 and \$84,000 in 2015 and 2014, respectively	334,623	394,725
Inventories	59,444	71,857
Prepaid expenses and other assets	93,193	82,412
Total current assets	733,770	901,408
Property and equipment, net	1,558,233	1,712,730
Unamortized debt issuance costs, net of accumulated amortization of approximately \$14,200 and \$11,100 in 2015 and 2014, respectively	16,206	19,245
Total assets	\$ <u>2,308,209</u>	<u>2,633,383</u>
<u>Liabilities and Members' Equity</u>		
Current liabilities:		
Line of credit	-	60,000
Current portion of long-term debt	253,860	260,621
Accounts payable	28,622	35,824
Accrued salaries, wages, and other liabilities	95,860	72,111
Due to related-party	-	5,760
Total current liabilities	378,342	434,316
Long term debt, net of current portion	679,200	941,726
Total liabilities	1,057,542	1,376,042
Members' equity	1,250,667	1,257,341
Commitments and contingencies (note 5)		
Total liabilities and members' equity	\$ <u>2,308,209</u>	<u>2,633,383</u>

GRIFFISS EC, LLC
D/B/A GRIFFISS SURGERY CENTER

Statements of Operations

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Net patient service revenue	\$ <u>3,336,520</u>	<u>3,118,363</u>
Expenses:		
Salaries and wages	716,183	629,858
Employee benefits	119,432	87,978
Medical supplies	1,049,734	942,314
General and administrative expenses	481,075	407,352
Depreciation and amortization	208,863	202,458
Rent expense	127,261	127,261
Interest expense	53,430	68,521
Provision for bad debts	<u>19,216</u>	<u>54,810</u>
Total expenses	<u>2,775,194</u>	<u>2,520,552</u>
Net earnings	\$ <u><u>561,326</u></u>	<u><u>597,811</u></u>

GRIFFISS EC, LLC
Balance Sheet
As of October 31, 2016

	Oct 31, 16
ASSETS	
Current Assets	
Checking/Savings	
100 · Cash - NBT	144,687.98
101 · NBT Medical Account	10.00
102 · Petty Cash	300.00
102.1 · Petty Cash - Billing Office	100.00
Total Checking/Savings	145,097.98
Accounts Receivable	
Accounts Receivable	447,794.15
Total Accounts Receivable	447,794.15
Other Current Assets	
145 · Inventory	59,443.87
141 · Security Deposits Receivable	10,605.05
141.1 · Alcon Rebate Receivable	49,884.54
140 · Prepaid Expense	4,089.55
142.9 · Workers Compensation Insurance	18,402.00
Total Other Current Assets	142,425.01
Total Current Assets	735,317.14
Fixed Assets	
151 · Leasehold Improvements	1,312,630.16
152 · A/D Leasehold Improvements	-295,341.89
155 · Furniture & Equipment	1,115,539.40
156 · A/D Furniture and Equipment	-537,154.76
Total Fixed Assets	1,595,672.91
Other Assets	
190 · Intangibles	30,387.31
191 · Accum Amortization	-16,713.31
Total Other Assets	13,674.00
TOTAL ASSETS	2,344,664.05
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	47,409.43
Total Accounts Payable	47,409.43
Other Current Liabilities	
208 · C/P N/P Alcon Laboratories	26,196.12
209 · C/P N/P Bausch & Lomb	24,002.00
209.99 · Workers Compensation Liability	18,402.00
212 · C/P Construction Loan Payable	109,873.00
213 · C/P Equipment Loan Payable	36,971.60
204 · Accrued Expenses	11,000.00
24000 · Payroll Liabilities	3,963.34
136.1 · (Due From) Div Pay RMH	144,799.89
136.2 · (Due From) Div Pay J.Costello	120,666.88
136.3 · (Due From) Div Pay P.Costello	72,400.33
136.4 · (Due From) Div Pay J.Femia	72,400.33
136.5 · (Due From) Div Pay A.Harris	72,400.33
Total Other Current Liabilities	713,075.82
Total Current Liabilities	760,485.25
Long Term Liabilities	
210 · Loans Payable	658,862.05
Total Long Term Liabilities	658,862.05

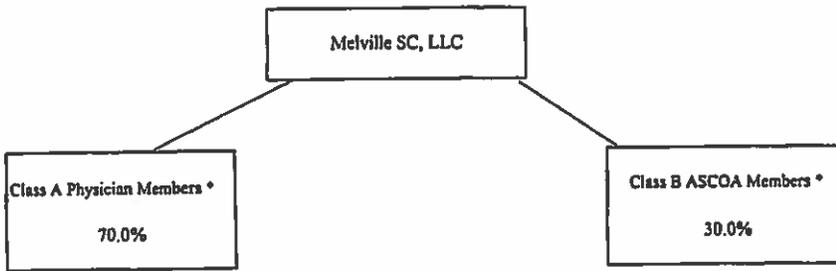
GRIFFISS EC, LLC
Balance Sheet
As of October 31, 2016

	<u>Oct 31, 16</u>
Total Liabilities	1,419,347.30
Equity	
3100 · Rome Memorial Hospital	90,000.00
3200 · John J. Costello, Jr.	75,000.00
3300 · Pat Costello	45,000.00
3400 · Joseph F. Femia, M.D., P.C.	45,000.00
3500 · Alan D Harris MD	45,000.00
Net Income	625,316.75
Total Equity	925,316.75
TOTAL LIABILITIES & EQUITY	<u>2,344,664.05</u>

GRIFFISS EC, LLC
Profit & Loss
 January through October 2016

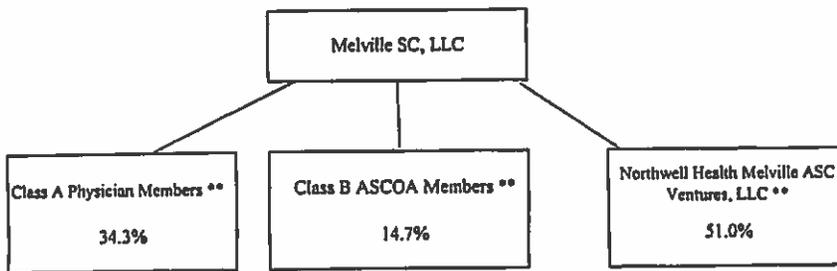
	Jan - Oct 16
Ordinary Income/Expense	
Income	
Income	3,143,233.66
Total Income	3,143,233.66
Gross Profit	3,143,233.66
Expense	
Personnel	753,190.86
601 · Advertising and Promotion	4,533.37
610 · Bank Fees	8,515.89
620 · Credentialing, Licenses	989.90
621 · Transcription Services	2,765.30
622 · Translation Services	2,425.00
625 · Dues and Subscriptions	1,648.09
630 · Licenses and Permits	2,000.00
645 · Interest Expense	34,709.76
650 · Meals and Entertainment	373.19
660 · Medical Supplies	994,256.95
665 · Miscellaneous Expenses	324.87
670 · Office Supplies	19,796.12
675 · Postage	1,514.83
680 · Printer	2,037.19
Professional Fees	148,306.39
690 · Rent Expense	118,127.35
Repairs and Maintenance	96,895.52
700 · Telephone/Cable/Broadband	5,124.35
707 · Linen Rental	21,712.30
710 · Utilities	40,952.13
715 · Pest Control	543.80
720 · Waste Removal	13,306.44
725 · Building Security	2,841.72
750 · Depreciation Expense	170,415.70
755 · Amortization Expense	2,532.30
760 · NYS Filing Fees	9.00
765 · General Insurance	22,788.66
770 · Bad Debt Expense	34,482.91
Total Expense	2,507,119.89
Net Ordinary Income	636,113.77
Other Income/Expense	
Other Expense	
802 · Gain/Loss Sale of Assets	10,797.02
Total Other Expense	10,797.02
Net Other Income	-10,797.02
Net Income	625,316.75

PRE-APPROVAL ORGANIZATIONAL CHART

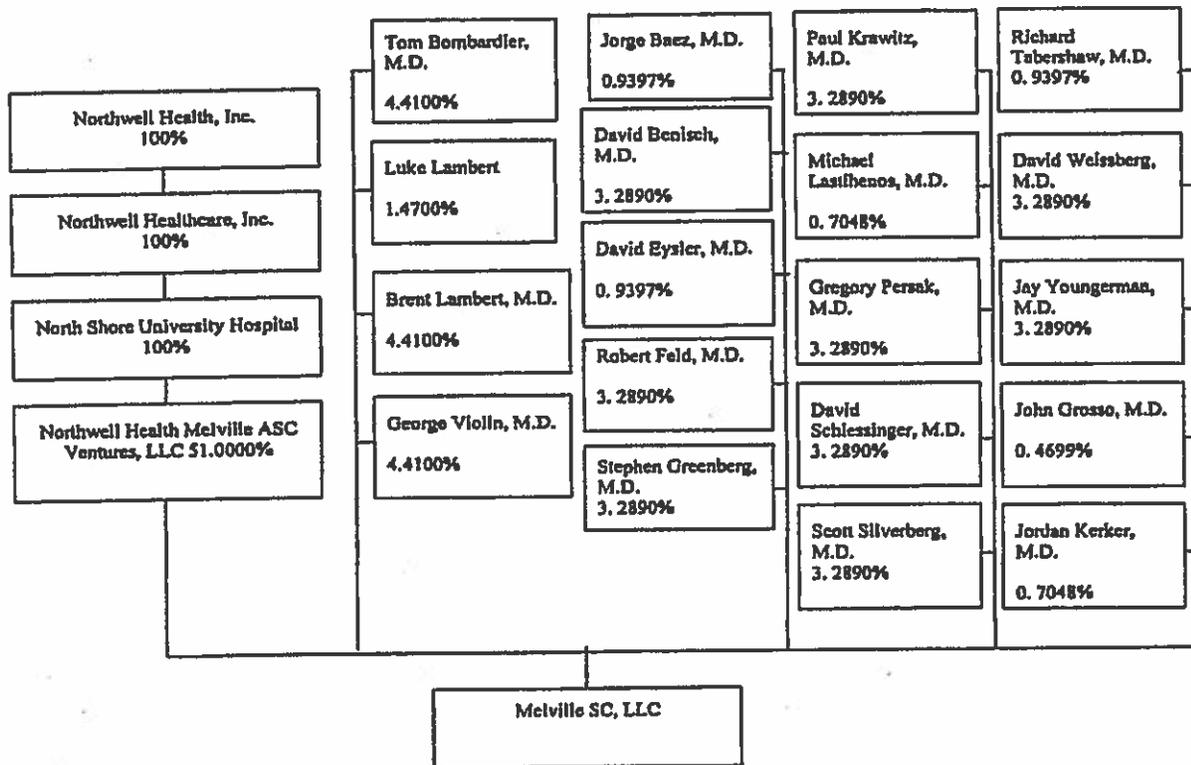


* See Schedule 3 Attachment for the names of each member.

POST-APPROVAL ORGANIZATIONAL CHART



** See below for detail



Mellville SC, LLC d/b/a Mellville Surgery Center
Financial Summay

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$2,887,881	\$2,430,106	\$1,518,945
ASSETS - FIXED AND OTHER	1,762,879	1,585,430	1,797,777
LIABILITIES - CURRENT	651,031	735,646	578,990
LIABILITIES - LONG-TERM	<u>430,979</u>	<u>125,705</u>	<u>183,903</u>
EQUITY	\$3,568,750	\$3,154,185	\$2,553,829
<hr/>			
INCOME	\$12,374,189	\$13,346,253	\$12,034,972
EXPENSE	<u>8,584,621</u>	<u>9,545,895</u>	<u>8,696,446</u>
NET INCOME	\$3,789,568	\$3,800,358	\$3,338,526
<hr/>			
Average Working Capital	\$1,623,755		
Average Net Assets	\$3,092,255		
Average Net Income (Loss)	\$3,642,817		

Melville Surgery Center, LLC
Balance Sheet
As of July 31, 2016

INTERNALLY PREPARED, NOT GAAP *

	<u>Accrual Basis</u> <u>Jul 31, 16</u>
ASSETS	
Current Assets	
Checking/Savings	
Cash - Checking	75,781
Petty Cash	240
Total Checking/Savings	<u>76,021</u>
Accounts Receivable	
Accounts Receivable**	8,466,787
Allowance for Contractual Adj**	(6,629,000)
Total Accounts Receivable	<u>1,837,787</u>
Other Current Assets	
Inventory***	439,401
Prepaid Expenses**	9,585
Total Other Current Assets	<u>448,986</u>
Total Current Assets	<u>2,362,794</u>
Fixed Assets	
Equipment/Machinery	2,919,515
Furniture/Fixtures	111,540
Leasehold Improvements	1,717,079
Accumulated Depreciation***	(3,039,381)
Total Fixed Assets	<u>1,708,754</u>
Other Assets	
Certificate of Need**	150,000
Security Deposits-Rent	35,184
Total Other Assets	<u>185,184</u>
TOTAL ASSETS	<u><u>4,256,731</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	534,715
Total Accounts Payable	<u>534,715</u>
Other Current Liabilities	
Accrued Expenses**	147,392
Lease Payable - Smith & Nephew, CP***	80,178
Lease Payable - First American, CP***	16,446
Lease Payable - Americorp, CP***	17,394
Total Other Current Liabilities	<u>261,409</u>
Total Current Liabilities	<u>796,125</u>
Long Term Liabilities	
Lease Payable - Smith & Nephew, net CP	84,197
Lease Payable - First American, net CP	81,198
Lease Payable - Americorp, net CP	76,379
Deferred Rent***	130,627
Total Long Term Liabilities	<u>352,400</u>
Total Liabilities	<u>1,148,524</u>
Total Equity	<u>3,108,207</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,256,731</u></u>

* The internally prepared Balance Sheet differs from GAAP as follows: Some of the balance sheet accounts and estimates are updated annually. These accounts are indicated with two asterisks (** or ***) and three asterisks (***) as indicated below. The center reports earnings on a cash basis. Expenses exclude accrual and prepaid adjustments. These accounts are adjusted at year-end in consultation with the center's external accountants.

** This account was updated on 12/31/14.

*** This account was updated on 12/31/15.

Melville Surgery Center, LLC
Profit & Loss
 January through July 2016

Project# 162290
 BFA Attachment-C Cont

INTERNALLY PREPARED, NOT GAAP *

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Cash Basis TOTAL
Income								
Facility Fees	1,016,565	1,143,944	1,199,892	1,098,637	1,338,596	1,174,974	1,053,494	8,024,103
Anesthesia Fees	50	-	50	-	50	-	-	150
Refunds	(8,046)	(2,866)	(11,567)	(11,266)	(6,248)	(13,678)	(12,066)	(65,876)
Total Income	1,008,569	1,140,959	1,188,376	1,085,351	1,332,398	1,161,296	1,041,428	7,958,377
Expense								
Bank Charges	288	1,445	255	555	181	150	13	2,885
Billing Charges	1,462	4,772	7,187	1,140	9,088	7,595	5,022	36,266
Building Repair/Maint	1,984	1,529	1,910	10,461	12,438	2,885	1,518	32,726
Cleaning Services	-	1,841	3,682	-	1,841	3,682	1,841	12,888
Collection Fees	4,440	1,233	5,832	438	5,221	5,455	10,661	33,280
Consultants	-	650	95	-	1,450	3,634	-	5,829
Contract Labor	240	-	240	-	-	-	-	480
Credit Card Expense	1,849	3,685	2,405	3,145	3,161	3,216	3,307	20,769
Dues & Subscriptions	-	182	195	-	260	160	-	797
Education/Seminars	161	161	161	482	161	161	161	1,446
Entertainment/Meals	3,685	345	622	94	1,005	337	-	6,090
Equipment Rental	5,475	7,841	6,045	4,886	8,414	7,179	6,326	45,967
Equipment Repair/Maint	4,042	7,506	15,216	7,776	7,422	12,183	7,399	61,548
Insurance Liability	-	-	17,102	6,035	6,035	6,035	6,035	41,242
Interest Expense	2,477	1,337	2,340	1,298	1,279	2,182	1,240	12,154
IT Services	465	5,165	8,764	141	4,093	3,784	5,435	27,848
Lab Fees	153	102	203	141	395	153	305	1,452
Legal and Professional	537	4,000	14,139	3,000	74,126	2,857	548	99,206
Licenses & Permits	95	-	-	-	-	100	-	195
Linen	5,038	8,992	5,316	4,449	8,892	5,193	8,979	46,858
Management Fee Expense	20,000	20,000	20,000	20,000	20,000	20,000	20,000	140,000
Medical Supplies	163,135	259,014	198,589	275,533	246,430	279,818	233,317	1,655,638
Office Supply & Expense	4,036	5,307	6,836	4,893	5,711	7,597	4,980	39,338
Patient Costs Other	560	1,959	2,527	924	1,604	1,561	1,435	10,570
Payroll	241,699	252,717	333,636	283,105	244,230	251,429	257,828	1,864,645
Postage & Delivery	877	2,553	2,078	2,071	2,088	2,413	1,999	13,879
Printing	174	1,814	866	1,836	1,151	489	1,157	7,517
Rent Real Estate	30,241	26,241	26,241	26,241	31,109	26,241	26,241	192,556
Security	-	195	-	1,250	147	69	120	1,781
Service Contracts	964	6,547	8,270	258	6,729	7,913	17,135	47,817
Taxes Other	13,166	27,928	16,036	7,385	10,828	9,877	7,782	93,023
Telephone	178	862	1,505	915	855	826	847	5,987
Travel	-	-	797	-	-	29	-	826
Uniforms	1,489	1,540	2,358	1,723	2,871	3,510	2,556	16,044
Utilities	1,329	11,503	10,799	9,282	9,717	9,829	6,672	61,132
Total Expense	510,058	668,767	722,279	679,459	728,932	688,341	642,840	4,640,676
Net Income	498,511	472,192	466,096	405,892	603,466	472,955	398,588	3,317,701

* The internally prepared Profit & Loss report differs from GAAP as follows: The center reports Interim earnings on a cash basis and the income statements are prepared as such. Expenses exclude accrual and prepaid adjustments. Invoices that have been received but are unpaid are not recognized as expenses. These invoices are shown as liabilities in accounts payable on the balance sheet. Likewise, revenue reflects only cash collected throughout the year. All of these accounts are adjusted at year-end in consultation with the center's external accountants.

Northwell Health, Inc.
(Formerly, North Shore-Long Island Jewish Health System, Inc.)

Consolidated Statements of Financial Position
(In Thousands)

	December 31	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 432,829	\$ 194,570
Marketable securities and other investments	1,844,892	1,905,161
Accounts receivable for services to patients, net of allowance for doubtful accounts of \$94,700 in 2015 and \$91,200 in 2014	876,130	774,831
Accounts receivable for physician activities, net	111,902	74,058
Assets limited as to use, current portion	101,683	104,566
Pledges receivable, current portion	35,097	36,129
Insurance claims receivable, current portion	71,068	83,268
Other current assets	207,968	172,369
Total current assets	3,681,569	3,344,952
Assets limited as to use, net of current portion	1,508,032	1,365,666
Pledges receivable, net of current portion	91,090	101,423
Property, plant and equipment, net	4,315,166	3,762,104
Insurance claims receivable, net of current portion	278,530	312,169
Other assets	264,340	125,240
Total assets	\$ 10,138,727	\$ 9,011,554
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	733,653	607,224
Accrued salaries and related benefits	625,383	595,405
Current portion of capital lease obligations	3,138	5,902
Current portion of long-term debt	55,613	55,357
Current portion of insurance claims liability	71,068	83,268
Current portion of malpractice and other insurance liabilities	101,720	81,344
Current portion of third-party payer structured liabilities	4,346	4,346
Current portion of estimated payable to third-party payers	235,768	247,935
Total current liabilities	1,940,907	1,790,999
Accrued retirement benefits, net of current portion	782,972	706,145
Capital lease obligations, net of current portion	171,888	196,582
Long-term debt, net of current portion	2,199,401	1,822,743
Insurance claims liability, net of current portion	278,530	312,169
Malpractice and other insurance liabilities, net of current portion	881,794	758,983
Third-party payer structured liabilities, net of current portion	8,303	13,266
Other long-term liabilities	635,892	577,276
Total liabilities	6,899,687	6,178,163
Commitments and contingencies		
Net assets:		
Unrestricted	2,710,921	2,340,552
Temporarily restricted	363,573	357,127
Permanently restricted	164,546	135,712
Total net assets	3,239,040	2,833,391
Total liabilities and net assets	\$ 10,138,727	\$ 9,011,554

Northwell Health, Inc.
(Formerly, North Shore-Long Island Jewish Health System, Inc.)

Consolidated Statements of Operations
(In Thousands)

	Year Ended December 31	
	2015	2014
Operating revenue:		
Net patient service revenue	\$ 6,962,767	\$ 6,078,845
Physician practice revenue	1,125,838	961,772
Provision for bad debts	(110,265)	(103,871)
Total patient revenue, net of provision for bad debts	7,978,340	6,936,746
Other operating revenue	457,612	367,374
Health insurance premium revenue	228,427	85,808
Net assets released from restrictions used for operations	58,276	45,119
Total operating revenue	8,722,655	7,435,047
Operating expenses:		
Salaries	4,319,212	3,816,925
Employee benefits	1,100,101	947,744
Supplies and expenses	2,724,420	2,156,716
Depreciation and amortization	384,206	331,036
Interest	105,018	95,113
Total operating expenses	8,632,957	7,347,534
Excess of operating revenue over operating expenses	89,698	87,513
Non-operating gains and losses:		
Investment income	62,205	100,817
Change in net unrealized gains and losses and change in value of equity method investments	(112,700)	(24,354)
Change in fair value of interest rate swap agreements designated as derivative instruments	790	841
Loss on refunding and redemption of long-term debt	(56,975)	-
Contributions received in the acquisitions of Phelps Memorial Hospital and Northern Westchester Hospital	259,807	-
Gain from acquired interest in Optum360	115,600	-
Other non-operating gains and losses	(10,981)	25,967
Total non-operating gains and losses	257,746	103,271
Excess of revenue and gains and losses over expenses	347,444	190,784
Net assets released from restrictions for capital asset acquisitions	7,696	27,136
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,289	1,310
Loss of fair value of endowment corpus	(608)	-
Pension and other postretirement liability adjustments	18,131	(359,743)
Other changes in net assets	(3,583)	(27,340)
Increase (decrease) in unrestricted net assets	\$ 370,369	\$ (167,853)

Northwell Health, Inc.
(Formerly, North Shore-Long Island Jewish Health System, Inc.)

Consolidated Statements of Changes in Net Assets
(In Thousands)

Years Ended December 31, 2015 and 2014

	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Net assets, January 1, 2014	\$ 2,988,926	\$ 2,508,405	\$ 346,046	\$ 134,475
Contributions and grants	96,230	-	94,993	1,237
Investment income	8,834	-	8,834	-
Change in net unrealized gains and losses and change in value of equity method investments	(2,314)	-	(2,314)	-
Excess of revenue and gains and losses over expenses	190,784	190,784	-	-
Net assets released from restrictions for:				
Capital asset acquisitions	-	27,136	(27,136)	-
Operations	(45,119)	-	(45,119)	-
Non-operating activities	(18,177)	-	(18,177)	-
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,310	1,310	-	-
Pension and other postretirement liability adjustments	(359,743)	(359,743)	-	-
Other changes in net assets	(27,340)	(27,340)	-	-
(Decrease) increase in net assets	(155,535)	(167,853)	11,081	1,237
Net assets, December 31, 2014	2,833,391	2,340,552	357,127	135,712
Contributions and grants	86,124	-	66,496	19,628
Investment income	5,944	-	5,944	-
Change in net unrealized gains and losses and change in value of equity method investments	(6,326)	-	(6,326)	-
Contributions received in the acquisitions of Phelps Memorial Hospital and Northern Westchester Hospital	35,061	-	25,855	9,206
Excess of revenue and gains and losses over expenses	347,444	347,444	-	-
Net assets released from restrictions for:				
Capital asset acquisitions	-	7,696	(7,696)	-
Operations	(58,276)	-	(58,276)	-
Non-operating activities	(20,159)	-	(20,159)	-
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,289	1,289	-	-
Loss of fair value of endowment corpus	-	(608)	608	-
Pension and other postretirement liability adjustments	18,131	18,131	-	-
Other changes in net assets	(3,583)	(3,583)	-	-
Increase in net assets	405,649	370,369	6,446	28,834
Net assets, December 31, 2015	\$ 3,239,040	\$ 2,710,921	\$ 363,573	\$ 164,546

Consolidated Statements of Financial Position
September 30, 2016 and December 31, 2015 (In Thousands)

	(Unaudited) September 30, 2016	(Audited) December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 365,447	\$ 432,829
Marketable securities and other investments	2,112,635	1,844,892
Accounts receivable for services to patients, net of allowance for doubtful accounts	995,200	876,130
Accounts receivable for physician activities, net	120,430	111,902
Assets limited as to use, current portion	128,513	101,683
Pledges receivable, current portion	34,088	35,097
Insurance claims receivable, current portion	67,729	71,068
Other current assets	240,219	207,968
Total current assets	4,064,261	3,681,569
Assets limited as to use, net of current portion	1,954,821	1,508,032
Pledges receivable, net of current portion	88,050	91,090
Property, plant and equipment, net	4,539,601	4,315,166
Insurance claims receivable, net of current portion	266,925	278,530
Other assets	337,281	264,340
Total assets	\$ 11,250,939	\$ 10,138,727
Liabilities and net assets		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	925,025	733,653
Accrued salaries and related benefits	631,630	625,383
Current portion of capital lease obligations	4,880	3,138
Current portion of long-term debt	56,778	55,613
Current portion of insurance claims liability	67,729	71,068
Current portion of malpractice and other insurance liabilities	102,999	101,720
Current portion of third-party payer structured liabilities	1,663	4,346
Current portion of estimated payable to third-party payers	288,708	235,768
Total current liabilities	2,189,630	1,940,907
Accrued retirement benefits, net of current portion	832,685	782,972
Capital lease obligations, net of current portion	174,469	171,888
Long-term debt, net of current portion	2,689,411	2,199,401
Insurance claims liability, net of current portion	266,925	278,530
Malpractice and other insurance liabilities, net of current portion	938,661	881,794
Third-party payer structured liabilities, net of current portion	4,529	8,303
Other long-term liabilities	600,519	635,892
Total liabilities	7,696,829	6,899,687
Commitments and contingencies		
Net assets:		
Unrestricted	3,021,957	2,710,921
Temporarily restricted	362,200	363,573
Permanently restricted	169,953	164,546
Total net assets	3,554,110	3,239,040
Total liabilities and net assets	\$ 11,250,939	\$ 10,138,727

Consolidated Statements of Operations
For the Nine Months Ended September 30, 2016 and 2015 (In Thousands)

	(Unaudited) 2016	(Unaudited) 2015
Operating revenue:		
Net patient service revenue	\$ 5,610,533	\$ 5,098,327
Physician practice revenue	941,165	816,140
Provision for bad debts	(92,784)	(80,818)
Total patient revenue, net of provision for bad debts	<u>6,458,914</u>	<u>5,833,649</u>
Other operating revenue	388,188	331,429
Net health insurance premium revenue	395,432	154,578
Net assets released from restrictions used for operations	42,297	46,269
Total operating revenue	<u>7,284,831</u>	<u>6,365,925</u>
Operating expenses:		
Salaries	3,485,376	3,179,225
Employee benefits	900,473	823,157
Supplies and expenses	2,424,781	1,911,595
Depreciation and amortization	307,901	292,142
Interest	82,216	78,242
Total operating expenses	<u>7,200,747</u>	<u>6,284,361</u>
Excess of operating revenue over operating expenses	84,084	81,564
Non-operating gains and losses:		
Investment income	41,536	39,273
Change in net unrealized gains and losses and change in value of equity method investments	134,041	(115,136)
Change in fair value of interest rate swap agreements designated as derivative instruments	190	565
Loss on refunding and redemption of long-term debt	-	(56,975)
Contributions received in the acquisitions of Peconic Bay Medical Center (2016), Phelps Memorial Hospital (2015) and Northern Westchester Hospital (2015)	36,343	259,807
Gain from acquired interest in Optum360	-	115,600
Other non-operating gains and losses	(9,198)	(5,486)
Total non-operating gains and losses	<u>202,912</u>	<u>237,648</u>
Excess of revenue and gains and losses over expenses	286,996	319,212
Net assets released from restrictions for capital asset acquisitions	28,221	5,055
Change in fair value of interest rate swap agreements designated as cash flow hedges	13	610
Recovery of fair value of endowment corpus	609	-
Other changes in net assets	(4,803)	(2,360)
Increase in unrestricted net assets	<u>\$ 311,036</u>	<u>\$ 322,517</u>

Real Property Members Prior to October 4, 2016

450 Margaret Street Properties, Inc.

Member	%
Kjell Dahlen, M.D.	50.0%
Benjamin Frankin Vibert, M.D.	<u>50.0%</u>
Total	100.0%

Real Property Members Effective October 4, 2016

450 Margaret Street Properties, Inc.

Member	%
Roy Arogyasami M.D	50.0%
Joseph Rini, M.D.	<u>50.0%</u>
Total	100.0%

PLATTSBURGH ASC, L.L.C.
D/B/A CATARACT CENTER FOR THE ADIRONDACKS

Balance Sheets

December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash	\$ 68,099	\$ 91,831
Accounts receivable, net of allowance for third party adjustments of \$468,495 and \$311,405, for 2015 and 2014, respectively	181,010	121,399
Inventory of medical supplies	108,206	83,322
Prepaid expenses	12,819	12,698
Total current assets	<u>370,134</u>	<u>309,250</u>
Property, plant, and equipment, net	<u>476,423</u>	<u>433,662</u>
	<u>\$ 846,557</u>	<u>\$ 742,912</u>
 <u>Liabilities and Members' Equity</u>		
Current liabilities:		
Notes payable - current portion (\$ 15,606	\$ -
Accounts payable	12,925	19,171
Accrued payroll expenses	4,394	2,962
Due to related party	15,576	15,594
LLC filing fee payable	1,500	1,500
Total current liabilities	<u>50,001</u>	<u>39,227</u>
Long-term liabilities:		
Notes payable - long-term portion (<u>68,887</u>	<u> </u>
Total liabilities	118,888	39,227
Commitments		
Members' equity	<u>727,669</u>	<u>703,685</u>
	<u>\$ 846,557</u>	<u>\$ 742,912</u>

PLATTSBURGH ASC, L.L.C.
D/B/A CATARACT CENTER FOR THE ADIRONDACKS

Statements of Income and Members' Equity

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Income:		
Facility fees, net	\$ 1,742,505	\$ 1,581,633
Operating expenses	<u>1,257,515</u>	<u>1,182,441</u>
Income from operations	<u>484,990</u>	<u>399,192</u>
Other expense:		
Interest expense	(1,006)	(1,143)
Loss on disposal of fixed asset	-	(558)
Total other expense	<u>(1,006)</u>	<u>(1,701)</u>
Net income	483,984	397,491
Members' equity, beginning of year	703,685	826,194
Members' distributions	<u>(460,000)</u>	<u>(520,000)</u>
Members' equity, end of year	<u>\$ 727,669</u>	<u>\$ 703,685</u>

Plattsburgh ASC, LLC
Balance Sheet
For the Ten Months Ending Monday, October 31, 2016

CURRENT ASSETS		ASSETS
Cash-Checking - Operations	\$57,724.42	
Petty Cash	250.00	
Inventory - Drugs/Pharmaceuticals	10,478.07	
Inventory - Bulk Medical Supply	85,885.91	
Total Current Assets	<u>154,338.40</u>	
PROPERTY AND EQUIPMENT		
Equipment/Machinery	994,340.57	
Furniture & Fixtures	28,086.33	
Leasehold Improvements	663,404.88	
A/D Equipment/Machinery	(912,864.16)	
A/D Furniture & Fixtures	(27,021.06)	
A/D Leasehold Improvements	(283,727.00)	
Net Property and Equipment	<u>462,219.56</u>	
TOTAL ASSETS	<u>616,557.96</u>	
		LIABILITIES AND EQUITY
CURRENT LIABILITIES		
LONG TERM LIABILITIES		
Loan Payable Bank	70,317.57	
Total Long Term Liabilities	<u>70,317.57</u>	
EQUITY		
Members Equity - Dr. Dahlen	53,428.11	
Members Equity - Dr. Vilbert	53,428.11	
Owner Draw - Dr. Dahlen	(170,000.00)	
Owner Draw - Dr. Vilbert	(170,000.00)	
Retained Earnings	439,838.41	
Net Profit/(Loss)	339,545.76	
Total Equity	<u>546,240.39</u>	
TOTAL LIABILITIES AND EQUITY	<u>616,557.96</u>	

PLATTSBURGH ASC, LLC						
Profit & Loss Statement						
For the Ten Months Ending Monday, October 31, 2016						
	Current Period	Year to Date	Ratio	Last Year YTD	Increase	Percentage
	Amount	Amount		Amount	(Decrease)	Variance
INCOME FROM OPERATIONS						
Revenue	\$143,854.97	\$1,462,490.67	100.52%	\$1,385,978.81	\$76,511.86	5.23%
Refunds	(575.00)	(7,496.59)	(0.52%)	(7,919.61)	423.02	(5.64%)
Total Income from Operations	143,279.97	1,454,994.08	100.00%	1,378,059.20	76,934.88	5.29%
COST OF SALES						
Medical Supplies	848.26	18,721.26	1.29%	30,805.06	(12,083.80)	(64.55%)
Implant/Lenses	22,603.00	148,727.08	10.22%	146,772.08	1,955.00	1.31%
Drugs/Pharmacy Inventory Shrink..	8,809.42	70,480.40	4.84%	47,167.05	23,313.35	33.08%
Instruments/Reusable Supply	1,657.00	3,847.00	0.26%	21,311.51	(17,464.51)	(453.98%)
Bulk Medical Inventory Shrinkage	32,598.87	226,613.62	15.57%	132,018.87	94,594.75	41.74%
Total Cost of Sales	66,516.55	468,389.36	32.19%	378,074.57	90,314.79	19.28%
Gross Profit before Direct Operatin...	76,763.42	986,604.72	67.81%	999,984.63	(13,379.91)	(1.36%)
DIRECT OPERATING EXPENSE						
Staff Salaries						
Medical Staff Payroll	9,496.95	109,861.03	7.55%	96,175.06	13,685.97	12.46%
Clerical Staff Payroll	5,231.05	61,937.04	4.26%	65,584.86	(3,647.82)	(5.89%)
Payroll Other - ECFTA Leased	5,145.84	44,782.12	3.08%	47,130.22	(2,348.10)	(5.24%)
Payroll Other - Administrator	2,316.34	23,097.68	1.59%	22,952.80	144.88	0.63%
Payroll Other - Accounting	1,427.36	14,194.00	0.98%	14,868.08	(674.08)	(4.75%)
Payroll Other - Ecftc Clerical	781.70	7,703.38	0.53%	7,656.72	46.66	0.61%
FICA & Medicare Expense	1,118.80	13,055.78	0.90%	12,374.61	681.17	5.22%
SUTA Expense	88.20	2,263.47	0.18%	2,662.26	(398.79)	(17.62%)
FUTA Expense	11.96	598.58	0.04%	1,844.26	(1,245.68)	(208.11%)
Pension Plan Expense	89.16	1,011.24	0.07%	974.91	36.33	3.59%
Total Direct Operating Expense	25,707.36	278,504.32	19.14%	272,223.78	6,280.54	2.26%
GROSS PROFIT FROM OPERATI...	51,056.06	708,100.40	48.67%	727,760.85	(19,660.45)	(2.78%)
GENERAL ADMINISTRATIVE EX...						
Laundry Expense - Cornell's	342.65	3,297.45	0.23%	3,563.85	(266.40)	(8.08%)
Bank Charges/Credit Card Fees	490.14	5,819.22	0.40%	4,804.05	1,015.17	17.45%
R&M Equipment	784.17	16,587.75	1.14%	13,559.83	3,027.92	18.25%
Medical Waste And Trash Remove	1,124.65	13,189.88	0.91%	10,922.93	2,266.95	17.19%
Outside Service - Billing-	0.00	0.00	0.00%	553.00	(553.00)	0.00%
Outside Services-Cable	0.00	0.00	0.00%	53.18	(53.18)	0.00%
Outside Services	6,953.02	78,887.68	5.42%	76,586.60	2,301.08	2.92%
Collection Agency Fees	5.70	1,457.24	0.10%	1,876.93	(419.69)	(28.80%)
Patient Expense	0.00	590.90	0.04%	418.22	172.68	29.22%
Patient Meal Expense	530.31	1,301.03	0.09%	982.22	318.81	24.50%
Dues and Subscriptions	736.82	1,575.92	0.11%	1,614.00	(38.08)	(2.42%)
Employee Benefits	141.70	2,358.99	0.16%	2,591.32	(232.33)	(9.85%)
Professional Development	34.74	54.74	0.00%	844.00	(789.26)	(1441.83%)
Premises Rental /SLT	0.00	345.00	0.02%	915.00	(570.00)	(165.22%)
Freight & Handling	570.00	4,462.51	0.31%	3,084.11	1,378.40	30.89%
Insurance Liability	13,893.78	15,283.88	1.05%	16,035.74	(751.86)	(4.92%)
Insurance Health	351.56	3,305.31	0.23%	3,314.00	(8.69)	(0.26%)
Insurance Workers Comp.	0.00	4,835.67	0.33%	4,563.43	272.24	5.63%
Insurance Disability	0.00	17.32	0.00%	(16.20)	33.52	193.53%
Interest	196.69	2,106.78	0.14%	538.79	1,567.99	74.43%
Legal And Professional	4,418.75	32,674.79	2.25%	23,617.53	9,057.26	27.72%
Licenses & Permits	2,000.00	2,000.00	0.14%	200.00	1,800.00	90.00%
Maintenance & Repair	2,027.41	2,901.65	0.20%	8,681.29	(5,779.64)	(199.18%)
Advertising And Promotions	89.00	962.00	0.07%	804.00	158.00	16.42%
Computer Expense	0.00	300.00	0.02%	739.20	(439.20)	(146.40%)
Janitorial Expense	955.04	10,221.61	0.70%	8,954.02	1,267.59	12.40%
Janitorial Supplies	284.26	3,833.28	0.26%	5,524.43	(1,691.15)	(44.12%)
Office Supplies	1,431.68	10,319.94	0.71%	11,053.66	(733.72)	(7.11%)
Payroll Processing	0.00	0.00	0.00%	260.97	(260.97)	0.00%
Postage And Delivery	111.08	1,008.36	0.07%	1,420.95	(412.59)	(40.92%)
Professional Gifts	0.00	155.07	0.01%	100.00	55.07	35.51%
Rent Real Estate	5,385.82	53,858.20	3.70%	53,701.34	156.86	0.29%
Parking Fees	425.00	4,250.00	0.29%	4,250.00	0.00	0.00%
Service Contracts	784.17	2,352.51	0.16%	0.00	2,352.51	100.00%
Employee Recruitment	0.00	0.00	0.00%	3.00	(3.00)	0.00%
Taxes Real Estate	0.00	14,482.50	1.00%	14,227.39	255.11	1.76%
Taxes Other	2,038.71	17,504.09	1.20%	16,163.55	1,340.54	7.66%
NYS Sales Tax	0.00	443.38	0.03%	2,062.56	(1,619.18)	(365.19%)
Travel Conference & Workshops	0.00	0.00	0.00%	1,070.00	(1,070.00)	0.00%
Telephone Expense	220.10	2,199.71	0.15%	1,725.03	474.68	21.58%
Uniform	0.00	223.16	0.02%	47.19	175.97	78.85%
Utilities	431.41	4,599.62	0.32%	5,182.23	(582.61)	(12.67%)
Depreciation	4,117.25	41,598.50	2.86%	13,805.00	27,793.50	66.81%
Public Goods Pool Assessment	404.00	5,730.00	0.39%	6,431.00	(701.00)	(12.23%)
LLC Filing Fee (NYS)	0.00	1,509.00	0.10%	1,500.00	9.00	0.60%
Suspense	(50.00)	(50.00)	0.00%	0.00	(50.00)	100.00%
Total General Administrative Expe...	51,229.71	368,554.64	25.33%	328,329.34	40,225.30	10.91%

PLATTSBURGH ASC, LLC
Profit & Loss Statement
For the Ten Months Ending Monday, October 31, 2016

	<u>Current Period</u>	<u>Year to Date</u>	<u>Ratio</u>	<u>Last Year YTD</u>	<u>Increase</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>		<u>Amount</u>	<u>(Decrease)</u>	<u>Variance</u>
Net Profit	<u>(173.65)</u>	<u>339,545.76</u>	<u>23.34%</u>	<u>399,431.51</u>	<u>(59,885.75)</u>	<u>(17.64%)</u>

EASTERN LONG ISLAND HOSPITAL
BALANCE SHEET
As of July 31, 2016 And December 31, 2015

ASSETS	31-Jul-16	31-Dec-15	NET CHANGES
CURRENT ASSETS			
Cash & cash equivalents	\$1,665,890	\$2,435,223	(\$769,333)
Accounts receivable for patient care, net	5,028,508	4,870,123	\$58,385
Due from affiliates	0	0	\$0
Due from third-party payors - net	0	0	\$0
Inventories	921,209	899,255	\$21,954
Prepaid expenses and other current assets	1,940,012	1,677,204	\$282,808
Assets whose use is limited, current portion	1,313,279	2,074,212	(\$760,933)
TOTAL CURRENT ASSETS	10,868,898	12,056,017	(1,187,119)
Assets whose use is limited, net of current portion	5,208,258	5,027,103	179,153
Deferred bond costs, net	533,869	548,553	(14,684)
Property, plant and equipment, net	13,975,344	14,522,867	(647,623)
Other Assets	0	0	0
TOTAL ASSETS	\$30,584,167	\$32,254,840	(\$1,670,473)
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	** \$9,811,699	\$9,572,379	\$239,320
Bank loan payable	0	0	0
Current portion of long-term debt and capital leases	393,768	393,768	0
Due to third-party payors	382,897	370,967	11,930
Due to affiliates	0	0	0
TOTAL CURRENT LIABILITIES	10,588,364	10,337,114	251,251
LONG-TERM DEBT - less current portion	15,785,838	14,879,691	906,147
TOTAL LIABILITIES	26,374,202	25,216,805	1,157,397
NET ASSETS:			
Unrestricted	1,588,984	4,416,854	(2,827,870)
Temporarily restricted	1,300,293	1,300,293	0
Permanently restricted	1,320,888	1,320,888	0
TOTAL NET ASSETS	4,209,965	7,037,935	(2,827,870)
TOTAL LIABILITIES AND NET ASSETS	\$30,584,167	\$32,254,840	(\$1,670,473)

** Accounts Payable & Accrued Expenses	31-Jul-16	31-Dec-15
Vendor payables	\$4,735,331	\$4,772,033
Accrued wages & vacation payables	\$3,098,733	\$2,678,610
Accrued expenses payable	\$1,977,635	\$2,121,736
	\$9,811,699	\$9,572,379

EASTERN LONG ISLAND HOSPITAL
BALANCE SHEET
As of July 31, 2018 & July 31, 2015

ASSETS		31-Jul-18	31-Jul-15	NET CHANGES
CURRENT ASSETS				
Cash & cash equivalents		\$1,865,890	\$2,054,002	(\$388,112)
Accounts receivable for patient care, net		5,028,508	4,890,983	\$37,525
Due from affiliates		0	0	\$0
Due from third-party payors - net		0	0	\$0
Inventories		921,209	866,022	\$55,187
Prepaid expenses and other current assets		1,940,012	1,826,412	\$113,600
Assets whose use is limited, current portion		1,313,279	1,313,279	\$0
TOTAL CURRENT ASSETS		10,868,898	11,050,898	(181,800)
Assets whose use is limited, net of current portion		5,206,258	6,355,054	(\$1,148,796)
Deferred bond costs, net		533,889	559,184	(\$25,295)
Property, plant and equipment, net		13,975,344	15,219,404	(\$1,244,060)
Other Assets		0	31,250	(31,250)
TOTAL ASSETS		\$30,684,167	\$33,215,590	(\$2,631,423)
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	**	\$9,811,699	\$9,995,547	(\$183,848)
Bank loan payable		0	0	\$0
Current portion of long-term debt and capital leases		393,768	393,768	\$0
Due to third-party payors		382,897	519,592	(\$136,695)
Due to affiliates		0	0	0
TOTAL CURRENT LIABILITIES		10,688,364	10,908,907	(320,543)
LONG-TERM DEBT - less current portion		15,785,838	15,270,301	515,537
TOTAL LIABILITIES		26,374,202	26,179,208	194,994
NET ASSETS:				
Unrestricted		1,588,884	4,415,401	(\$2,826,517)
Temporarily restricted		1,300,293	1,300,293	\$0
Permanently restricted		1,320,688	1,320,688	0
TOTAL NET ASSETS		4,209,865	7,036,382	(2,826,517)
TOTAL LIABILITIES AND NET ASSETS		\$30,584,167	\$33,215,590	(\$2,631,423)

** Accounts Payable & Accrued Expenses

	31-Jul-18	31-Jul-15
Vendor payables	\$4,735,331	\$4,883,285
Accrued wages & vacation payables	\$3,098,733	\$2,678,912
Accrued expenses payable	\$1,977,635	\$2,436,340
	\$9,811,699	\$9,995,547

**EASTERN LONG ISLAND HOSPITAL
SUMMARY STATEMENT OF REVENUE AND EXPENSES
FOR THE MONTHS ENDED**

	<u>ACTUAL</u> <u>7/31/2016</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>ACTUAL</u> <u>7/31/2015</u>
<u>REVENUE</u>				
Patient Revenue	\$3,829,234	\$4,362,583	(\$533,349)	\$4,617,125
Provision for Bad Debts	(\$31,585)	(\$403,718)	\$372,131	(\$278,149)
Net Patient Revenue	<u>\$3,797,649</u>	<u>\$3,958,867</u>	<u>(\$161,218)</u>	<u>\$4,338,976</u>
Contributions and bequests	64,802	93,333	(28,531)	\$10,178
Investment income and other income	9,624	8,167	1,457	\$7,410
Other operating income	<u>370,215</u>	<u>194,035</u>	<u>176,181</u>	<u>\$191,831</u>
Total Revenue	<u>4,242,280</u>	<u>4,254,402</u>	<u>(12,111)</u>	<u>4,548,395</u>
<u>EXPENSES</u>				
Salaries	2,005,484	1,979,289	26,194	1,851,355
Employee benefits	727,640	784,608	(36,968)	746,776
Contract nurses	0	7,290	(7,290)	21,006
Supplies and other expenses	669,002	773,180	(104,179)	727,493
Professional Fees	521,094	425,515	95,579	449,679
General insurance	55,539	60,973	(5,434)	55,586
Interest expense	71,533	71,012	521	73,426
Depreciation expense	<u>169,532</u>	<u>185,004</u>	<u>(25,472)</u>	<u>182,367</u>
Total expenses	<u>4,219,824</u>	<u>4,276,871</u>	<u>(57,049)</u>	<u>4,107,688</u>
EXCESS OF REVENUE OVER (EXPENSES)	22,466	(22,469)	44,936	440,707
UNREALIZED GAIN / (LOSS) ON INVESTMENTS	69,771	0	69,771	22,108
INCREASE (DECREASE) IN NET ASSETS	<u>\$92,237</u>	<u>(\$22,469)</u>	<u>\$114,709</u>	<u>\$462,815</u>

EASTERN LONG ISLAND HOSPITAL
SUMMARY STATEMENT OF REVENUE AND EXPENSES
FOR THE YEARS ENDED

	ACTUAL 7/31/2016	BUDGET	VARIANCE	ACTUAL 7/31/2015
REVENUE				
Patient Revenue	\$25,569,408	\$27,413,061	(\$1,843,652)	\$26,492,143
Provision for Bad Debts	(\$2,058,583)	(\$2,477,122)	\$420,539	(\$2,197,401)
Net Patient Revenue	\$23,512,828	\$24,935,939	(\$1,423,113)	\$24,294,742
Contributions and bequests	745,212	493,331	251,881	299,756
Investment and other income	108,193	57,169	51,024	199,276
Other operating income	1,860,587	1,254,875	605,912	1,275,272
Total Revenue	26,226,818	26,741,114	(\$514,296)	26,069,046
EXPENSES				
Salaries	13,871,895	13,644,768	27,127	12,818,882
Employee benefits	5,285,885	5,337,029	(51,344)	5,182,483
Contract nurses	78,420	59,445	18,975	128,838
Supplies and other expenses	4,698,524	5,281,856	(583,332)	4,827,527
Professional Fees	3,210,462	3,270,190	(59,728)	3,003,505
General insurance	397,193	415,135	(17,942)	390,411
Interest expense	514,154	497,088	17,068	515,315
Depreciation expense	1,198,355	1,365,022	(166,667)	1,299,473
Total expenses	29,054,888	29,870,533	(815,845)	28,166,212
EXCESS OF REVENUE OVER (EXPENSES)	(2,827,870)	(3,129,419)	301,549	(2,097,166)
UNREALIZED GAIN / (LOSS) ON INVESTMENTS	\$168,987	0	168,987	(\$36,183)
INCREASE (DECREASE) IN NET ASSETS	(\$2,658,883)	(\$3,129,419)	\$470,536	(\$2,133,349)

Eastern Long Island Hospital and Affiliates

Consolidated Balance Sheet
(with comparative totals for 2014)

December 31,	2015	2014
Assets		
Current:		
Cash and cash equivalents	\$ 4,015,170	\$ 4,021,725
Investments, at fair value	5,544,851	5,900,473
Accounts receivable for patient care, less allowance for uncollectibles of approximately \$3,361,000 for 2015 and \$3,448,000 for 2014	5,087,856	5,104,981
Current portion of pledges receivable, net	11,732	102,537
Current portion of deferred bond issuance costs	36,051	36,051
Estimated malpractice recoveries	1,279,000	1,229,000
Prepaid expenses and other current assets	473,933	606,421
Inventory and supplies	909,550	874,050
Total Current Assets	17,358,143	17,875,238
Other Assets	225,238	90,207
Pledges Receivable, Net, Less Current Portion	18,785	29,116
Deferred Bond Issuance Costs, Less Current Portion	739,044	775,095
Fixed Assets, Net	14,665,542	16,032,319
	\$33,006,752	\$34,801,975
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,554,676	\$ 5,364,583
Accrued salaries and related benefits	2,758,704	3,369,415
Current portion of bonds payable	415,000	395,000
Lines of credit	600,000	600,000
Due to third-party payors	685,130	401,506
Estimated malpractice liability	1,279,000	1,229,000
Total Current Liabilities	12,292,510	11,359,504
Accrued Pension Liability	221,812	30,841
Bonds Payable, Less Current Portion	14,485,000	14,900,000
Total Liabilities	26,999,322	26,290,345
Commitments and Contingencies		
Net Assets:		
Unrestricted	2,985,304	5,890,649
Temporarily restricted	1,701,438	1,300,293
Permanently restricted	1,320,688	1,320,688
Total Net Assets	6,007,430	8,511,630
	\$33,006,752	\$34,801,975

Eastern Long Island Hospital and Affiliates

Consolidated Statement of Operations
(with comparative totals for 2014)

<i>Year ended December 31,</i>					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Consolidated Total	
				2015	2014
Revenues, Gains and Other Support:					
Net patient service revenue	\$47,123,987	\$ -	\$ -	\$47,123,987	\$47,397,343
Less: Provision for uncollectibles, net	(3,519,924)	-	-	(3,519,924)	(4,373,528)
Net Patient Service Revenue Less Provision for Uncollectibles	43,604,063	-	-	43,604,063	43,023,815
Other operating revenue	2,192,834	-	-	2,192,834	3,317,226
Net investment income	681,779	-	-	681,779	198,758
Contributions and bequests	1,743,746	401,145	-	2,144,891	2,534,137
Rental income	82,623	-	-	82,623	47,668
Total Revenues, Gains and Other Support	48,305,045	401,145	-	48,706,190	49,121,604
Expenses:					
Salaries and wages	22,677,689	-	-	22,677,689	22,367,206
Employee benefits	8,930,963	-	-	8,930,963	8,884,869
Supplies and other expenses	14,744,121	-	-	14,744,121	14,124,515
Depreciation and amortization	2,299,127	-	-	2,299,127	2,312,749
Interest	889,596	-	-	889,596	895,088
Insurance	724,024	-	-	724,024	655,663
Total Expenses	50,265,520	-	-	50,265,520	49,240,090
Deficiency of Revenues, Gains and Other Support Over Expenses Before Non-Operating Revenues and Expenses	(1,960,475)	401,145	-	(1,559,330)	(118,486)
Non-Operating Revenues and Expenses:					
Net change in unrealized losses on investments	(757,528)	-	-	(757,528)	(34,727)
Change in unfunded pension obligation	(187,342)	-	-	(187,342)	30,605
Total Non-Operating Revenues and Expenses	(944,870)	-	-	(944,870)	(4,122)
Change in Net Assets	(2,905,345)	401,145	-	(2,504,200)	(122,608)
Net Assets, Beginning of Year	5,890,649	1,300,293	1,320,688	8,511,630	8,634,238
Net Assets, End of Year	\$ 2,985,304	\$1,701,438	\$1,320,688	\$ 6,007,430	\$ 8,511,630

Eastern Long Island Hospital and Affiliates

Consolidated Statement of Changes in Net Assets
(with comparative totals for 2014)

Years ended December 31, 2015 and 2014

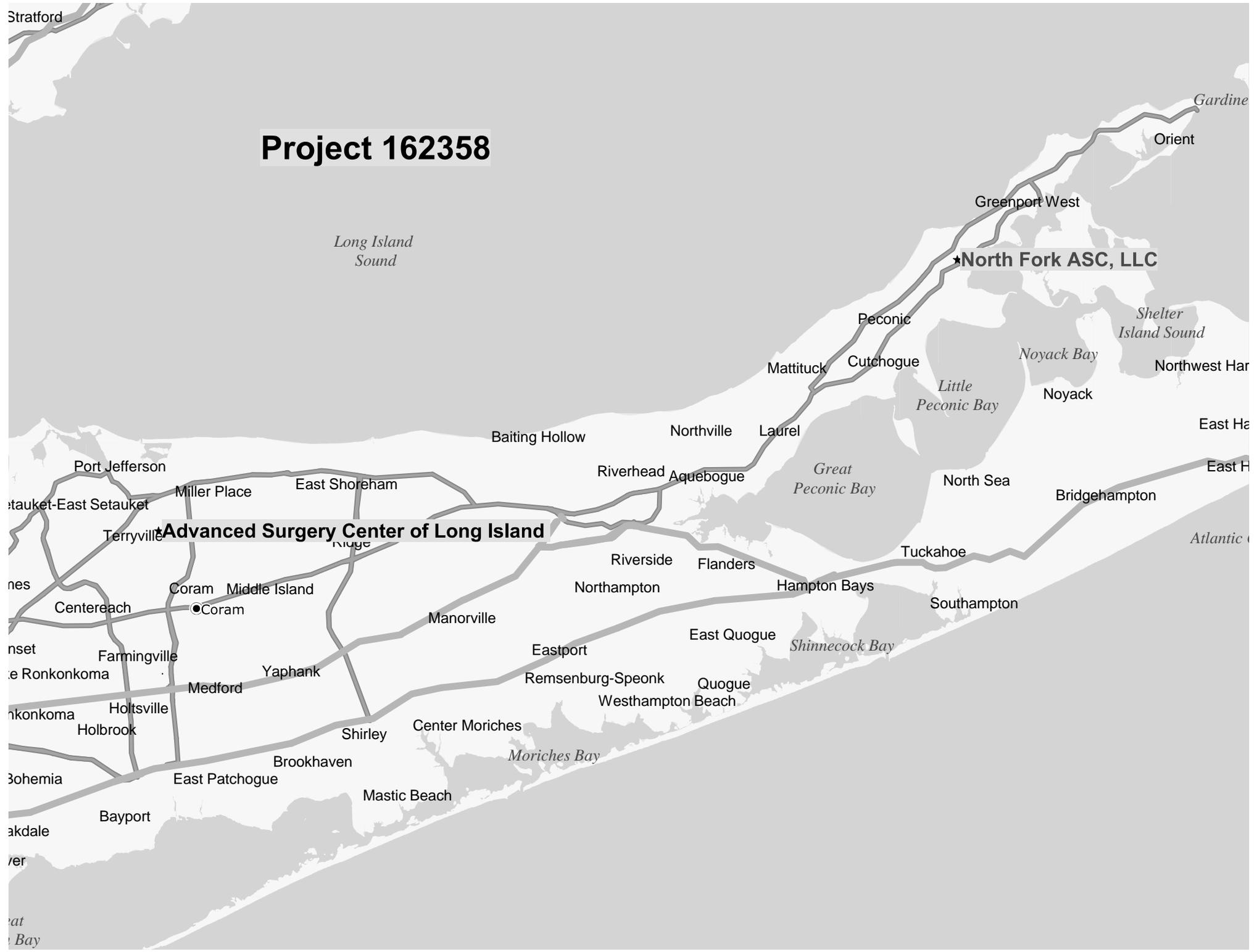
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, December 31, 2013	\$ 7,176,717	\$ 136,833	\$1,320,688	\$ 8,634,238
(Deficiency) excess of revenues, gains and other support over expenses before non-operating revenues and expenses	(1,281,946)	1,163,460	-	(118,486)
Net change in unrealized losses on investments	(34,727)	-	-	(34,727)
Change in unfunded pension obligation	30,605	-	-	30,605
Change in Net Assets	(1,286,068)	1,163,460	-	(122,608)
Net Assets, December 31, 2014	5,890,649	1,300,293	1,320,688	8,511,630
(Deficiency) excess of revenues, gains and other support over expenses before non-operating revenues and expenses	(1,960,475)	401,145	-	(1,559,330)
Net change in unrealized losses on investments	(757,528)	-	-	(757,528)
Change in unfunded pension obligation	(187,342)	-	-	(187,342)
Change in Net Assets	(2,905,345)	401,145	-	(2,504,200)
Net Assets, December 31, 2015	\$ 2,985,304	\$1,701,438	\$1,320,688	\$ 6,007,430

North Fork SC, LLC		
PRO FORMA BALANCE SHEET		
ASSETS		
Cash	\$449,996	
Leasehold Improvements	\$2,440,020	
Equipment	\$1,060,399	
Total Assets	\$3,950,415	
Liabilities and Member Equity		
LIABILITIES		
Capital Loan	\$2,500,000	
Working Capital Loan	\$224,998	
Total Liabilities	\$2,724,998	
MEMBER EQUITY	\$1,225,417	
TOTAL LIABILITIES AND MEMBER EQUITY	\$3,950,415	
Note: North Fork SC, LLC is a recently formed LLC and has no assets and liabilities.		

Project 162358

★ **North Fork ASC, LLC**

★ **Advanced Surgery Center of Long Island**



Smile New York Outreach, LLC
Doing Business As
Smile New York Outreach, LLC

ORGANIZATIONAL CHART

<u>Smile New York Outreach, LLC</u>	
Member:	
Stephen Marshall, D.D.S.	100.00%
Total	100.00%

Doing Business As
Smile New York Outreach, LLC

Direct Care Staff
 Support Staff
 Clerical Staff

Contracted staff provided through agreement
 with Big Smiles Dental New York, PLLC

CF 31-00 Fatchi, LLC and Ianvil Holdings, LLC
 (Lease for Office Space)
 Previously Approved in Project 101116-B
 Arms' Length Lease

Lease

**Smile New York Outreach, LLC
Balance Sheet
August 31, 2016**

UNAUDITED FINANCIALS

	<u>2016</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 16,492
Patient Accounts Receivable, net	409,642
Inventory	15,721
Prepaid expenses and other current assets	6,261
Total current assets	<u>448,116</u>
Security deposits	6,090
Total assets	<u><u>\$ 454,206</u></u>
Liabilities and Member Deficit	
Current Liabilities	
Accounts payable	\$ 74,044
Accrued payroll and other accrued expenses	191
Total current liabilities	<u>74,235</u>
Long-term debt	1,523,722
Member deficit:	
Retained deficit	<u>(1,143,751)</u>
Total liabilities and member deficit	<u><u>\$ 454,206</u></u>

**Smile New York Outreach, LLC
Statement of Operations
Eight Months Ended August 31, 2016**

UNAUDITED FINANCIALS

Please note that the YTD net income is slightly negative as a result of the July and August months when schools are not in operation and Smile NY generally operates at a loss those months. However, Smile NY had a slight profit as of YTD June 2016 and expects to generate a slight profit for the year.

	<u>2016</u>
Patient revenues, net	\$ 2,413,123
Operating expenses:	
Salaries, benefits and contracted services	1,429,453
Dental supplies	103,271
General and administrative	<u>895,401</u>
Total operating expenses	<u>2,428,125</u>
Net income (loss)	<u><u>\$ (15,002)</u></u>

Smile New York Outreach, LLC
Statements of Operations
Year-to-Date November 2016
\$ in 000s

	<u>YTD November 2016</u>
Patient revenues, net	<u>\$ 3,811</u>
Operating expenses:	
Salaries, benefits and contracted services	2,228
Dental supplies	185
General and administrative	1,431
Total operating expenses	<u>3,843</u>
Net Income (Loss)	(32)
<u>Extraordinary Article-28 Related Professional Fees⁽¹⁾:</u>	
Legal	72
Consulting	40
Other	8
Total Extraordinary Fees	<u>120</u>
Net Income (Loss) Adjusted for Extraordinary Items	<u>88</u>

Notes:

(1) Includes various legal and consulting fees to advise Smile NY through its Article 28 process that will not be on-going expenses after receiving the Article 28 approval

Smile New York Outreach, LLC

**Balance Sheets
December 31, 2015 and 2014**

	2015	2014
Assets		
Current assets:		
Patient accounts receivable, net	\$ 884,686	\$ 71,050
Inventory	35,821	14,081
Prepaid expenses and other current assets	6,756	7,847
Total current assets	<u>927,263</u>	<u>92,978</u>
Security deposits	6,090	6,090
Total assets	<u>\$ 933,353</u>	<u>\$ 99,068</u>
Liabilities and Member Deficit		
Current liabilities:		
Accounts payable	\$ 30,712	\$ 47,277
Accrued payroll and other accrued expenses	5,777	67,206
Total current liabilities	<u>36,489</u>	<u>114,483</u>
Commitments and contingencies		
Long-term debt	2,025,614	1,123,185
Member deficit:		
Retained deficit	<u>(1,128,750)</u>	<u>(1,138,600)</u>
Total liabilities and member deficit	<u>\$ 933,353</u>	<u>\$ 99,068</u>

Smile New York Outreach, LLC

Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Patient accounts receivable, net	\$ 71,050	\$ 99,998
Inventory	14,081	10,750
Prepaid expenses and other current assets	7,847	11,191
Total current assets	<u>92,978</u>	<u>121,939</u>
Security deposits	6,090	15,005
Total assets	<u>\$ 99,068</u>	<u>\$ 136,944</u>
Liabilities and Member Deficit		
Current liabilities:		
Accounts payable	\$ 47,277	\$ 58,058
Accrued payroll and other accrued expenses	67,208	13,586
Total current liabilities	<u>114,485</u>	<u>71,644</u>
Commitments and contingencies		
Long-term debt	1,123,188	801,525
Member deficit		
Retained deficit	<u>(1,138,600)</u>	<u>(736,225)</u>
Total liabilities and member deficit	<u>\$ 99,068</u>	<u>\$ 136,944</u>

Smile New York Outreach, LLC

**Statements of Operations and Changes in Member Deficit
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Patient revenues, net	<u>\$ 1,241,148</u>	<u>\$ 176,673</u>
Operating expenses		
Salaries, benefits and contracted services	649,078	251,748
Dental supplies	76,015	10,398
General and administrative	506,205	316,902
Total operating expenses	<u>1,231,298</u>	<u>579,048</u>
Net income (loss)	9,850	(402,375)
Member deficit, December 31, 2014	<u>(1,138,600)</u>	<u>(736,225)</u>
Member deficit, December 31, 2015	<u>\$ (1,128,750)</u>	<u>\$ (1,138,600)</u>

Smile New York Outreach, LLC

**Statements of Operations and Changes in Member Deficit
Years Ended December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Patient revenues, net	\$ 176,673	\$ 132,799
Operating expenses		
Salaries, benefits and contracted services	251,748	87,823
Dental supplies	10,398	8,176
General and administrative	316,902	183,071
Total operating expenses	579,048	279,070
Net loss	(402,375)	(146,271)
Member deficit, December 31, 2013	(738,225)	(589,954)
Member deficit, December 31, 2014	\$ (1,138,800)	\$ (738,225)

Smile New York Outreach, LLC
Pro Forma Balance Sheet

Assets

Current Assets:

Cash and cash equivalents	\$ 724,825
Patient Accounts Receivable, net	\$ 409,642
Inventory	\$ 15,721
Prepaid expenses and other current assets	\$ 6,261
Total current assets	\$ 1,156,449

Security deposits	\$ 6,090
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Total assets	\$ 1,162,539
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Liabilities and Member Deficit

Current Liabilities

Accounts Payable	\$ 74,044
Accrued payroll and other accrued expenses	\$ 191
Total current liabilities	\$ 74,235

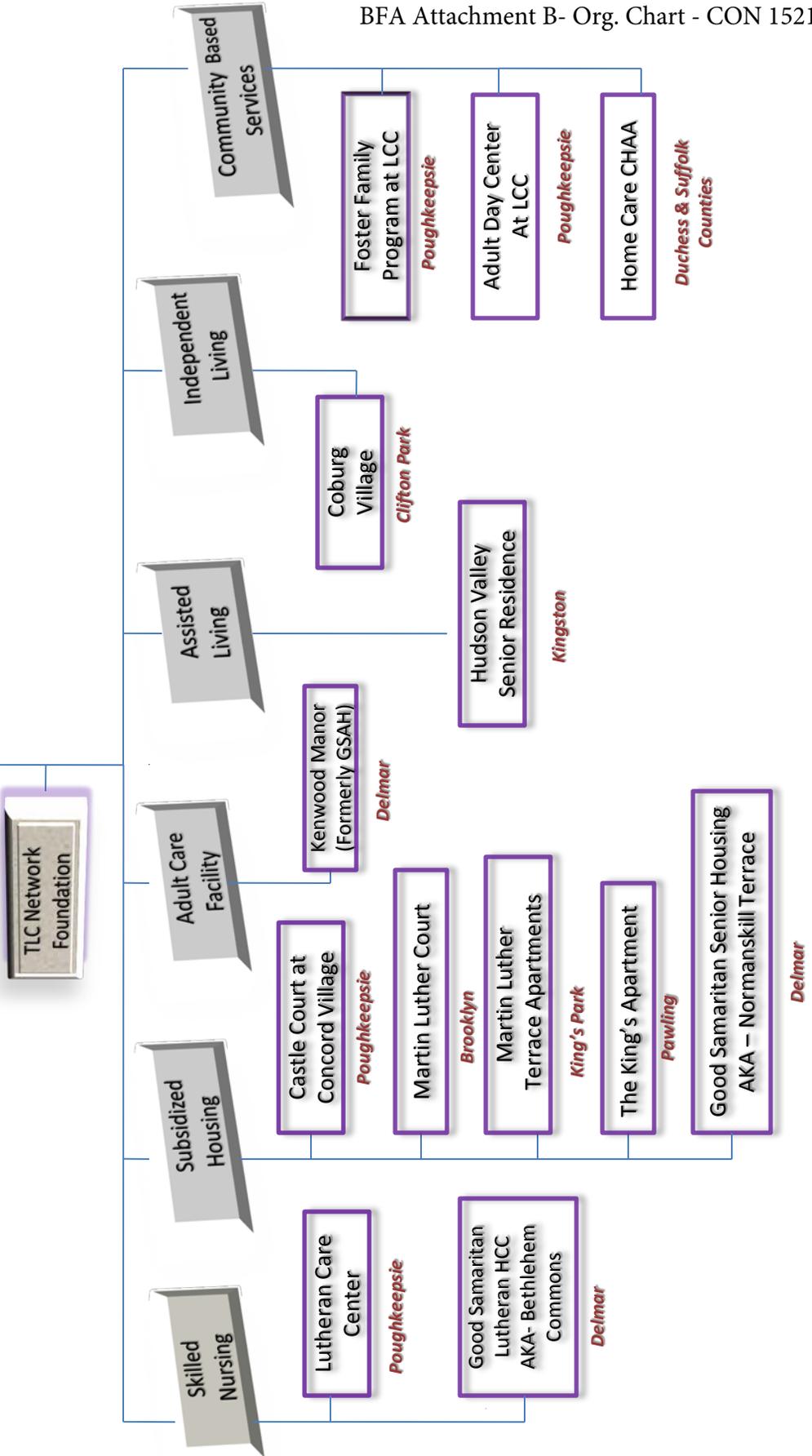
Working Capital Loan	\$ 354,166
Long-term debt	\$ 1,523,722
Total long-term liabilities	\$ 1,877,888

Member deficit	\$ (789,584)
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Total liabilities and member deficit	\$ 1,162,539
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Working capital = \$1,228,298 + \$3,021,698 = \$4,249,996 / 6 = \$708,333
 Working capital loan = \$354,166; Working capital cash = \$354,167

Organization Chart by Programs and Services



DELMAR ACQUISITION 1 LLC
D/B/A BETHLEHEM COMMONS AT GOOD SAMARITAN
(a limited liability company)
BALANCE SHEET
JANUARY 1, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 1,750,000
Supplies on hand	<u>10,000</u>
Total current assets	1,760,000

Property and equipment - net	350,000
Intangible assets - net	<u>100,000</u>

TOTAL ASSETS	\$ <u><u>2,210,000</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Working capital loan	\$ <u>875,000</u>
Total liabilities	875,000

Members' equity	<u>1,335,000</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u><u>2,210,000</u></u>
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Good Samaritan Health Care Center, Inc.

	<u>Internal</u> <u>9/30/2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$1,793,139	\$6,383,756	\$1,573,870	\$1,831,585
Non-Current Assets	<u>4,030,185</u>	<u>0</u>	<u>3,531,477</u>	<u>3,916,670</u>
Total Assets	\$5,823,324	\$6,383,756	\$5,105,347	\$5,748,255
Current Liabilities	4,786,252	7,040,882	4,620,097	5,347,686
Long Term Liabilities	<u>2,998,225</u>	<u>0</u>	<u>672,096</u>	<u>479,743</u>
Total Liabilities	<u>7,784,477</u>	7,040,882	5,292,193	5,827,429
Net Assets	(\$1,961,153)	(\$657,126)	(\$186,846)	(\$79,174)
Working Capital Position	(\$2,993,113)	(\$657,126)	(\$3,046,227)	(\$3,516,101)
Operating Revenues	\$8,016,537	\$10,441,204	\$10,301,636	\$10,968,881
Operating Expenses	<u>9,326,926</u>	<u>10,849,306</u>	<u>10,891,893</u>	<u>10,953,371</u>
Net Income (Loss)	(\$1,310,389)	(\$408,102)	(\$590,257)	\$15,510
Number of Beds	120	120	120	120
Percent Occupancy	N/A	96.4%	97.2%	95.6%
<u>Percent by Payor Source</u>				
Medicaid	NA	54.00%	50.5%	55.7%
Medicare	NA	14.00%	22.6%	9.3%
Private Pay and other	NA	32.00%	26.9%	35.0%

GOOD SAMARITAN LUTHERAN HEALTH CARE CENTER, INC.**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 291,475	\$ 93,687
Cash - Resident funds	-	126,406
Accounts receivable, net of allowance for doubtful accounts	1,063,534	749,292
Due from third party payors	113,746	266,167
Other receivables	-	10,984
Due from affiliated companies	415,833	218,623
Inventories	-	45,087
Prepaid expenses and other current assets	64,082	63,624
Assets whose use is limited	1,000,000	-
Assets held for sale	<u>3,435,086</u>	<u>-</u>
Total current assets	6,383,756	1,573,870
PROPERTY AND EQUIPMENT, net	<u>-</u>	<u>3,531,477</u>
	<u>\$ 6,383,756</u>	<u>\$ 5,105,347</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 3,040,001	\$ 3,221,662
Accounts payable	497,525	680,052
Accrued expenses	389,670	489,225
Estimated third-party settlements	109,454	-
Due to affiliated companies	1,697,085	670,789
Resident deposits	-	126,406
Deferred revenue	1,000,000	102,752
Liabilities held for sale	<u>307,147</u>	<u>-</u>
Total current liabilities	<u>7,040,882</u>	<u>5,290,886</u>
LONG-TERM DEBT, net of current portion	<u>-</u>	<u>1,307</u>
Total liabilities	<u>7,040,882</u>	<u>5,292,193</u>
NET DEFICIT - UNRESTRICTED	<u>(657,126)</u>	<u>(186,846)</u>
	<u>\$ 6,383,756</u>	<u>\$ 5,105,347</u>

GOOD SAMARITAN LUTHERAN HEALTH CARE CENTER, INC.**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET RESIDENT SERVICE REVENUE	\$ 10,236,557	\$ 10,086,984
OTHER OPERATING REVENUE:		
Management fees	134,153	134,152
Miscellaneous	<u>70,494</u>	<u>80,500</u>
Total operating revenue	<u>10,441,204</u>	<u>10,301,636</u>
OPERATING EXPENSES:		
Direct care of residents	4,908,343	4,835,447
Service departments	1,404,538	1,394,582
Administrative	1,171,299	1,095,819
Non-departmental	<u>3,365,126</u>	<u>3,566,045</u>
Total operating expenses	<u>10,849,306</u>	<u>10,891,893</u>
LOSS FROM OPERATIONS	<u>(408,102)</u>	<u>(590,257)</u>
NON-OPERATING REVENUE (EXPENSES):		
Contributions, gifts and bequests	1,175	2,935
Prior year rate settlements, net	(63,353)	229,650
Grant from affiliate - Debt forgiveness	<u>-</u>	<u>250,000</u>
Total non-operating revenue (expense), net	<u>(62,178)</u>	<u>482,585</u>
CHANGE IN NET ASSETS	(470,280)	(107,672)
NET DEFICIT - beginning of year	<u>(186,846)</u>	<u>(79,174)</u>
NET DEFICIT - end of year	<u>\$ (657,126)</u>	<u>\$ (186,846)</u>

Lizer Jozefovic Ownership In affiliated RHCF

RHCF:	Beds	Date	NY Location	Ownership %
Sky View Rehab & Health Care Center, LLC-RHCF	192	Oct-13	Croton on Hudson	25.50%
Salem Hill Rehab & Health Care-RHCF	126	Oct-05	Purdy	70.10%
Waterview Hills Rehab & Health Care-RHCF	130	Oct-05	Purdy	70.10%
Middletown Park Rehabilitation & Health Care Center	230	Mar-10	Middletown	29.00%
Putnam Rehabilitation & Health Care Center	160	Jul-16	Holmes	42.00%

Financial Summary of Affiliated RHCFS

Skyview Rehabilitation & Health Care Center, LLC

	Internal			
	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$4,106,980	\$4,420,800	\$3,939,624	\$4,321,853
Non-Current Assets	13,708,759	14,052,549	12,735,897	17,635,854
Total Assets	\$17,815,739	\$18,473,349	\$16,675,521	\$21,957,707
Current Liabilities	15,866,451	14,965,673	14,985,373	5,659,289
Long Term Liabilities	883,481	2,594,922	454,992	16,212,935
Total Liabilities	16,749,932	17,560,595	15,440,365	21,872,224
Net Assets	\$1,065,807	\$912,754	\$1,235,156	\$85,483
Working Capital Position	(\$11,759,471)	(\$10,544,873)	(\$11,045,749)	(\$1,337,436)
Operating Revenues	\$17,305,087	\$22,149,288	\$22,474,275	\$20,857,409
Operating Expenses	16,939,722	22,133,483	21,886,456	22,569,538
Operating Net Income	\$365,365	\$15,805	\$587,819	(\$1,712,129)

Salem Hill Rehabilitation & Healthcare, LLC

	Internal			
	<u>9/30/2016</u>	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$2,895,531	\$2,968,136	\$2,968,970	\$2,546,483
Non-Current Assets	6,165,318	5,677,017	6,059,670	5,401,016
Total Assets	\$9,060,849	\$8,645,153	\$9,028,640	\$7,947,499
Current Liabilities	2,104,034	1,928,098	2,119,056	2,768,215
Long Term Liabilities	5,152,660	4,292,004	4,888,952	3,426,213
Total Liabilities	7,256,694	6,220,102	7,008,008	6,194,428
Net Assets	\$1,804,155	\$2,425,051	\$2,020,632	\$1,753,071
Working Capital Position	\$791,497	\$1,040,038	\$849,914	(\$221,732)
Operating Revenues	\$9,506,602	\$12,992,333	\$12,627,212	\$12,026,994
Operating Expenses	10,075,218	12,493,444	12,290,477	12,077,814
Operating Net Income	(\$568,616)	\$498,889	\$336,735	(\$50,820)

Waterview Hills Rehabilitation & Healthcare

	Internal			
	<u>9/30/2016</u>	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$4,355,976	\$3,028,400	\$2,979,504	\$2,793,875
Non-Current Assets	9,921,147	1,600,999	9,901,174	9,061,113
Total Assets	\$14,277,123	\$4,629,399	\$12,880,678	\$11,854,988
Current Liabilities	4,266,177	4,499,737	3,315,139	3,627,503
Long Term Liabilities	35,423	64,039	103,457	83,820
Total Liabilities	4,301,600	4,563,776	3,418,596	3,711,323
Net Assets	\$9,975,523	\$65,623	\$9,462,082	\$8,143,665
Working Capital Position	\$89,799	(\$1,471,337)	(\$335,635)	(\$833,628)
Operating Revenues	\$11,044,657	\$14,957,513	\$15,237,864	\$13,768,443
Operating Expenses	11,079,730	14,245,341	13,902,482	13,730,571
Operating Net Income	(\$35,073)	\$712,172	\$1,335,382	\$37,872

Middletown Park Rehabilitation & Health

	Internal			
	<u>9/30/2016</u>	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$8,883,340	\$6,715,521	\$5,561,000	\$6,425,000
Non-Current Assets	27,800,868	11,599,078	10,274,000	7,303,000
Total Assets	\$36,684,208	\$18,314,599	\$15,835,000	\$13,728,000
Current Liabilities	7,082,240	6,686,368	13,195,000	12,056,000
Long Term Liabilities	25,656,610	7,637,392	194,000	275,000
Total Liabilities	32,738,850	14,323,760	13,389,000	12,331,000
Net Assets	\$3,945,358	\$3,990,839	\$2,446,000	\$1,397,000
Working Capital Position	\$1,801,100	\$29,153	(\$7,634,000)	(\$5,631,000)
Operating Revenues	\$19,621,171	\$24,329,776	\$23,556,000	\$21,508,000
Operating Expenses	19,026,189	22,334,288	22,486,000	22,520,000
Operating Net Income	\$594,982	\$1,995,488	\$1,070,000	(\$1,012,000)

Putnam Nursing & Rehab Center

	Internal 9/30/2016	12/31/2015	From 07/2014 12/31/2014
Current Assets	\$2,507,779	\$1,923,840	\$2,480,301
Non-Current Assets	<u>5,221,746</u>	<u>4,924,533</u>	<u>4,788,257</u>
Total Assets	\$7,729,525	\$6,848,373	\$7,268,558
Current Liabilities	3,958,182	4,111,443	3,390,334
Long Term Liabilities	<u>5,130,485</u>	<u>3,820,672</u>	<u>3,891,522</u>
Total Liabilities	9,088,667	7,932,115	7,281,856
Net Assets	(\$1,359,142)	(\$1,083,742)	(\$13,298)
Working Capital Position	(\$1,450,403)	(\$2,187,603)	(\$910,033)
Operating Revenues	\$7,851,694	\$10,678,153	\$5,114,690
Operating Expenses	<u>8,127,094</u>	<u>11,568,597</u>	<u>5,127,988</u>
Operating Net Income	(\$275,400)	(\$890,444)	(\$13,298)

BALANCE SHEET

	PROJECTED OPENING DAY KENNEDY PAVILION RH LLC	ACTUAL 6/30/2016 KENNEDY PAVILION RH I LLC
<u>ASSETS</u>		
CASH	\$1,000,000	\$1,581,298
ACCOUNTS RECEIVABLE	7,900,000	8,288,514
PREPAID EXP & OTHER	<u>950,000</u>	<u>1,125,706</u>
TOTAL CURRENT ASSETS	<u>9,850,000</u>	<u>10,995,518</u>
MOVABLE EQUIPMENT(NET)	600,000	625,447
LEASEHOLD IMPROVEMENTS(NET)		2,162,942
OTHER ASSETS	<u>150,000</u>	<u>221,841</u>
TOTAL FIXED ASSETS	<u>750,000</u>	<u>3,010,230</u>
GOODWILL	9,245,000	9,696,400
OTHER ASSETS	<u>300,000</u>	<u>176,060</u>
TOTAL OTHER ASSETS	<u>9,545,000</u>	<u>9,872,460</u>
TOTAL ASSETS	<u>\$20,145,000</u>	<u>\$23,878,208</u>
 <u>LIABILITIES</u>		
ACCOUNTS PAYABLE	\$2,000,000	\$2,226,556
LOANS PAYABLE	2,000,000	2,000,000
ACCRUED & OTHER LIABILITIES	<u>1,950,000</u>	<u>2,385,658</u>
TOTAL CURRENT LIABILITIES	<u>5,950,000</u>	<u>6,612,214</u>
DUE TO 3617 BH PARSONS REALTY LLC	0	10,166,509
DUE TO 3617 BEH PARSONS REALTY LLC	10,166,509	0
OTHER PAYABLES	<u>113,000</u>	<u>96,537</u>
TOTAL LONG TERM DEBT	<u>10,166,509</u>	<u>10,263,046</u>
EQUITY	<u>4,028,491</u>	<u>7,002,948</u>
TOTAL LIABILITIES & EQUITY	<u>\$20,145,000</u>	<u>\$23,878,208</u>

BALANCE SHEET

	PROJECTED OPENING DAY 3617 BEH PARSONS REALTY LLC	ACTUAL 6/30/2016 3617 BH PARSONS REALTY LLC
<u>ASSETS</u>		
CASH	<u>\$310,000</u>	<u>\$317,322</u>
TOTAL CURRENT ASSETS	<u>310,000</u>	<u>317,322</u>
LAND	4,692,150	4,692,150
BUILDING (NET OF DEP)	<u>42,134,648</u>	<u>40,690,086</u>
TOTAL FIXED ASSETS	<u>46,826,798</u>	<u>45,382,236</u>
ORGANIZATION COSTS (NET)	1,800,000	1,480,856
DUE FROM QUEENS DIALYSIS at the PAVILION LLC		100,000
DUE FROM KENNEDY PAVILION RH I LLC		10,166,509
DUE FROM KENNEDY PAVILION RH LLC	<u>10,166,509</u>	<u>0</u>
TOTAL OTHER ASSETS	<u>11,966,509</u>	<u>11,747,365</u>
TOTAL ASSETS	<u>\$59,103,307</u>	<u>\$57,446,923</u>
<u>LIABILITIES</u>		
MORTGAGE PAYABLE	\$791,850	\$694,836
OTHER PAYABLES		<u>223,732</u>
TOTAL CURRENT LIABILITIES	<u>791,850</u>	<u>918,568</u>
MORTGAGE PAYABLE	58,001,457	48,298,471
LOAN PAYABLE - BANK	0	7,000,000
LOAN PAYABLE - MEMBERS	<u>0</u>	<u>1,000,000</u>
TOTAL LONG TERM DEBT	<u>58,001,457</u>	<u>56,298,471</u>
EQUITY	<u>310,000</u>	<u>229,884</u>
TOTAL LIABILITIES & EQUITY	<u>\$59,103,307</u>	<u>\$57,446,923</u>

The Pavilion at Queens for Rehabilitation & Nursing				
	1/1/2016- 9/30/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$10,979,200	\$7,947,091	\$6,293,337	\$10,079,000
ASSETS - FIXED AND OTHER	\$13,119,427	\$12,295,004	\$4,818,444	\$2,072,000
TOTAL ASSETS	\$24,098,627	\$20,242,095	\$11,111,781	\$12,151,000
LIABILITIES - CURRENT	\$3,495,042	\$3,130,536	\$12,390,471	\$11,499,000
LIABILITIES - LONG-TERM	\$2,120,369	\$12,280,075	\$119,295	\$1,891,000
TOTAL LIABILITIES	\$5,615,411	\$15,410,611	\$12,509,766	\$13,390,000
WORKING CAPITAL	\$7,484,158	\$4,816,555	(\$6,097,134)	(\$1,420,000)
INCOME	\$35,390,068	\$42,827,971	\$36,271,968	\$35,708,000
EXPENSE	\$30,004,844	\$36,341,487	\$36,430,142	\$37,438,000
NET INCOME	\$5,385,224	\$6,486,484	(\$158,174)	(\$1,730,000)
NET ASSET POSITION	\$18,483,216	\$4,831,484	(\$1,397,985)	(\$1,239,000)
Number of Beds	302	302	302	302
Number of Days	365	365	365	365
Max Days	110,230	110,230	110,230	110,230
Actual Payor Days	105,234	105,234	103,045	103,834
Percent Occupancy	95.47%	95.47%	93.48%	94.20%
Percentage Occupancy by Payor				
Medicaid	59.3%	59.3%	77.3%	78.2%
Medicare	11.8%	11.8%	17.1%	14.8%
Private Pay/Other	28.9%	28.9%	5.6%	7.0%

*2015 utilization info used for 2016

Proposed Owners of The Pavilion at Queens Ownership Interest In Other New York State Nursing Homes

Facility Name	Ownership Percentage								Year Acquired	County	Bed Size
	Joel Edelstein	Bernard Fuchs	Gerald Fuchs	Tova Fuchs	Israel Freund	Esther Farkovits	Deena Hersh	Avraham Weits			
Highland View Care Center	---	---	---	---	---	25.00%	---	---	2015	Bronx	385
Nassau Extended Care Facility	---	---	---	---	---	7.00%	---	---	2004	Nassau	280
Park Avenue Extended Care Facility	---	---	---	---	---	7.00%	---	---	2004	Nassau	240
Seagate Rehabilitation & Nursing Center	---	---	---	---	---	10.00%	10.00%	---	2014	Kings	360
Throgs Neck Extended Care Facility	---	---	---	---	---	7.00%	---	---	2004	Bronx	205
Townhouse Center for Rehabilitation & Nursing	---	---	---	---	---	7.00%	---	---	2004	Nassau	260
White Plains Center for Nursing	---	---	---	---	---	12.00%	---	---	2011	Westchester	88
South Shore Rehabilitation and Nursing Center	---	---	---	---	---	45.00%	---	---	2014	Nassau	76
Chautauqua Nursing and Rehabilitation	---	---	---	---	---	---	25.00%	---	2014	Chautauqua	216
Sapphire Center for Rehabilitation and Nursing of Central Queens, LLC	---	---	---	---	---	---	35.00%	---	2014	Queens	227
The Pavilion at Queens for Rehabilitation & Nursing	---	50.00%	---	---	---	---	25.00%	---	2014	Queens	302
Bensonhurst Center for Rehabilitation & Healthcare	---	5.00%	5.00%	5.00%	---	---	---	---	2012	Kings	200
Hopkins Center for Rehabilitation & Healthcare	---	3.00%	3.00%	3.00%	---	---	---	---	2011	Kings	288
Greene Meadows Nursing and Rehabilitation Center	---	45.00%	---	---	---	---	---	---	2015	Greene	120
Villages of Orleans Health & Rehabilitation	---	100.00%	---	---	---	---	---	---	2015	Orleans	120

Nassau Extended Care Facility				
	1/1/2016- 6/30/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$10,751,515	\$10,656,047	\$8,799,965	\$8,336,511
ASSETS - FIXED AND OTHER	\$18,229,825	\$18,264,482	\$17,996,423	\$18,454,047
TOTAL ASSETS	\$28,981,340	\$28,920,529	\$26,796,388	\$26,790,558
LIABILITIES - CURRENT	\$6,184,443	\$6,673,639	\$5,904,176	\$7,923,925
LIABILITIES - LONG-TERM	\$4,413,474	\$5,118,132	\$4,799,900	\$5,368,386
TOTAL LIABILITIES	\$10,597,917	\$11,791,771	\$10,704,076	\$13,292,311
WORKING CAPITAL	\$4,567,072	\$3,982,408	\$2,895,789	\$412,586
INCOME	\$17,093,284	\$34,159,940	\$34,769,000	\$30,826,115
EXPENSE	\$14,838,618	\$30,479,605	\$31,075,000	\$31,713,278
NET INCOME	\$2,254,666	\$3,680,335	\$3,694,000	(\$887,163)
NET ASSET POSITION	\$18,383,423	\$17,128,758	\$16,092,312	\$13,498,247
Park Avenue Extended Care Facility				
	1/1/2016- 9/30/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$6,853,147	\$7,409,370	\$7,495,680	\$6,198,859
ASSETS - FIXED AND OTHER	\$15,274,132	\$15,111,809	\$15,448,382	\$15,783,261
TOTAL ASSETS	\$22,127,279	\$22,521,179	\$22,944,062	\$21,982,120
LIABILITIES - CURRENT	\$5,192,996	\$5,897,083	\$5,834,759	\$6,467,598
LIABILITIES - LONG-TERM	\$3,444,096	\$3,715,584	\$4,395,805	\$5,048,024
TOTAL LIABILITIES	\$8,637,092	\$9,612,667	\$10,230,564	\$11,515,622
WORKING CAPITAL	\$1,660,151	\$1,512,287	\$1,660,921	(\$268,739)
INCOME	\$21,597,023	\$28,608,622	\$29,663,616	\$26,816,565
EXPENSE	\$19,465,349	\$26,327,108	\$26,241,616	\$26,441,256
NET INCOME	\$2,131,674	\$2,281,514	\$3,422,000	\$375,309
NET ASSET POSITION	\$13,490,187	\$12,908,512	\$12,713,498	\$10,466,498
Seagate Rehabilitation & Nursing Center				
	1/1/2016- 9/30/2016 Internal	2015		
ASSETS - CURRENT	\$11,993,601	\$7,962,607		
ASSETS - FIXED AND OTHER	\$20,961,660	\$19,709,990		
TOTAL ASSETS	\$32,955,261	\$27,672,597		
LIABILITIES - CURRENT	\$10,274,370	\$6,823,101		
LIABILITIES - LONG-TERM	\$18,196,890	\$18,530,753		
TOTAL LIABILITIES	\$28,471,260	\$25,353,854		
WORKING CAPITAL	\$1,719,231	\$1,139,506		
INCOME	\$38,868,116	\$47,195,590		
EXPENSE	\$34,577,857	\$43,990,173		
NET INCOME	\$4,290,259	\$3,205,417		
NET ASSET POSITION	\$4,484,001	\$2,318,743		

Throgs Neck Extended Care Facility				
	1/1/2016- 8/31/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$5,843,263	\$4,436,544	\$9,425,882	\$4,731,965
ASSETS - FIXED AND OTHER	\$11,289,647	\$11,259,653	\$13,170,281	\$11,241,669
TOTAL ASSETS	\$17,132,910	\$15,696,197	\$22,596,163	\$15,973,634
LIABILITIES - CURRENT	\$5,129,695	\$5,083,664	\$8,846,666	\$5,352,099
LIABILITIES - LONG-TERM	\$2,692,879	\$3,429,849	\$9,968,407	\$4,129,868
TOTAL LIABILITIES	\$7,822,574	\$8,513,513	\$18,815,073	\$9,481,967
WORKING CAPITAL	\$713,568	(\$647,120)	\$579,216	(\$620,134)
INCOME	\$19,228,486	\$21,817,011	\$22,077,189	\$23,421,125
EXPENSE	\$14,754,832	\$21,297,315	\$21,305,868	\$21,449,791
NET INCOME	\$4,473,654	\$519,696	\$771,321	\$1,971,334
NET ASSET POSITION	\$9,310,336	\$7,182,684	\$3,781,090	\$6,491,667
Townhouse Center for Rehabilitation & Nursing				
	1/1/2016- 9/30/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$10,885,458	\$11,472,274	\$9,425,882	\$9,209,165
ASSETS - FIXED AND OTHER	\$14,208,544	\$13,809,576	\$13,170,281	\$13,115,246
TOTAL ASSETS	\$25,094,002	\$25,281,850	\$22,596,163	\$22,324,411
LIABILITIES - CURRENT	\$7,587,685	\$9,023,658	\$8,846,666	\$9,535,571
LIABILITIES - LONG-TERM	\$9,599,135	\$9,680,061	\$9,968,407	\$9,785,258
TOTAL LIABILITIES	\$17,186,820	\$18,703,719	\$18,815,073	\$19,320,829
WORKING CAPITAL	\$3,297,773	\$2,448,616	\$579,216	(\$326,406)
INCOME	\$30,036,035	\$39,134,786	\$35,026,263	\$35,026,263
EXPENSE	\$26,606,984	\$34,566,868	\$33,673,753	\$33,673,753
NET INCOME	\$3,429,051	\$4,567,918	\$1,352,510	\$1,352,510
NET ASSET POSITION	\$7,907,182	\$6,578,131	\$3,781,090	\$3,003,582
White Plains Center for Nursing				
	1/1/2016- 8/31/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$4,965,085	\$2,917,438	\$2,458,035	\$2,372,076
ASSETS - FIXED AND OTHER	\$6,299,137	\$7,554,156	\$6,022,297	\$4,872,032
TOTAL ASSETS	\$11,264,222	\$10,471,594	\$8,480,332	\$7,244,108
LIABILITIES - CURRENT	\$2,209,256	\$2,219,205	\$3,126,613	\$2,437,825
LIABILITIES - LONG-TERM	\$2,472,805	\$2,405,300	\$144,621	\$131,241
TOTAL LIABILITIES	\$4,682,061	\$4,624,505	\$3,271,234	\$2,569,066
WORKING CAPITAL	\$2,755,829	\$698,233	(\$668,578)	(\$65,749)
INCOME	\$7,558,483	\$10,661,135	\$10,605,265	\$10,024,033
EXPENSE	\$6,723,414	\$10,023,144	\$9,996,206	\$9,535,652
NET INCOME	\$835,069	\$637,991	\$609,059	\$488,381
NET ASSET POSITION	\$6,582,161	\$5,847,089	\$5,209,098	\$4,675,042

Bensonhurst Center for Rehabilitation & Healthcare				
	1/1/2016- 8/31/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$6,409,650	\$6,176,489	\$4,235,830	\$4,754,157
ASSETS - FIXED AND OTHER	\$8,804,855	\$3,687,743	\$3,465,910	\$12,975,339
TOTAL ASSETS	\$15,214,505	\$9,864,232	\$7,701,740	\$17,729,496
LIABILITIES - CURRENT	\$3,574,777	\$2,932,302	\$2,358,561	\$3,351,043
LIABILITIES - LONG-TERM	\$122,803	\$37,500	\$35,100	\$11,825,027
TOTAL LIABILITIES	\$3,697,580	\$2,969,802	\$2,393,661	\$15,176,070
WORKING CAPITAL	\$2,834,873	\$3,244,187	\$1,877,269	\$1,403,114
INCOME	\$22,674,907	\$31,665,180	\$26,113,165	\$25,548,681
EXPENSE	\$16,553,083	\$24,353,829	\$22,260,945	\$22,323,416
NET INCOME	\$6,121,824	\$7,311,351	\$3,852,220	\$3,225,265
NET ASSET POSITION	\$11,516,925	\$6,894,430	\$5,308,079	\$2,553,426
Hopkins Center for Rehabilitation & Healthcare				
	1/1/2016- 8/31/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$11,315,544	\$7,574,400	\$7,100,807	\$6,255,728
ASSETS - FIXED AND OTHER	\$17,228,687	\$16,755,052	\$19,013,570	\$20,856,004
TOTAL ASSETS	\$28,544,231	\$24,329,452	\$26,114,377	\$27,111,732
LIABILITIES - CURRENT	\$3,252,366	\$2,965,393	\$3,209,136	\$3,815,063
LIABILITIES - LONG-TERM	\$371,197	\$63,819	\$76,619	\$96,019
TOTAL LIABILITIES	\$3,623,563	\$3,029,212	\$3,285,755	\$3,911,082
WORKING CAPITAL	\$8,063,178	\$4,609,007	\$3,891,671	\$2,440,665
INCOME	\$25,363,210	\$34,787,122	\$33,261,043	\$34,248,976
EXPENSE	\$20,160,814	\$29,865,504	\$28,443,071	\$30,460,015
NET INCOME	\$5,202,396	\$4,921,618	\$4,817,972	\$3,788,961
NET ASSET POSITION	\$24,920,668	\$21,300,240	\$22,828,622	\$23,200,650

Current & Proposed Owners of Realty
The Pavilion at Queens for Rehabilitation and Nursing

<u>Current Realty</u>	
3617 BH Parsons Realty, LLC	
<u>Members:</u>	<u>%</u>
Bernard Fuchs	50%
Benjamin Landa	25%
Richard Platschek	25%

<u>Proposed Realty</u>	
3617 BEH Parsons Realty LLC	
<u>Group A Members:</u>	<u>%</u>
Bernard Fuchs	10%
Joel Edelstein	10%
Gerald Fuchs	10%
Tova Fuchs	10%
Israel Freund	10%
Avraham Weits	10%
<u>Group B Members:</u>	<u>%</u>
Benjamin Landa	20%
Judy Landa	20%

YGC at Woodycrest, LLC d/b/a Highbridge Woodycrest Center(YGC) And Woodycrest PropCo, LLC		
PRO FORMA BALANCE SHEET		
ASSETS		
	<u>Operations</u>	<u>Real Estate</u>
Cash & Cash Equivalents	\$2,400,000	\$1,000
Inventory	\$50,000	
Estimated Mortgage Escrows		\$500,000
Total Current Assets	\$2,450,000	\$501,000
Non Current Assets		
Resident Funds	\$70,000	
Estimated Deferred Financing Costs, Net		\$500,000
Fixed Assets-Net	\$400,000	\$16,000,000
Total Non Current Assets	\$470,000	\$16,500,000
TOTAL ASSETS	\$2,920,000	\$17,001,000
Liabilities and Member Equity		
LIABILITIES		
Working Capital Loan Current Portion	\$216,667	
Current Portion-Mortgage Payable		\$280,419
Total Current Liabilities	\$216,667	\$280,419
Long Term Liabilities		
Resident Funds	\$70,000	
Working Capital Loan	\$983,333	
Mortgage Payable		\$13,319,581
Total Long-term Liabilities	\$1,053,333	\$13,319,581
TOTAL LIABILITIES	\$1,270,000	\$13,600,000
MEMBER EQUITY	\$1,650,000	\$3,401,000
TOTAL LIABILITIES AND MEMBER EQUITY	\$2,920,000	\$17,001,000

The Bronx-Lebanon Highbridge Woodycrest Center				
	1/1/2016- 9/30/2016 Internal	2015	2014	2013
ASSETS - CURRENT	\$7,380,146	\$6,853,643	\$6,684,000	\$6,620,000
ASSETS - FIXED AND OTHER	\$9,735,016	\$10,299,662	\$10,616,000	\$11,145,000
TOTAL ASSETS	\$17,115,162	\$17,153,305	\$17,300,000	\$17,765,000
LIABILITIES - CURRENT	\$3,319,216	\$4,417,273	\$5,871,000	\$6,448,000
LIABILITIES - LONG-TERM	\$3,400,428	\$3,655,095	\$3,991,000	\$4,298,000
TOTAL LIABILITIES	\$6,719,644	\$8,072,368	\$9,862,000	\$10,746,000
WORKING CAPITAL	\$4,060,930	\$2,436,370	\$813,000	\$172,000
INCOME	\$11,325,335	\$14,912,743	\$14,954,000	\$15,273,000
EXPENSE	\$10,010,754	\$13,269,269	\$14,539,000	\$13,806,000
NET INCOME	\$1,314,581	\$1,643,474	\$415,000	\$1,467,000
NET ASSET POSITION	\$10,395,518	\$9,080,937	\$7,438,000	\$7,019,000
Number of Beds	90	90	90	90
Number of Days	365	365	365	365
Max Days	32,850	32,850	32,850	32,850
Actual Payor Days	31,912	31,912	31,536	29,843
Percentage Occupancy	97.14%	97.14%	96.00%	90.85%
Percentage Occupancy by Payor				
Medicaid	86.67%	86.67%	98.60%	93.70%
Medicare	2.24%	2.24%	1.40%	2.50%
Commerical/Private Pay	11.09%	11.09%		3.80%

* Used 2015 utilization for 2016.

CLR Schenectady LLC
d/b/a The Capital Living Nursing and Rehabilitation Centre

<u>CLR Schenectady LLC</u>			<u>Schenectady SNF Realty LLC</u>		
Member		%	Member		%
Hallmark Operating Inc		100%	Joseph Zupnik		25%
Joseph Nichols	50%		Hillel Weinberger	50%	
James Durante	50%		Herman Trust	25%	

Pro Forma Balance Sheet			
As of Closing TBD			
		CLR SCHENECTADY, LLC (OPERATIONS)	SCHENECTADY SNF REALTY LLC (REALTY)
Assets			
	Cash & Cash Equiv.	\$4,590,664	\$0
	Escrows/Deposits	\$58,000	\$0
	Accounts Recievable	\$450,000	\$0
	Land/Building	\$0	\$35,275,000
	Furniture and Fixtures	\$1,452,500	\$0
	Goodwill	\$4,772,500	\$0
	Total Assets	\$11,323,664	\$35,275,000
Liabilities & Equity			
	Assumed Liabilities	\$450,000	\$0
	Working Capital	\$2,099,332	\$0
	Financing/Mortgage	\$4,962,750	\$35,217,000
	Owners Equity	\$3,811,582	\$58,000
	Total Liabilities & Equity	\$11,323,664	\$35,275,000

Financial Summary

**CLR Schenectady LLC d/b/a The Capital Living Nursing and Rehabilitation Centre
 in thousands**

FISCAL PERIOD ENDED	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>
ASSETS - CURRENT	\$6,070	\$7,941	\$10,506
ASSETS - FIXED AND OTHER	\$201	\$232	\$189
LIABILITIES - CURRENT	\$4,224	\$4,604	\$4,819
LIABILITIES - LONG-TERM	<u>\$11</u>	<u>\$68</u>	<u>\$38</u>
EQUITY	\$2,036	\$3,501	\$5,838

INCOME	\$21,319	\$25,714	\$27,030
EXPENSE	<u>\$21,036</u>	<u>\$24,249</u>	<u>\$24,647</u>
NET INCOME	\$283	\$1,465	\$2,383

NUMBER OF BEDS	240	240	240
PERCENT OF OCCUPANCY (DAYS)	89.32%	95.35%	96.58%

PERCENT OCCUPANCY (DAYS):			
MEDICAID	71.80%	68.00%	68.11%
MEDICARE	13.70%	16.60%	15.06%
PRIVATE/OTHER	14.50%	15.40%	16.84%

Average Working Capital	\$3,623
Average Net Assets	\$3,792
Average Net Income (Loss)	\$1,377
Average Occupancy	93.75%

Sources: 12/31/15 - certified financial statements; 2013-2014 HCFSystems Cost Reports, HFIS

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>87,884</u>	<u>87,884</u>
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>45,348</u>	<u>45,348</u>
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

The Capital Living Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

CON 162255

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$2,192,912
Medicaid Revenue	\$10,506,548
Private Revenue	\$3,261,925
Commercial Revenue	\$2,606,008
Total Room & Board Revenue	\$18,567,393
Inpatient Ancillary Revenue	\$868,024
Outpatient Ancillary Revenue	\$30,982
Other Revenue	\$48,307
Total Revenue	\$19,514,706
Operating Expenses	
Nurse Admin. Salaries	\$761,528
Nurse Admin Non-Salaries	\$54,971
Skilled Nursing Salaries - RN's	\$471,527
Skilled Nursing Salaries-LPN's	\$1,183,103
Skilled Nursing Salaries-Aides	\$2,290,740
Skilled Nursing Agency Costs	\$498,222
Skilled Nursing Non-Salary	\$141,359
Central Supply - Salaries	\$34,844
Central Supply - Non-Salary	\$294,081
Laboratory/X-ray	\$31,468
Activities - Salaries	\$127,567
Activities - Non-Salary	\$23,973
Pharmacy - All	\$354,748
Dental / Podiatry	\$43,200
Physical Therapy - Salaries	\$613,417
Physical Therapy - Non Salary	\$53,725
Occupational Therapy - Salaries	\$382,370
Occupational Therapy - Non Salary	\$0
Speech Therapy - Salaries	\$158,338
Speech Therapy - Non Salary	\$0
Social Services-Salaries	\$141,720
Social Serv. Non-Salary	\$479
Physicians / Med Dir. - Salaries	\$72,760
Physicians / Med Dir. - Non-Salary	\$220,585
Medical Records-Salaries	\$23,006
Medical Records-Non Salary	\$0
Utilization Review	\$93,165
Dietary Salaries	\$784,898
Dietary Non-Salary	\$764,757
Maintenance Salaries	\$155,361
Maint. Non-Salary	\$179,108
Housekeeping Salaries	\$366,014
Housekeeping Non-Salary	\$73,200
Laundry Salaries	\$186,256
Laundry Non-Salary	\$114,946
Security - Salary	\$29,865

The Capital Living Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$29,988
Transportation Non-Salary	\$4,540
Fiscal Salaries	\$143,533
Fiscal Non-Salary	\$70,041
Admission Coordinator	\$52,760
Admin Salaries	\$184,978
Admin Non-Salary	\$1,007,919
Employee Benefits	\$2,282,212
Telephone	\$8,450
Advertising	\$5,182
Printing & Duplication	\$0
Misc. Operating Expenses	\$1,449
Total Operating Expenses	\$14,516,353
Non-Operating Expenses	
Utilities	\$286,412
NYS Cash Assessment	\$1,012,208
Depreciation	\$53,772
Amortization	\$6,948
Building Lease Expense	\$2,340,000
Water and Sewer	\$60,290
Interest Expense	\$40,116
Liability Insurance	\$68,146
Misc Non-Operating Costs	(\$454)
Total Non-Operating Costs	\$3,867,438
Total Expenses	\$18,383,791
Net Income Before HO Allocation	\$1,130,915
Home Office Allocation	\$0
Net Income (Loss)	\$1,130,915

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

Assets	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	County	Mountain	Eliminations	Consolidated
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	(\$9,033)		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs-Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0		\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$26,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094		\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311		\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006		\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429		\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0		\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623		\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909		(\$2)
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,097		\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0		\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,865,177)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

BFA Attachment G
CON 162255

<u>Operator</u>	<u>Name of the facility</u>	<u>Beds</u>	<u>County</u>	<u>Amir Abramchik</u>	<u>Hillel Weinberger</u>
Pavilion Operations, LLC	Corning Center for Rehabilitation and Healthcare	120	Steuben	11%	X
Fulton Operations Associates, LLC	Fulton Center for Rehabilitation and Healthcare	176	Fulton	10%	X
Ontario Operations Associates LLC	Ontario Center for Rehabilitation and Healthcare	98	Ontario	95%	X
SV Operating Three, LLC	Richmond Center for Rehabilitation and Specialty Healthcare	300*	Richmond	2%	X

*80 (AIDS); 72 (Behaviorial); 120 (RHCF); 28 (Vent)

Pavilion Operations, LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Fixed Assets	\$4,761,790	\$4,503,748	\$4,465,725
Total Assets	\$7,996,463	\$7,939,585	\$7,484,381
Current Liabilities	\$1,508,253	\$1,583,099	\$1,624,114
Long Term Liabilities	\$2,487,435	\$2,704,240	\$2,213,968
Total Liabilities	\$3,995,688	\$4,287,339	\$3,838,082
Net Assets	\$4,000,775	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	\$7,927,909	\$11,079,908	\$11,003,841
Operating Net Income	\$648,527	\$517,447	\$914,544

Fulton Operations Associates, LLC	9/30/2016	12/31/2015	12/31/2014*
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Fixed Assets	\$5,143,817	\$5,201,309	\$3,751,705
Total Assets	\$11,022,603	\$8,185,956	\$7,040,972
Current Liabilities	\$1,523,810	\$1,856,387	\$2,335,927
Long Term Liabilities	\$6,199,404	\$5,255,210	\$3,482,427
Total Liabilities	\$7,723,214	\$7,111,597	\$5,818,354
Net Assets	\$3,299,389	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,795	\$16,221,334	\$16,634,222
Operating Expenses	\$11,357,769	\$15,539,592	\$15,850,097
Operating Net Income	\$2,515,026	\$681,742	\$784,125

* FOR THE PERIOD OF NOVEMBER 1, 2014 THROUGH DECEMBER 31, 2014

Ontario Operations Associates LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Fixed Assets	\$1,382,404	\$1,446,327	\$1,567,687
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	\$878,270	\$1,592,717	\$959,610
Long Term Liabilities	\$1,554,691	\$1,282,868	\$1,406,309
Total Liabilities	\$2,432,961	\$2,875,585	\$2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenues	\$6,999,512	\$8,586,508	\$1,287,427
Operating Expenses	\$6,343,835	\$8,488,861	\$1,256,223
Operating Net Income	\$655,677	\$97,647	\$31,204

SV Operating Three, LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Fixed Assets	\$22,243,792	\$22,879,393	\$21,135,162
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	\$8,271,545	\$9,740,873	\$9,410,818
Long Term Liabilities	\$21,623,124	\$19,094,075	\$19,494,444
Total Liabilities	\$29,894,669	\$28,834,948	\$28,905,262
Net Assets	\$6,129,846	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	-\$68,359	\$2,217,527
Operating Revenues	\$36,893,022	\$48,487,371	\$48,109,006
Operating Expenses	\$33,980,137	\$46,528,657	\$46,614,137
Operating Net Income	\$2,912,885	\$1,958,714	\$1,494,869

Project # 162256
BFA Attachment C

CLR Carthage LLC
d/b/a The Country Manor Nursing and Rehabilitation Center

<u>West Street Carthage, LLC</u>		
Member		%
Hallmark Operating Inc		100%
Joseph Nichols	50%	
James Durante	50%	

<u>Carthage SNF Realty, LLC</u>		
Member		%
Joseph Zupnik		25%
Hillel Weinberger		50%
Herman Trust		25%

Pro Forma Balance Sheet

As of Closing TBD

	CLR CARTHAGE, LLC (OPERATIONS)	CARTHAGE SNF REALTY LLC (REALTY)
Assets		
Cash & Cash Equiv.	\$1,568,784	\$0
Escrows/Deposits	\$58,000	\$0
Accounts Recievable	\$525,000	\$0
Land/Building	\$0	\$2,424,727
Furniture and Fixtures	\$233,768	\$0
Goodwill	\$2,304,283	\$0
Total Assets	\$4,689,835	\$2,424,727
Liabilities & Equity		
Assumed Liabilities	\$525,000	\$0
Working Capital	\$537,798	\$0
Financing/Mortgage	\$2,253,788	\$2,366,727
Owners Equity	\$1,373,249	\$58,000
Total Liabilities & Equity	\$4,689,835	\$2,424,727

Financial Summary

**Carthage Nursing and Rehabilitation Center, LLC
d/b/a The Country Manor Nursing and Rehabilitation Centre**

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$1,356,778	\$1,261,000	\$1,221,000
ASSETS - FIXED AND OTHER	160,388	181,000	188,000
LIABILITIES - CURRENT	2,860,968	2,312,000	1,925,000
LIABILITIES - LONG-TERM	<u>0</u>	<u>4,000</u>	<u>4,000</u>
EQUITY	(\$1,343,802)	(\$874,000)	(\$520,000)
<hr/>			
INCOME	\$6,487,313	\$6,514,000	\$6,284,000
EXPENSE	<u>6,956,727</u>	<u>6,869,000</u>	<u>6,673,000</u>
NET INCOME	(\$469,414)	(\$355,000)	(\$389,000)
<hr/>			
NUMBER OF BEDS	90	90	90
PERCENT OF OCCUPANCY (DAYS)	93.50%	96.50%	94.00%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	78.20%	78.30%	75.50%
MEDICARE	6.50%	7.30%	9.40%
PRIVATE/OTHER	15.30%	14.40%	15.10%
<hr/>			
Average Working Capital	(\$1,086,397)		
Average Net Assets	(\$912,601)		
Average Net Income (Loss)	(\$404,471)		
Average Occupancy	94.67%		

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	-	87,884	87,884
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	-	45,348	45,348
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

The Country Manor Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$572,662
Medicaid Revenue	\$3,168,227
Private Revenue	\$541,740
Commercial Revenue	\$520,615
Total Room & Board Revenue	\$4,803,244
Inpatient Ancillary Revenue	\$173,053
Outpatient Ancillary Revenue	\$0
Other Revenue	\$12,147
Total Revenue	\$4,988,444
Operating Expenses	
Nurse Admin. Salaries	\$354,313
Nurse Admin Non-Salaries	\$24,054
Skilled Nursing Salaries - RN's	\$72,658
Skilled Nursing Salaries-LPN's	\$493,451
Skilled Nursing Salaries-Aides	\$655,785
Skilled Nursing Agency Costs	\$0
Skilled Nursing Non-Salary	\$34,576
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$66,454
Laboratory/X-ray	\$6,220
Activities - Salaries	\$45,743
Activities - Non-Salary	\$5,687
Pharmacy - All	\$85,762
Dental / Podiatry	\$13,610
Physical Therapy - Salaries	\$0
Physical Therapy - Non Salary	\$87,046
Occupational Therapy - Salaries	\$0
Occupational Therapy - Non Salary	\$91,694
Speech Therapy - Salaries	\$0
Speech Therapy - Non Salary	\$51,233
Social Services-Salaries	\$23,925
Social Serv. Non-Salary	\$113
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$77,790
Medical Records-Salaries	\$45,200
Medical Records-Non Salary	\$0
Utilization Review	\$51,145
Dietary Salaries	\$262,430
Dietary Non-Salary	\$254,741
Maintenance Salaries	\$69,220
Maint. Non-Salary	\$50,267
Housekeeping Salaries	\$130,419
Housekeeping Non-Salary	\$19,385
Laundry Salaries	\$59,204
Laundry Non-Salary	\$42,518
Security - Salary	\$0

**The Country Manor Nursing and Rehabilitation Centre
 Income Statement YTD and Month Ended
 September 30, 2016**

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$0
Transportation Non-Salary	\$182
Fiscal Salaries	\$32,205
Fiscal Non-Salary	\$27,116
Admission Coordinator	\$0
Admin Salaries	\$97,206
Admin Non-Salary	\$30,364
Employee Benefits	\$830,439
Telephone	\$13,192
Advertising	\$649
Printing & Duplication	\$0
Misc. Operating Expenses	\$2,624
Total Operating Expenses	\$4,208,620
Non-Operating Expenses	
Utilities	\$57,658
NYS Cash Assessment	\$250,601
Depreciation	\$33,152
Amortization	\$0
Building Lease Expense	\$370,539
Water and Sewer	\$31,881
Interest Expense	\$2,067
Liability Insurance	\$32,839
Misc Non-Operating Costs	\$392
Total Non-Operating Costs	\$779,129
Total Expenses	\$4,987,749
Net Income Before HO Allocation	\$695
Home Office Allocation	(\$365,143)
Net Income (Loss)	(\$364,448)

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	Country	Mountain	Eliminations	Consolidated
Assets											
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	(\$9,035)		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0	(\$36,373,876)	\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,653,451)	\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094	\$0	\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311	\$0	\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006	\$0	\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429	\$0	\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623	\$0	\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909	(\$36,373,876)	(\$2)
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393	\$0	\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,865,177)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

**Project 162256
BFA Attachment G**

RHCF:	Beds	Date	Location	Amir Abramchik
Fulton Center for Rehabilitation and Healthcare	176	4/1/2012	Fulton	10.0%
Richmond Center for Rehabilitation & Specialty	300	4/1/2012	Richmond	2.0%
Corning Center for Rehabilitation and Healthcare	120	6/1/2013	Steuben	11.0%
Ontario Center for Rehabilitation and Healthcare	98	11/1/2014	Ontario	95.0%

	Internal		
<u>Fulton Center for Rehabilitation and Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Non-Current Assets	<u>5,143,817</u>	<u>5,201,309</u>	<u>3,751,705</u>
Total Assets	\$11,022,603	\$8,185,956	\$7,040,972
Current Liabilities	1,523,810	1,856,387	2,335,927
Long Term Liabilities	<u>6,199,404</u>	<u>5,255,210</u>	<u>3,482,427</u>
Total Liabilities	\$7,723,214	\$7,111,597	\$5,818,354
Net Assets	\$3,299,389	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,795	\$16,221,334	\$16,634,222
Operating Expenses	<u>11,357,769</u>	<u>15,539,592</u>	<u>15,850,097</u>
Operating Net Income	\$2,515,026	\$681,742	\$784,125
Member_ Amir Abramchik 10%			

	Internal		
<u>Richmond Center for Rehabilitation & Specialty Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Non-Current Assets	<u>22,243,792</u>	<u>22,879,393</u>	<u>21,135,162</u>
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	8,271,545	9,740,873	9,410,818
Long Term Liabilities	<u>21,623,124</u>	<u>19,094,075</u>	<u>19,494,444</u>
Total Liabilities	\$29,894,669	\$28,834,948	\$28,905,262
Net Assets	\$6,129,846	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	(\$68,359)	\$2,217,527
Operating Revenues	\$36,893,022	\$48,487,371	\$48,109,006
Operating Expenses	<u>33,980,137</u>	<u>46,528,657</u>	<u>46,614,137</u>
Operating Net Income	\$2,912,885	\$1,958,714	\$1,494,869
Member_ Amir Abramchik 2%			

	Internal		
<u>Corning Center for Rehabilitation and Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Non-Current Assets	<u>4,761,790</u>	<u>4,503,748</u>	<u>4,465,725</u>
Total Assets	\$7,996,463	\$7,939,585	\$7,484,381
Current Liabilities	1,508,253	1,583,099	1,624,114
Long Term Liabilities	<u>2,487,435</u>	<u>2,704,240</u>	<u>2,213,968</u>
Total Liabilities	\$3,995,688	\$4,287,339	\$3,838,082
Net Assets	\$4,000,775	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	<u>7,927,909</u>	<u>11,079,908</u>	<u>11,003,841</u>
Operating Net Income	\$648,527	\$517,447	\$914,544
Member_ Amir Abramchik 11%			

Ontario Center for Rehabilitation and Healthcare

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Non-Current Assets	<u>1,382,404</u>	<u>1,446,327</u>	<u>1,567,687</u>
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	878,270	1,592,717	959,610
Long Term Liabilities	<u>1,554,691</u>	<u>1,282,868</u>	<u>1,406,309</u>
Total Liabilities	\$2,432,961	\$2,875,585	\$2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenue	\$6,999,512	8,586,508	1,287,427
Operating Expenses	<u>6,343,835</u>	<u>8,488,861</u>	<u>1,256,223</u>
Operating Net Income	\$655,677	\$97,647	\$31,204
Member_ Amir Abramchik 95%			

CLR Minoa, LLC d/b/a The Crossings Nursing & Rehabilitation Center

Pre and Post Ownership of Realty

Current Owners			Proposed Owners	
217 East Avenue, LLC			Minoa SNF Realty, LLC	
Hallmark Operating, Inc.		100%	Hillel Weinberger	50%
Joseph Nichols	50%		Joseph Zupnik	25%
James Durante	50%		Herman Trust	25%

Pro Forma Balance Sheet			
As of Closing TBD			
		CLR MINOA, LLC (OPERATIONS)	MINOA SNF REALTY LLC (REALTY)
Assets			
	Cash & Cash Equiv.	\$1,862,167	\$0
	Escrows/Deposits	\$58,000	\$0
	Accounts Recievable	\$750,000	\$0
	Land/Building	\$0	\$3,054,015
	Furniture and Fixtures	\$212,988	\$0
	Goodwill	\$2,099,458	\$0
	Total Assets	\$4,982,613	\$3,054,015
Liabilities & Equity			
	Assumed Liabilities	\$750,000	\$0
	Working Capital	\$585,083	\$0
	Financing/Mortgage	\$2,253,335	\$2,996,015
	Owners Equity	\$1,394,195	\$58,000
	Total Liabilities & Equity	\$4,982,613	\$3,054,015

CLR Minoa, LLC d/b/a The Crossings Nursing & Rehabilitation Centre
Financial Summary

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$2,943,426	\$3,122,854	\$2,683,000
ASSETS - FIXED AND OTHER	177,007	198,780	246,000
LIABILITIES - CURRENT	1,092,508	813,585	723,000
LIABILITIES - LONG-TERM	<u>0</u>	<u>0</u>	<u>3,000</u>
EQUITY	\$2,027,925	\$2,508,049	\$2,203,000
<hr/>			
INCOME	\$7,161,354	\$7,682,068	\$7,264,000
EXPENSE	<u>7,641,478</u>	<u>7,376,653</u>	<u>7,038,000</u>
NET INCOME	(\$480,124)	\$305,415	\$226,000
<hr/>			
NUMBER OF BEDS	82	82	82
PERCENT OF OCCUPANCY (DAYS)	82.80%	88.23%	88.90%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	63.80%	65.70%	65.50%
MEDICARE	15.30%	17.50%	14.00%
PRIVATE/OTHER	21.00%	16.80%	20.10%
<hr/>			
Average Working Capital	\$2,040,062		
Average Net Assets	\$2,246,325		
Average Net Income (Loss)	\$17,097		
Average Occupancy	86.64%		

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162257
BFA Attachment-E Cont

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	29,655	28,190
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	743,281	355,862
TOTAL ASSETS	\$ 60,088,426	\$ 60,403,187
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,559
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	29,655	28,190
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	-	45,348
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	1,355,297	1,220,365
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 60,088,426	\$ 60,403,187

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162257
BFA Attachment-E Cont

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162257
BFA Attachment-E cont

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162257
BFA Attachment-E Cont

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>87,884</u>	<u>87,884</u>
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>45,348</u>	<u>45,348</u>
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

**The Crossings Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project# 162257
BFA Attachment-F

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$1,229,272
Medicaid Revenue	\$2,516,407
Private Revenue	\$1,398,682
Commercial Revenue	\$743,054
Total Room & Board Revenue	\$5,887,415
Inpatient Ancillary Revenue	\$70,498
Outpatient Ancillary Revenue	\$2,864
Other Revenue	\$8,304
Total Revenue	\$5,969,081
Operating Expenses	
Nurse Admin. Salaries	\$314,630
Nurse Admin Non-Salaries	\$80,039
Skilled Nursing Salaries - RN's	\$124,691
Skilled Nursing Salaries-LPN's	\$567,684
Skilled Nursing Salaries-Aides	\$592,873
Skilled Nursing Agency Costs	\$298,404
Skilled Nursing Non-Salary	\$26,951
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$66,979
Laboratory/X-ray	\$16,723
Activities - Salaries	\$48,516
Activities - Non-Salary	\$9,780
Pharmacy - All	\$154,783
Dental / Podiatry	\$24,003
Physical Therapy - Salaries	\$212,226
Physical Therapy - Non Salary	\$5,996
Occupational Therapy - Salaries	\$136,233
Occupational Therapy - Non Salary	\$0
Speech Therapy - Salaries	\$9,985
Speech Therapy - Non Salary	\$0
Social Services-Salaries	\$35,451
Social Serv. Non-Salary	\$71
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$16,667
Medical Records-Salaries	\$12,435
Medical Records-Non Salary	\$0
Utilization Review	\$41,845
Dietary Salaries	\$255,047
Dietary Non-Salary	\$245,880
Maintenance Salaries	\$37,553
Maint. Non-Salary	\$60,089
Housekeeping Salaries	\$118,370
Housekeeping Non-Salary	\$16,373
Laundry Salaries	\$57,889
Laundry Non-Salary	\$49,155
Security - Salary	\$0

**The Crossings Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project# 162257
BFA Attachment-F cont

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$0
Transportation Non-Salary	\$313
Fiscal Salaries	\$35,914
Fiscal Non-Salary	\$31,279
Admission Coordinator	\$0
Admin Salaries	\$136,987
Admin Non-Salary	\$67,210
Employee Benefits	\$946,092
Telephone	\$10,663
Advertising	\$2,999
Printing & Duplication	\$0
Misc. Operating Expenses	\$1,738
Total Operating Expenses	\$4,870,516
Non-Operating Expenses	
Utilities	\$67,479
NYS Cash Assessment	\$274,635
Depreciation	\$43,832
Amortization	\$0
Building Lease Expense	\$241,776
Water and Sewer	\$19,345
Interest Expense	\$2,504
Liability Insurance	\$26,577
Misc Non-Operating Costs	(\$454)
Total Non-Operating Costs	\$675,694
Total Expenses	\$5,546,210
Net Income Before HO Allocation	\$422,871
Home Office Allocation	(\$332,686)
Net Income (Loss)	\$90,185

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	Country	Mountain	Eliminations	Consolidated
Assets											
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	(\$9,033)		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0	(\$36,373,876)	\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,653,451)	\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094	\$0	\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311	\$0	\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006	\$0	\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429	\$0	\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623	\$0	\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909	(\$36,373,876)	(\$2)
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393	\$0	\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,865,177)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780

**Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only**

Project# 162257
BFA attachment-F
Cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

Project# 162257
 BFA Attachment-F
 cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

CLR Minoa, LLC
Financial Summary of Members'Affiliated Entities

Corning Center for Rehabilitation & Nursing

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Non-Current Assets	<u>4,761,791</u>	<u>4,503,748</u>	<u>4,465,725</u>
Total Assets	\$7,996,464	\$7,939,585	\$7,484,381
Current Liabilities	1,508,253	1,583,099	1,624,114
Long Term Liabilities	<u>2,487,435</u>	<u>2,704,240</u>	<u>2,213,968</u>
Total Liabilities	3,995,688	4,287,339	3,838,082
Net Assets	\$4,000,776	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	<u>7,927,909</u>	<u>11,079,908</u>	<u>11,003,841</u>
Operating Net Income	\$648,527	\$517,447	\$914,544

Fulton Center for Rehabilitation & Healthcare, LLC

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Non-Current Assets	<u>5,143,816</u>	<u>5,201,309</u>	<u>3,751,705</u>
Total Assets	\$11,022,602	\$8,185,956	\$7,040,972
Current Liabilities	1,523,810	1,856,387	2,335,927
Long Term Liabilities	<u>6,199,404</u>	<u>5,255,210</u>	<u>3,482,427</u>
Total Liabilities	7,723,214	7,111,597	5,818,354
Net Assets	\$3,299,388	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,794	\$16,221,334	\$16,634,222
Operating Expenses	<u>11,357,769</u>	<u>15,539,592</u>	<u>15,850,097</u>
Operating Net Income	\$2,515,025	\$681,742	\$784,125

Ontario Center for Rehab & Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Non-Current Assets	<u>1,382,404</u>	<u>1,446,327</u>	<u>1,567,687</u>
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	878,270	1,592,717	959,610
Long Term Liabilities	<u>1,554,691</u>	<u>1,282,868</u>	<u>1,406,309</u>
Total Liabilities	2,432,961	2,875,585	2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenues	\$6,999,512	\$8,586,508	\$1,287,427
Operating Expenses	<u>6,343,835</u>	<u>8,488,861</u>	<u>1,256,223</u>
Operating Net Income	\$655,677	\$97,647	\$31,204

CLR Minoa, LLC
Financial Summary of Members'Affiliated Entities

Richmond Center for Rehab & Specialty Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Non-Current Assets	<u>22,243,792</u>	<u>22,879,393</u>	<u>21,135,162</u>
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	8,271,545	9,740,873	9,410,818
Long Term Liabilities	<u>13,351,580</u>	<u>19,094,075</u>	<u>19,494,444</u>
Total Liabilities	21,623,125	28,834,948	28,905,262
Net Assets	\$14,401,390	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	(\$68,359)	\$2,217,527
Operating Revenues	\$36,893,021	\$48,487,371	\$48,109,006
Operating Expenses	<u>33,920,736</u>	<u>46,528,657</u>	<u>46,614,137</u>
Operating Net Income	\$2,972,285	\$1,958,714	\$1,494,869

Sensitized by holding Utilization at the 2016 Level, allowing Budgeted Payor Mix

162257 CLR Minoa, LLC

80	Beds
29,280	Max Days
25,994	12/31/16 Occup
88.78%	2016 Occup. %

Budget Sensitivity Year 1

Payor:	% Util by payor (Budgeted)	Revised Budgeted Days	Per Diem*	Revised Revenues
Medicaid	0.638	16,579	\$211.07	\$3,499,330
Medicare	0.153	3,969	\$481.77	\$1,912,145
Commercial	0.028	717	\$350.00	\$250,950
Private Pay	<u>0.182</u>	<u>4,728</u>	\$405.02	<u>\$1,914,935</u>
	1.000	25,994		

Total Revenues (held to 2015 utilization): \$7,577,360
 Total Revenues as budgeted for first year \$8,113,531
 Increase (Decrease) in Budgeted Revenues: (\$536,171)

Budgeted Cost Year 1 \$7,020,990

Budgeted Net Income Year 1 \$1,092,541

Sensitized Year 1 Net Income **\$556,370**

Incremental Loss per Sensitized Budget (\$536,171)

* Budgeted Year One rates are based on applicants submitted budget.

CLR New paltz, LLC d/b/a The Mountain View Nursing & Rehabilitation Center
Pre and Post Ownership of Realty

Current Owners		Proposed Owners	
MacDonald Road Corporation		New Paltz SNF Realty, LLC	
Anthony Durante	12.50%	Hillel Weinberger	50%
Jami Rogowski	12.50%	Joseph Zupnik	25%
Jodi Polsinelli	12.50%	Herman Trust	25%
Lisa Marrello	12.50%		
Pamela Nichols	12.50%		
Mark Nichols	12.50%		
Ilene Nichols	12.50%		
Sylvia Durante	12.50%		

Pro Forma Balance Sheet			
As of Closing TBD			
		CLR NEW PALTZ, LLC (OPERATIONS)	NEW PALTZ SNF REALTY LLC (REALTY)
Assets			
	Cash & Cash Equiv.	\$1,676,250	\$0
	Escrows/Deposits	\$58,000	\$0
	Accounts Recievable	\$575,000	\$0
	Land/Building	\$0	\$3,354,904
	Furniture and Fixtures	\$205,196	\$0
	Goodwill	\$2,022,648	\$0
	Total Assets	\$4,537,094	\$3,354,904
Liabilities & Equity			
	Assumed Liabilities	\$575,000	\$0
	Working Capital	\$579,625	\$0
	Financing/Mortgage	\$2,058,633	\$3,296,904
	Owners Equity	\$1,323,836	\$58,000
	Total Liabilities & Equity	\$4,537,094	\$3,354,904

Financial Summary

CLR New Paltz, LLC

d/b/a The Mountain View Nursing & Rehabilitation Centre

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$1,245,778	\$995,660	\$956,000
ASSETS - FIXED AND OTHER	154,062	190,231	223,000
LIABILITIES - CURRENT	7,126,371	6,124,014	5,110,000
LIABILITIES - LONG-TERM	<u>0</u>	<u>0</u>	<u>3,000</u>
EQUITY	(\$5,726,531)	(\$4,938,123)	(\$3,934,000)
<hr/>			
INCOME	\$7,045,650	\$6,862,847	\$6,691,000
EXPENSE	<u>7,834,060</u>	<u>7,867,010</u>	<u>7,803,000</u>
NET INCOME	(\$788,410)	(\$1,004,163)	(\$1,112,000)
<hr/>			
NUMBER OF BEDS	79	79	79
PERCENT OF OCCUPANCY (DAYS)	83.97%	87.03%	87.20%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	66.91%	73.30%	74.90%
MEDICARE	19.22%	14.70%	12.60%
PRIVATE/OTHER	13.87%	11.90%	12.10%
<hr/>			
Average Working Capital	(\$5,054,316)		
Average Net Assets	(\$4,866,218)		
Average Net Income (Loss)	(\$968,191)		
Average Occupancy	86.07%		

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162258
BFA Attachment-E cont

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162258
BFA Attachment-E cont

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162258
BFA Attachment-E cont

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	-	87,884	87,884
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	-	45,348	45,348
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

**The Mountain View Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project# 162258
BFA Attachment-F

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$832,859
Medicaid Revenue	\$2,736,300
Private Revenue	\$714,044
Commercial Revenue	\$1,079,796
Total Room & Board Revenue	\$5,362,999
Inpatient Ancillary Revenue	\$58,357
Outpatient Ancillary Revenue	\$0
Other Revenue	\$7,142
Total Revenue	\$5,428,498
Operating Expenses	
Nurse Admin. Salaries	\$544,694
Nurse Admin Non-Salaries	\$33,218
Skilled Nursing Salaries - RN's	\$137,939
Skilled Nursing Salaries-LPN's	\$577,750
Skilled Nursing Salaries-Aides	\$773,896
Skilled Nursing Agency Costs	\$83,159
Skilled Nursing Non-Salary	\$24,105
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$55,728
Laboratory/X-ray	\$18,368
Activities - Salaries	\$65,898
Activities - Non-Salary	\$12,476
Pharmacy - All	\$154,586
Dental / Podiatry	\$24,194
Physical Therapy - Salaries	(\$253)
Physical Therapy - Non Salary	\$183,469
Occupational Therapy - Salaries	\$0
Occupational Therapy - Non Salary	\$93,159
Speech Therapy - Salaries	\$0
Speech Therapy - Non Salary	\$27,778
Social Services-Salaries	\$33,864
Social Serv. Non-Salary	\$2,520
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$22,500
Medical Records-Salaries	\$17,422
Medical Records-Non Salary	\$0
Utilization Review	\$45,405
Dietary Salaries	\$267,216
Dietary Non-Salary	\$253,749
Maintenance Salaries	\$84,135
Maint. Non-Salary	\$87,607
Housekeeping Salaries	\$173,795
Housekeeping Non-Salary	\$20,828
Laundry Salaries	\$56,261
Laundry Non-Salary	\$65,851
Security - Salary	\$0

**The Mountain View Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project#162258
BFA Attachment-F cont

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$0
Transportation Non-Salary	\$73
Fiscal Salaries	\$33,545
Fiscal Non-Salary	\$27,492
Admission Coordinator	\$0
Admin Salaries	\$99,458
Admin Non-Salary	\$38,753
Employee Benefits	\$783,991
Telephone	\$13,882
Advertising	\$363
Printing & Duplication	\$0
Misc. Operating Expenses	\$2,583
Total Operating Expenses	\$4,941,457
Non-Operating Expenses	
Utilities	\$69,317
NYS Cash Assessment	\$241,731
Depreciation	\$41,196
Amortization	\$0
Building Lease Expense	\$315,000
Water and Sewer	\$0
Interest Expense	\$2,200
Liability Insurance	\$27,407
Misc Non-Operating Costs	\$250
Total Non-Operating Costs	\$697,101
Total Expenses	\$5,638,558
Net Income Before HO Allocation	(\$210,060)
Home Office Allocation	(\$320,514)
Net Income (Loss)	(\$530,574)

Project# 162258
BFA Attachment-F cont

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Cummings	Orchard	Country	Mountain	Eliminations	Consolidated
Assets											
Current Assets											
Cash - Unrestricted	\$550	\$278,371	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,363	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	\$39,314		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0	(\$36,373,876)	\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,489	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,133	\$202,140	\$222,433	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,653,451)	\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,549	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$36,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094	\$0	\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311	\$0	\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006	\$0	\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429	\$0	\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623	\$0	\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909	(\$36,373,876)	\$0
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393	\$0	\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,596,682
Total Long Term Debt	\$7,194,158	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,815,177)	\$2,415,672	\$15,631,916	(\$899,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,699)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,549	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$36,027,327)	\$58,831,780

**Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only**

Project# 162258
BFA Attachment-F
cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

Project# 162258
 BFA Attachment-F
 cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

CLR New Paltz, LLC
Financial Summary of Members'Affiliated Entities

Coming Center for Rehabilitation & Nursing

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Non-Current Assets	<u>4,761,791</u>	<u>4,503,748</u>	<u>4,465,725</u>
Total Assets	\$7,996,464	\$7,939,585	\$7,484,381
Current Liabilities	1,508,253	1,583,099	1,624,114
Long Term Liabilities	<u>2,487,435</u>	<u>2,704,240</u>	<u>2,213,968</u>
Total Liabilities	3,995,688	4,287,339	3,838,082
Net Assets	\$4,000,776	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	<u>7,927,909</u>	<u>11,079,908</u>	<u>11,003,841</u>
Operating Net Income	\$648,527	\$517,447	\$914,544

Fulton Center for Rehabilitation & Healthcare, LLC

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Non-Current Assets	<u>5,143,816</u>	<u>5,201,309</u>	<u>3,751,705</u>
Total Assets	\$11,022,602	\$8,185,956	\$7,040,972
Current Liabilities	1,523,810	1,856,387	2,335,927
Long Term Liabilities	<u>6,199,404</u>	<u>5,255,210</u>	<u>3,482,427</u>
Total Liabilities	7,723,214	7,111,597	5,818,354
Net Assets	\$3,299,388	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,794	\$16,221,334	\$16,634,222
Operating Expenses	<u>11,357,769</u>	<u>15,539,592</u>	<u>15,850,097</u>
Operating Net Income	\$2,515,025	\$681,742	\$784,125

Ontario Center for Rehab & Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Non-Current Assets	<u>1,382,404</u>	<u>1,446,327</u>	<u>1,567,687</u>
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	878,270	1,592,717	959,610
Long Term Liabilities	<u>1,554,691</u>	<u>1,282,868</u>	<u>1,406,309</u>
Total Liabilities	2,432,961	2,875,585	2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenues	\$6,999,512	\$8,586,508	\$1,287,427
Operating Expenses	<u>6,343,835</u>	<u>8,488,861</u>	<u>1,256,223</u>
Operating Net Income	\$655,677	\$97,647	\$31,204

CLR New Paltz, LLC
Financial Summary of Members'Affiliated Entities

Richmond Center for Rehab & Specialty Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Non-Current Assets	<u>22,243,792</u>	<u>22,879,393</u>	<u>21,135,162</u>
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	8,271,545	9,740,873	9,410,818
Long Term Liabilities	<u>13,351,580</u>	<u>19,094,075</u>	<u>19,494,444</u>
Total Liabilities	21,623,125	28,834,948	28,905,262
Net Assets	\$14,401,390	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	(\$68,359)	\$2,217,527
Operating Revenues	\$36,893,021	\$48,487,371	\$48,109,006
Operating Expenses	<u>33,920,736</u>	<u>46,528,657</u>	<u>46,614,137</u>
Operating Net Income	\$2,972,285	\$1,958,714	\$1,494,869

Sensitized by holding Utilization at 2016 Level, Allowing Budgeted Payor Mix

162258 CLR New Paltz, LLC

77	Beds
28,182	Max Days
25,997	2016 Occup.
92.25%	2016 Occup. %

Budget Sensitivity Year 1

<u>Payor:</u>	<u>% Util by payor (Budgeted)</u>	<u>Revised Budgeted Days</u>	<u>Per Diem*</u>	<u>Revised Revenues</u>
Medicaid	0.681	17,704	\$211.75	\$3,748,822
Medicare	0.192	4,991	\$487.81	\$2,434,660
Commercial	0.012	312	\$350.00	\$109,200
Private Pay	<u>0.115</u>	<u>2,990</u>	\$364.00	<u>\$1,088,360</u>
	1.000	25,997		
Total Revenues (held to 2015 utilization):				\$7,381,042
Total Revenues as budgeted for first year				<u>\$7,496,385</u>
Increase (Decrease) in Budgeted Revenues:				(\$115,343)
Budgeted Cost Year 1				\$6,955,491
Budgeted Net Income Year 1				\$540,894
Sensitized Year 1 Net Income				<u>\$425,551</u>
Incremental Loss per Sensitized Budget				(\$115,343)

* Budgeted Year One rates are based on applicants submitted budget.

CLR Granville LLC
d/b/a The Orchard Nursing and Rehabilitation Centre

<u>RD #1 Granville, LLC</u>			<u>Granville SNF Realty LLC</u>		
Member		%	Member		%
Hallmark Operating Inc		100%	Joseph Zupnik		25%
Joseph Nichols	50%		Hillel Weinberger		50%
James Durante	50%		Herman Trust		25%

Pro Forma Balance Sheet			
As of Closing TBD			
		CLR GRANVILLE , LLC (OPERATIONS)	GRANVILLE SNF REALTY LLC (REALTY)
Assets			
	Cash & Cash Equiv.	\$1,963,312	\$0
	Escrows/Deposits	\$58,000	\$0
	Accounts Recievable	\$825,000	\$0
	Land/Building	\$0	\$3,321,463
	Furniture and Fixtures	\$228,573	\$0
	Goodwill	\$2,253,076	\$0
	Total Assets	\$5,327,961	\$3,321,463
Liabilities & Equity			
	Assumed Liabilities	\$825,000	\$0
	Working Capital	\$598,156	\$0
	Financing/Mortgage	\$2,436,487	\$3,263,463
	Owners Equity	\$1,468,318	\$58,000
	Total Liabilities & Equity	\$5,327,961	\$3,321,463

Financial Summary

CLR Granville LLC d/b/a The Orchard Nursing and Rehabilitation Centre
in thousands

FISCAL PERIOD ENDED	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>
ASSETS - CURRENT	\$2,113,000	\$2,141,678	\$1,893,947
ASSETS - FIXED AND OTHER	\$230,000	\$222,970	\$193,935
LIABILITIES - CURRENT	\$3,297,000	\$4,022,476	\$4,325,437
LIABILITIES - LONG-TERM	\$3,000	\$21,994	\$16,313
EQUITY	<u>-\$957,000</u>	<u>-\$1,679,822</u>	<u>-\$2,253,868</u>
<hr/>			
INCOME	\$7,145,000	\$6,847,433	\$7,224,207
EXPENSE	\$7,060,000	\$7,570,968	\$7,782,185
NET INCOME	<u>\$85,000</u>	<u>-\$723,535</u>	<u>-\$557,978</u>
<hr/>			
NUMBER OF BEDS	88	88	88
PERCENT OF OCCUPANCY (DAYS)	94.38%	90.62%	93.02%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	68.98%	72.35%	71.35%
MEDICARE	12.27%	12.06%	11.39%
PRIVATE/OTHER	18.75%	15.60%	17.25%
<hr/>			
Average Working Capital	-\$1,832,096		
Average Net Assets	-\$1,630,230		
Average Net Income (Loss)	-\$398,838		
Average Occupancy	92.67%		

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>87,884</u>	<u>87,884</u>
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>45,348</u>	<u>45,348</u>
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

The Orchard Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

BFA Attachment F
CON 162259

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$689,915
Medicaid Revenue	\$3,268,429
Private Revenue	\$734,819
Commercial Revenue	\$608,328
Total Room & Board Revenue	\$5,301,491
Inpatient Ancillary Revenue	\$111,783
Outpatient Ancillary Revenue	\$49,494
Other Revenue	\$12,698
Total Revenue	\$5,475,466
Operating Expenses	
Nurse Admin. Salaries	\$346,988
Nurse Admin Non-Salaries	\$50,821
Skilled Nursing Salaries - RN's	\$107,631
Skilled Nursing Salaries-LPN's	\$445,689
Skilled Nursing Salaries-Aides	\$593,908
Skilled Nursing Agency Costs	\$247,295
Skilled Nursing Non-Salary	\$32,111
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$71,804
Laboratory/X-ray	\$12,956
Activities - Salaries	\$77,862
Activities - Non-Salary	\$7,740
Pharmacy - All	\$133,086
Dental / Podiatry	\$24,338
Physical Therapy - Salaries	\$228,915
Physical Therapy - Non Salary	\$22,990
Occupational Therapy - Salaries	\$80,839
Occupational Therapy - Non Salary	\$673
Speech Therapy - Salaries	\$20,281
Speech Therapy - Non Salary	\$0
Social Services-Salaries	\$27,125
Social Serv. Non-Salary	\$858
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$24,858
Medical Records-Salaries	\$10,391
Medical Records-Non Salary	\$3,623
Utilization Review	\$35,740
Dietary Salaries	\$234,279
Dietary Non-Salary	\$333,262
Maintenance Salaries	\$59,794
Maint. Non-Salary	\$76,913
Housekeeping Salaries	\$119,769
Housekeeping Non-Salary	\$18,223
Laundry Salaries	\$67,731
Laundry Non-Salary	\$79,188
Security - Salary	\$0

The Orchard Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

BFA Attachment F (cont.)
CON 162259

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$27,586
Transportation Non-Salary	\$365
Fiscal Salaries	\$29,981
Fiscal Non-Salary	\$55,238
Admission Coordinator	\$0
Admin Salaries	\$128,112
Admin Non-Salary	\$34,403
Employee Benefits	\$731,291
Telephone	\$14,656
Advertising	\$5,320
Printing & Duplication	\$0
Misc. Operating Expenses	\$2,448
Total Operating Expenses	\$4,627,081
Non-Operating Expenses	
Utilities	\$91,579
NYS Cash Assessment	\$244,377
Depreciation	\$48,241
Amortization	\$0
Building Lease Expense	\$338,022
Water and Sewer	\$9,892
Interest Expense	\$3,325
Liability Insurance	\$31,576
Misc Non-Operating Costs	(\$454)
Total Non-Operating Costs	\$766,558
Total Expenses	\$5,393,639
Net Income Before HO Allocation	\$81,827
Home Office Allocation	(\$357,028)
Net Income (Loss)	(\$275,201)

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

Assets	DMIN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	County	Mountain	Eliminations	Consolidated
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payers	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	(\$9,033)		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0		\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094		\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311		\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006		\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429		\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0		\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623		\$33,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909		\$2,601,014
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$186,097
Due to HTNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0		\$35,622,330
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,865,177)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	<u>777,039</u>	<u>816,762</u>	<u>793,195</u>	<u>7,834,572</u>
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	<u>111,883</u>	<u>111,616</u>	<u>109,431</u>	<u>1,016,125</u>
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

<u>Operator</u>	<u>Name of the facility</u>	<u>Beds</u>	<u>County</u>	<u>Amir Abramchik</u>	<u>Hillel Weinberger</u>
Pavilion Operations, LLC	Corning Center for Rehabilitation and Healthcare	120	Steuben	11%	X
Fulton Operations Associates, LLC	Fulton Center for Rehabilitation and Healthcare	176	Fulton	10%	X
Ontario Operations Associates LLC	Ontario Center for Rehabilitation and Healthcare	98	Ontario	95%	X
SV Operating Three, LLC	Richmond Center for Rehabilitation and Specialty Healthcare	300*	Richmond	2%	X

*80 (AIDS); 72 (Behaviorial); 120 (RHCF); 28 (Vent)

Pavilion Operations, LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Fixed Assets	\$4,761,790	\$4,503,748	\$4,465,725
Total Assets	\$7,996,463	\$7,939,585	\$7,484,381
Current Liabilities	\$1,508,253	\$1,583,099	\$1,624,114
Long Term Liabilities	\$2,487,435	\$2,704,240	\$2,213,968
Total Liabilities	\$3,995,688	\$4,287,339	\$3,838,082
Net Assets	\$4,000,775	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	\$7,927,909	\$11,079,908	\$11,003,841
Operating Net Income	\$648,527	\$517,447	\$914,544

Fulton Operations Associates, LLC	9/30/2016	12/31/2015	12/31/2014*
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Fixed Assets	\$5,143,817	\$5,201,309	\$3,751,705
Total Assets	\$11,022,603	\$8,185,956	\$7,040,972
Current Liabilities	\$1,523,810	\$1,856,387	\$2,335,927
Long Term Liabilities	\$6,199,404	\$5,255,210	\$3,482,427
Total Liabilities	\$7,723,214	\$7,111,597	\$5,818,354
Net Assets	\$3,299,389	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,795	\$16,221,334	\$16,634,222
Operating Expenses	\$11,357,769	\$15,539,592	\$15,850,097
Operating Net Income	\$2,515,026	\$681,742	\$784,125

* FOR THE PERIOD OF NOVEMBER 1, 2014 THROUGH DECEMBER 31, 2014

Ontario Operations Associates LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Fixed Assets	\$1,382,404	\$1,446,327	\$1,567,687
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	\$878,270	\$1,592,717	\$959,610
Long Term Liabilities	\$1,554,691	\$1,282,868	\$1,406,309
Total Liabilities	\$2,432,961	\$2,875,585	\$2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenues	\$6,999,512	\$8,586,508	\$1,287,427
Operating Expenses	\$6,343,835	\$8,488,861	\$1,256,223
Operating Net Income	\$655,677	\$97,647	\$31,204

SV Operating Three, LLC	9/30/2016	12/31/2015	12/31/2014
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Fixed Assets	\$22,243,792	\$22,879,393	\$21,135,162
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	\$8,271,545	\$9,740,873	\$9,410,818
Long Term Liabilities	\$21,623,124	\$19,094,075	\$19,494,444
Total Liabilities	\$29,894,669	\$28,834,948	\$28,905,262
Net Assets	\$6,129,846	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	-\$68,359	\$2,217,527
Operating Revenues	\$36,893,022	\$48,487,371	\$48,109,006
Operating Expenses	\$33,980,137	\$46,528,657	\$46,614,137
Operating Net Income	\$2,912,885	\$1,958,714	\$1,494,869

CLR Troy, LLC d/b/a The Springs Nursing & Rehabilitation Center

Pre and Post Ownership of Realty

Current Owners			Proposed Owners	
49 Marvin Avenue, LLC			Troy SNF Realty, LLC	
Members:			Members:	
Hallmark Operating, LLC		100%	Hillel Weinberger	50%
Joseph Nichols	50%		Joseph Zupnik	25%
James Durante	50%		Herman Trust	25%

Pro Forma Balance Sheet			
As of Closing TBD			
		CLR TROY, LLC (OPERATIONS)	TROY SNF REALTY LLC (REALTY)
Assets			
	Cash & Cash Equiv.	\$1,963,742	\$0
	Escrows/Deposits	\$58,000	\$0
	Accounts Recievable	\$825,000	\$0
	Land/Building	\$0	\$2,873,095
	Furniture and Fixtures	\$207,794	\$0
	Goodwill	\$2,048,251	\$0
	Total Assets	\$5,102,787	\$2,873,095
Liabilities & Equity			
	Assumed Liabilities	\$825,000	\$0
	Working Capital	\$598,371	\$0
	Financing/Mortgage	\$2,267,284	\$2,815,095
	Owners Equity	\$1,412,132	\$58,000
	Total Liabilities & Equity	\$5,102,787	\$2,873,095

Financial Summary

CLR Troy, LLC
d/b/a The Springs Nursing & Rehabilitation Centre

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$2,583,884	\$2,443,904	\$2,029,000
ASSETS - FIXED AND OTHER	176,099	179,276	201,000
LIABILITIES - CURRENT	7,131,782	6,652,487	6,013,000
LIABILITIES - LONG-TERM	<u>0</u>	<u>0</u>	<u>2,000</u>
EQUITY	(\$4,371,799)	(\$4,029,307)	(\$3,785,000)
<hr/>			
INCOME	\$6,850,749	\$6,839,657	\$6,919,000
EXPENSE	<u>7,193,241</u>	<u>7,083,949</u>	<u>6,911,000</u>
NET INCOME	(\$342,492)	(\$244,292)	\$8,000
<hr/>			
NUMBER OF BEDS	80	80	80
PERCENT OF OCCUPANCY (DAYS)	86.45%	85.14%	85.00%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	73.50%	67.80%	69.30%
MEDICARE	14.80%	17.90%	16.60%
PRIVATE/OTHER	11.70%	12.20%	14.00%
<hr/>			
Average Working Capital	(\$4,246,827)		
Average Net Assets	(\$4,062,035)		
Average Net Income (Loss)	(\$192,928)		
Average Occupancy	85.53%		

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162260
BFA Attachment-E Cont

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

Project# 162260
BFA Attachment-E Cont

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>87,884</u>	<u>87,884</u>
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>45,348</u>	<u>45,348</u>
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

**The Springs Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project# 162260
BFA Attachment-F

	YTD Actual
Room & Board Revenue	
Medicare Revenue	\$733,065
Medicaid Revenue	\$3,243,899
Private Revenue	\$212,332
Commercial Revenue	\$837,425
Total Room & Board Revenue	\$5,026,721
Inpatient Ancillary Revenue	\$65,909
Outpatient Ancillary Revenue	\$0
Other Revenue	\$5,957
Total Revenue	\$5,098,587
Operating Expenses	
Nurse Admin. Salaries	\$421,982
Nurse Admin Non-Salaries	\$32,927
Skilled Nursing Salaries - RN's	\$115,506
Skilled Nursing Salaries-LPN's	\$418,028
Skilled Nursing Salaries-Aides	\$708,152
Skilled Nursing Agency Costs	\$472,935
Skilled Nursing Non-Salary	\$32,449
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$79,325
Laboratory/X-ray	\$7,939
Activities - Salaries	\$51,748
Activities - Non-Salary	\$6,844
Pharmacy - All	\$119,967
Dental / Podiatry	\$24,210
Physical Therapy - Salaries	\$179,962
Physical Therapy - Non Salary	\$5,898
Occupational Therapy - Salaries	\$89,686
Occupational Therapy - Non Salary	\$0
Speech Therapy - Salaries	\$29,184
Speech Therapy - Non Salary	\$170
Social Services-Salaries	\$44,878
Social Serv. Non-Salary	\$0
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$41,255
Medical Records-Salaries	\$16,302
Medical Records-Non Salary	\$0
Utilization Review	\$19,811
Dietary Salaries	\$255,739
Dietary Non-Salary	\$251,621
Maintenance Salaries	\$54,685
Maint. Non-Salary	\$67,186
Housekeeping Salaries	\$116,670
Housekeeping Non-Salary	\$21,582
Laundry Salaries	\$49,336
Laundry Non-Salary	\$59,862
Security - Salary	\$0

**The Springs Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016**

Project# 162260
BFA Attachment-F Cont

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$0
Transportation Non-Salary	\$660
Fiscal Salaries	\$37,572
Fiscal Non-Salary	\$53,193
Admission Coordinator	\$0
Admin Salaries	\$108,336
Admin Non-Salary	\$48,167
Employee Benefits	\$677,746
Telephone	\$13,277
Advertising	\$2,396
Printing & Duplication	\$0
Misc. Operating Expenses	\$2,980
Total Operating Expenses	\$4,740,166
Non-Operating Expenses	
Utilities	\$57,052
NYS Cash Assessment	\$249,290
Depreciation	\$40,628
Amortization	\$0
Building Lease Expense	\$128,745
Water and Sewer	\$10,248
Interest Expense	\$2,052
Liability Insurance	\$27,286
Misc Non-Operating Costs	\$3,812
Total Non-Operating Costs	\$519,113
Total Expenses	\$5,259,279
Net Income Before HO Allocation	(\$160,692)
Home Office Allocation	(\$324,571)
Net Income (Loss)	(\$485,263)

Project# 162260
BFA Attachment-F cont

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	Country	Mountain	Eliminations	Consolidated
Assets											
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	\$59,116		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$3,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,113	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0		\$0
Total Current Assets	\$783,266	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$30,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,018
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$30,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094	\$0	\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311	\$0	\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006	\$0	\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429	\$0	\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623	\$0	\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909		\$0
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$3,765	\$2,592	\$3,393	\$0	\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$30,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$30,373,876)	\$57,616,982
Members' Equity	(\$30,027,327)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$30,027,327)	\$58,831,780

**Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only**

Project# 162260
BFA Attachment-F
cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

Project# 162260
BFA Attachment-F
cont

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

CLR Troy, LLC

Financial Summary of Members'Affiliated Entities

Corning Center for Rehabilitation & Nursing

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Non-Current Assets	<u>4,761,791</u>	<u>4,503,748</u>	<u>4,465,725</u>
Total Assets	\$7,996,464	\$7,939,585	\$7,484,381
Current Liabilities	1,508,253	1,583,099	1,624,114
Long Term Liabilities	<u>2,487,435</u>	<u>2,704,240</u>	<u>2,213,968</u>
Total Liabilities	3,995,688	4,287,339	3,838,082
Net Assets	\$4,000,776	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	<u>7,927,909</u>	<u>11,079,908</u>	<u>11,003,841</u>
Operating Net Income	\$648,527	\$517,447	\$914,544

Fulton Center for Rehabilitation & Healthcare, LLC

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Non-Current Assets	<u>5,143,816</u>	<u>5,201,309</u>	<u>3,751,705</u>
Total Assets	\$11,022,602	\$8,185,956	\$7,040,972
Current Liabilities	1,523,810	1,856,387	2,335,927
Long Term Liabilities	<u>6,199,404</u>	<u>5,255,210</u>	<u>3,482,427</u>
Total Liabilities	7,723,214	7,111,597	5,818,354
Net Assets	\$3,299,388	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,794	\$16,221,334	\$16,634,222
Operating Expenses	<u>11,357,769</u>	<u>15,539,592</u>	<u>15,850,097</u>
Operating Net Income	\$2,515,025	\$681,742	\$784,125

Ontario Center for Rehab & Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Non-Current Assets	<u>1,382,404</u>	<u>1,446,327</u>	<u>1,567,687</u>
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	878,270	1,592,717	959,610
Long Term Liabilities	<u>1,554,691</u>	<u>1,282,868</u>	<u>1,406,309</u>
Total Liabilities	2,432,961	2,875,585	2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenues	\$6,999,512	\$8,586,508	\$1,287,427
Operating Expenses	<u>6,343,835</u>	<u>8,488,861</u>	<u>1,256,223</u>
Operating Net Income	\$655,677	\$97,647	\$31,204

CLR Troy, LLC
Financial Summary of Members'Affiliated Entities

Richmond Center for Rehab & Specialty Health Care

	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Non-Current Assets	<u>22,243,792</u>	<u>22,879,393</u>	<u>21,135,162</u>
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	8,271,545	9,740,873	9,410,818
Long Term Liabilities	<u>13,351,580</u>	<u>19,094,075</u>	<u>19,494,444</u>
Total Liabilities	21,623,125	28,834,948	28,905,262
Net Assets	\$14,401,390	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	(\$68,359)	\$2,217,527
Operating Revenues	\$36,893,021	\$48,487,371	\$48,109,006
Operating Expenses	<u>33,920,736</u>	<u>46,528,657</u>	<u>46,614,137</u>
Operating Net Income	\$2,972,285	\$1,958,714	\$1,494,869

Sensitized by holding Utilization at the 2016 Level, allowing Budgeted Payor Mix				
162260 CLR Troy, LLC				78 Beds
				28,548 Max Days
				25,596 12/31/2016
				89.66% 2016 Occup. %
<u>Budget Sensitivity Year 1</u>				
Payor:	% Util by payor (Budgeted)	Revised Budgeted Days	Per Diem*	Revised Revenues
Medicaid	0.735	18,813	\$217.76	\$4,096,719
Medicare	0.148	3,788	\$512.44	\$1,941,123
Commercial	0.023	589	\$350.00	\$206,150
Private Pay	<u>0.094</u>	2,406	\$416.49	<u>\$1,002,075</u>
	1.000	25,596		
Total Revenues (held to 2015 certified utilization):				\$7,246,067
Total Revenues as budgeted for first year				<u>\$7,659,829</u>
Increase (Decrease) in Budgeted Revenues:				(\$413,762)
Budgeted Cost Year1				\$7,180,455
Budgeted Net Income Year 1				\$479,374
Sensitized Year 1 Net Income				\$65,612
Incremental Loss per Sensitized Budget				(\$413,762)
* Budgeted Year one rates are based on applicants submitted budget.				

Project # 162261
BFA Attachment C

CLR Glens Falls, LLC
d/b/a The Stanton Nursing and Rehabilitation Center

<u>152 Sherman Avenue, LLC</u>		
Member		%
Hallmark Operating Inc		100%
Joseph Nichols	50%	
James Durante	50%	

<u>Glens Falls SNF Realty, LLC</u>		
Member		%
Joseph Zupnik		25%
Hillel Weinberger		50%
Herman Trust		25%

Pro Forma Balance Sheet		
As of Closing TBD		
	CLR GLENS FALLS, LLC (OPERATIONS)	GLENS FALLS SNF REALTY LLC (REALTY)
Assets		
Cash & Cash Equiv.	\$2,648,879	\$0
Escrows/Deposits	\$58,000	\$0
Accounts Recievable	\$1,050,000	\$0
Land/Building	\$0	\$7,991,963
Furniture and Fixtures	\$311,690	\$0
Goodwill	\$3,072,377	\$0
Total Assets	\$7,140,946	\$7,991,963
Liabilities & Equity		
Assumed Liabilities	\$1,050,000	\$0
Working Capital	\$828,439	\$0
Financing/Mortgage	\$3,282,050	\$7,933,963
Owners Equity	\$1,980,457	\$58,000
Total Liabilities & Equity	\$7,140,946	\$7,991,963

Financial Summary

**Glens Falls Nursing and Rehabilitation Center, LLC
d/b/a The Stanton Nursing and Rehabilitation Centre**

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$9,849,990	\$9,345,000	\$8,737,000
ASSETS - FIXED AND OTHER	241,988	286,000	327,000
LIABILITIES - CURRENT	1,375,351	1,323,000	1,045,000
LIABILITIES - LONG-TERM	<u>0</u>	<u>0</u>	<u>0</u>
EQUITY	\$8,716,627	\$8,308,000	\$8,019,000
<hr/>			
INCOME	\$10,520,478	\$10,368,000	\$10,571,000
EXPENSE	<u>10,111,654</u>	<u>10,079,000</u>	<u>9,409,000</u>
NET INCOME	\$408,824	\$289,000	\$1,162,000
<hr/>			
NUMBER OF BEDS	120	120	120
PERCENT OF OCCUPANCY (DAYS)	88.39%	90.70%	92.90%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	62.05%	62.00%	59.70%
MEDICARE	19.76%	18.90%	14.90%
PRIVATE/OTHER	18.19%	19.10%	25.50%
<hr/>			
Average Working Capital	\$8,062,880		
Average Net Assets	\$8,347,876		
Average Net Income (Loss)	\$619,941		
Average Occupancy	90.66%		

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 229,820	\$ 243,126
Restricted cash	291,068	289,031
Resident accounts receivable, net	12,094,844	11,704,693
Other receivables	53,547	22,986
Inventories	215,091	186,528
Prepaid expenses	88,079	103,474
Due from third-party payers, net	6,579,186	6,260,090
Due from MacDonald Road Corporation	-	92,147
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Assets	19,581,290	18,930,265
PROPERTY AND EQUIPMENT, net	33,588,653	34,898,489
GOODWILL	5,154,352	5,154,352
DEFERRED FINANCING COSTS, net	1,020,850	1,064,219
OTHER ASSETS	<u>743,281</u>	<u>355,862</u>
TOTAL ASSETS	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Lines-of-credit	\$ 3,838,795	\$ 3,563,752
Accounts payable	7,181,258	6,194,542
Accrued expenses and other current liabilities	1,143,349	1,206,642
Cash receipts assessment payable	691,563	671,783
Accrued salaries and other payroll related liabilities	2,200,495	2,452,486
Current portion of notes payable - Hallmark Operating, Inc.	263,453	250,630
Current portion of other notes and mortgages payable	1,051,928	1,014,940
Current portion of capital lease payable	36,332	34,550
Deferred revenue	399,330	450,667
Due to Hallmark Operating, Inc.	2,317,343	2,253,180
Due to MacDonald Road Corporation	40,363	-
Resident funds	<u>29,655</u>	<u>28,190</u>
Total Current Liabilities	19,193,864	18,121,362
NOTES PAYABLE - HALLMARK OPERATING, INC., net of current portion	3,529,582	3,793,035
OTHER NOTES AND MORTGAGES PAYABLE, net of current portion	35,980,772	37,157,834
CAPITAL LEASE PAYABLE, net of current portion	28,911	65,243
INTEREST RATE SWAP LIABILITY	<u>-</u>	<u>45,348</u>
Total Liabilities	58,733,129	59,182,822
MEMBERS' EQUITY	<u>1,355,297</u>	<u>1,220,365</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 60,088,426</u>	<u>\$ 60,403,187</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE:		
Net resident service revenue	\$ 72,172,236	\$ 70,701,044
Other income	<u>149,108</u>	<u>131,149</u>
Total Revenue	<u>72,321,344</u>	<u>70,832,193</u>
OPERATING EXPENSES:		
Salaries and wages	34,944,698	35,044,316
Supplies and expenses	16,915,296	15,255,844
Payroll taxes and benefits	10,126,497	10,625,800
Cash receipts assessment	3,316,722	3,183,484
Rent	2,627,450	2,543,056
Interest	1,804,259	2,022,302
Depreciation and amortization	1,623,672	1,615,382
Bad debts	<u>513,166</u>	<u>545,193</u>
Total Operating Expenses	<u>71,871,760</u>	<u>70,835,377</u>
INCOME (LOSS) FROM OPERATIONS	<u>449,584</u>	<u>(3,184)</u>
NON-RECURRING ITEMS:		
Costs and fees to defend negligence lawsuit	(150,000)	(126,132)
Provision for loss on self insured trusts	<u>(210,000)</u>	<u>-</u>
Total Non-Recurring Items	<u>(360,000)</u>	<u>(126,132)</u>
NET INCOME (LOSS)	<u>\$ 89,584</u>	<u>\$ (129,316)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
NET INCOME (LOSS)	\$ 89,584	\$ (129,316)
OTHER COMPREHENSIVE INCOME:		
Change in fair value of interest rate swap	<u>45,348</u>	<u>87,884</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 134,932</u>	<u>\$ (41,432)</u>

**DMN MANAGEMENT SERVICES, LLC AND SUBSIDIARIES
 D/B/A CAPITAL LIVING AND REHABILITATION CENTRES**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Totals</u>
BALANCE - January 1, 2014	\$ 1,395,029	\$ (133,232)	\$ 1,261,797
NET LOSS	(129,316)	-	(129,316)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>87,884</u>	<u>87,884</u>
BALANCE - December 31, 2014	1,265,713	(45,348)	1,220,365
NET INCOME	89,584	-	89,584
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>45,348</u>	<u>45,348</u>
BALANCE - December 31, 2015	<u>\$ 1,355,297</u>	<u>\$ -</u>	<u>\$ 1,355,297</u>

The Stanton Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

	YTD
	Actual
Room & Board Revenue	
Medicare Revenue	\$896,407
Medicaid Revenue	\$3,753,525
Private Revenue	\$1,568,787
Commercial Revenue	\$1,439,346
Total Room & Board Revenue	\$7,658,065
Inpatient Ancillary Revenue	\$103,472
Outpatient Ancillary Revenue	\$0
Other Revenue	\$14,721
Total Revenue	\$7,776,258
Operating Expenses	
Nurse Admin. Salaries	\$333,667
Nurse Admin Non-Salaries	\$30,758
Skilled Nursing Salaries - RN's	\$217,436
Skilled Nursing Salaries-LPN's	\$716,271
Skilled Nursing Salaries-Aides	\$888,003
Skilled Nursing Agency Costs	\$372,933
Skilled Nursing Non-Salary	\$47,379
Central Supply - Salaries	\$0
Central Supply - Non-Salary	\$59,839
Laboratory/X-ray	\$27,821
Activities - Salaries	\$80,787
Activities - Non-Salary	\$15,144
Pharmacy - All	\$176,457
Dental / Podiatry	\$28,014
Physical Therapy - Salaries	\$296,728
Physical Therapy - Non Salary	\$6,266
Occupational Therapy - Salaries	\$150,207
Occupational Therapy - Non Salary	\$35
Speech Therapy - Salaries	\$47,429
Speech Therapy - Non Salary	\$0
Social Services-Salaries	\$75,581
Social Serv. Non-Salary	\$653
Physicians / Med Dir. - Salaries	\$0
Physicians / Med Dir. - Non-Salary	\$23,250
Medical Records-Salaries	\$16,609
Medical Records-Non Salary	\$215
Utilization Review	\$54,807
Dietary Salaries	\$327,212
Dietary Non-Salary	\$328,644
Maintenance Salaries	\$61,717
Maint. Non-Salary	\$81,969
Housekeeping Salaries	\$146,657
Housekeeping Non-Salary	\$27,668
Laundry Salaries	\$49,576
Laundry Non-Salary	\$60,138
Security - Salary	\$0

The Stanton Nursing and Rehabilitation Centre
Income Statement YTD and Month Ended
September 30, 2016

	YTD
	Actual
Security - Nonsalary	\$0
Transportation Salaries	\$0
Transportation Non-Salary	\$6
Fiscal Salaries	\$56,354
Fiscal Non-Salary	\$33,882
Admission Coordinator	\$0
Admin Salaries	\$109,494
Admin Non-Salary	\$41,505
Employee Benefits	\$1,153,892
Telephone	\$12,784
Advertising	\$380
Printing & Duplication	\$0
Misc. Operating Expenses	\$2,522
Total Operating Expenses	\$6,160,689
Non-Operating Expenses	
Utilities	\$83,574
NYS Cash Assessment	\$347,544
Depreciation	\$52,471
Amortization	\$0
Building Lease Expense	\$311,940
Water and Sewer	\$26,480
Interest Expense	\$2,796
Liability Insurance	\$38,930
Misc Non-Operating Costs	(\$454)
Total Non-Operating Costs	\$863,281
Total Expenses	\$7,023,970
Net Income Before HO Allocation	\$752,288
Home Office Allocation	(\$486,857)
Net Income (Loss)	\$265,431

CAPITAL LIVING AND REHABILITATION CENTRES
Consolidating Balance Sheet
As of September 30, 2016

	DMN	DMN Realty	Capital LNRC	Springs	Stanton	Crossings	Orchard	Country	Mountain	Eliminations	Consolidated
Assets											
Current Assets											
Cash - Unrestricted	\$550	\$278,571	\$550	\$250	\$300	\$400	\$500	\$4,926	\$350		\$286,397
Cash - Restricted	\$0	\$259,436	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$259,436
Resident Accounts Receivable, Net	\$0	\$0	\$3,855,166	\$2,372,686	\$1,979,261	\$1,443,626	\$1,532,526	\$814,884	\$1,461,000		\$13,459,150
Inventories	\$0	\$0	\$59,465	\$15,649	\$39,666	\$12,566	\$27,365	\$30,944	\$17,922		\$203,577
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Prepaid Expenses	\$171,034	\$48,406	\$1,602	\$0	\$0	\$0	\$0	\$249	\$8,200		\$229,491
Due from Third Party Payors	\$18,557	\$0	\$2,022,045	\$76,622	\$820,532	\$146,771	\$692,446	\$584,562	(\$9,035)		\$4,352,503
Cash, resident funds	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393		\$31,935
Due from Subs/Parent	\$93,115	\$706,790	\$14,569,661	\$0	\$13,186,823	\$5,395,985	\$386,238	\$2,035,264	\$0	(\$36,373,876)	\$0
Total Current Assets	\$283,256	\$1,293,203	\$20,521,425	\$2,468,214	\$16,026,693	\$7,003,480	\$2,644,840	\$3,473,422	\$1,481,832	(\$36,373,876)	\$18,822,488
Property and Equipment, Net	\$90,463	\$31,303,456	\$226,135	\$202,140	\$222,453	\$174,599	\$176,936	\$185,792	\$174,055		\$32,756,028
Escrow Cash - Replacement Reserve	\$0	\$1,031,623	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$1,031,623
Construction in Progress, Net	\$62,792	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,188		\$73,979
Intangible Assets, Net	\$5,186,061	\$956,601	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000		\$6,147,662
Investment in Subsidiaries	\$2,653,451	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,653,451)	\$0
Total Assets	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780
Liabilities and Members' Equity											
Current Liabilities											
Accounts Payable	\$76,229	\$8,671	\$2,004,126	\$771,098	\$854,810	\$623,053	\$773,434	\$553,995	\$586,094	\$0	\$6,251,510
Cash Receipts Assessment Payable	\$0	\$0	\$363,660	\$89,879	\$133,780	\$96,782	\$87,647	\$91,679	\$88,311	\$0	\$951,738
Accrued Expenses	\$449,290	\$0	\$140,119	\$183,695	\$120,264	\$35,333	\$21,563	\$63,294	\$119,006	\$0	\$1,132,565
Accrued Interest	\$0	\$103,194	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$103,194
Accrued Salaries, Wages and Comp. Absences	\$222,413	\$0	\$677,000	\$176,711	\$317,646	\$194,276	\$181,010	\$204,262	\$236,429	\$0	\$2,209,748
Short Term Loan	\$3,005,034	\$0	\$1,168,282	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,173,316
Resident Deposits	\$0	\$0	\$0	\$0	\$0	\$11,918	\$19,924	\$0	\$11,623	\$0	\$43,465
Due to Parent/Subsidiary	\$30,693,564	\$93,116	\$706,791	\$2,145,495	\$0	\$0	\$0	\$0	\$2,734,909	(\$36,373,876)	(\$2)
Due to Hallmark	\$2,601,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,601,014
Due from Macdonald Road	\$186,097	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$186,097
Due to HITNY	\$713,399	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$713,399
Resident Funds Liability	\$0	\$0	\$12,936	\$3,006	\$111	\$4,131	\$5,765	\$2,592	\$3,393	\$0	\$31,935
Total Current Liabilities	\$37,947,041	\$204,981	\$5,072,913	\$3,369,885	\$1,426,611	\$965,493	\$1,089,344	\$915,823	\$3,779,764	(\$36,373,876)	\$18,397,979
Long Term Debt											
Notes Payable - Bank	\$3,597,476	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$35,622,320
Notes Payable - Hallmark	\$3,596,682	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,596,682
Total Long Term Debt	\$7,194,159	\$31,964,230	\$42,730	\$0	\$0	\$0	\$17,884	\$0	\$0	\$0	\$39,219,003
Total Liabilities	\$45,141,199	\$32,169,211	\$5,115,643	\$3,369,885	\$1,426,611	\$965,493	\$1,107,228	\$915,823	\$3,779,764	(\$36,373,876)	\$57,616,982
Members' Equity	(\$36,865,177)	\$2,415,672	\$15,631,916	(\$699,531)	\$14,822,535	\$6,212,585	\$1,714,547	\$2,743,391	(\$2,107,690)	(\$2,653,451)	\$1,214,799
Total Liabilities and Members' Equity	\$8,276,023	\$34,584,883	\$20,747,559	\$2,670,353	\$16,249,146	\$7,178,079	\$2,821,775	\$3,659,214	\$1,672,074	(\$39,027,327)	\$58,831,780

Project # 162261
BFA Attachment F cont

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Room & Board Revenue				
Medicare Revenue	\$ 774,409	\$ 800,547	\$ 765,493	\$ 7,147,091
Medicaid Revenue	3,144,745	3,361,723	3,877,589	29,193,335
Private Revenue	1,091,042	737,118	756,128	8,432,329
Commercial Revenue	777,039	816,762	793,195	7,834,572
Total Room & Board Revenue	5,787,235	5,716,150	6,192,405	52,607,327
Inpatient Ancillary Revenue	203,524	172,745	127,156	1,451,095
Outpatient Ancillary Revenue	6,145	8,597	17,328	83,340
Other Revenue	111,883	111,616	109,431	1,016,125
Total Revenue	6,108,787	6,009,108	6,446,320	55,157,887
Operating Expenses				
Nurse Admin. Salaries	355,922	345,260	361,881	3,117,730
Nurse Admin Non-Salaries	52,048	34,007	30,453	416,298
Skilled Nursing Salaries - RN's	154,954	134,966	143,688	1,247,389
Skilled Nursing Salaries-LPN's	491,971	482,043	474,087	4,401,975
Skilled Nursing Salaries-Aides	727,897	707,303	692,096	6,503,357
Skilled Nursing Agency Costs	251,927	191,184	207,991	1,972,949
Skilled Nursing Non-Salary	34,450	32,372	32,493	340,127
Central Supply - Salaries	3,655	4,268	2,959	34,844
Central Supply - Non-Salary	72,522	85,131	74,014	707,413
Laboratory/X-ray	16,996	13,099	11,747	121,495
Activities - Salaries	54,901	51,573	57,122	498,120
Activities - Non-Salary	8,770	11,459	7,280	81,645
Pharmacy - All	113,978	118,073	130,057	1,179,390
Dental / Podiatry	20,310	20,310	20,310	181,569
Physical Therapy - Salaries	171,136	180,568	177,138	1,567,124
Physical Therapy - Non Salary	36,290	38,901	42,172	365,403
Occupational Therapy - Salaries	98,529	85,297	87,838	839,335
Occupational Therapy - Non Salary	23,951	23,023	22,091	185,561
Speech Therapy - Salaries	33,038	31,566	30,049	265,216
Speech Therapy - Non Salary	13,280	14,488	15,327	79,180
Social Services-Salaries	43,679	42,624	40,527	382,544
Social Serv. Non-Salary	214	184	536	4,695
Physicians / Med Dir. - Salaries	8,664	9,301	6,915	72,760
Physicians / Med Dir. - Non-Salary	59,635	58,339	58,903	534,468
Medical Records-Salaries	15,953	15,306	14,889	141,364
Medical Records-Non Salary	413	460	493	3,838
Utilization Review	34,243	31,469	33,995	341,917
Dietary Salaries	274,255	262,092	251,764	2,386,822
Dietary Non-Salary	271,378	261,001	265,144	2,447,702
Maintenance Salaries	67,420	54,674	54,065	522,465
Maint. Non-Salary	60,804	64,541	69,832	625,887
Housekeeping Salaries	133,186	132,613	126,419	1,175,821
Housekeeping Non-Salary	24,554	25,477	24,381	223,813
Laundry Salaries	63,814	57,324	63,491	526,252

Capital Living and Rehabilitation Centres
Consolidated Income Statement YTD and Month Ended
September 30, 2016
Confidential-For management use only

	July-16 Actual	August-16 Actual	September-16 Actual	YTD Actual
Laundry Non-Salary	49,438	52,650	55,048	484,862
Security - Salary	3,349	4,383	3,785	29,865
Security - Nonsalary	-	-	-	-
Transportation Salaries	6,372	6,389	6,973	57,574
Transportation Non-Salary	829	552	410	6,138
Fiscal Salaries	120,775	119,047	116,897	1,091,887
Fiscal Non-Salary	93,714	48,953	91,933	684,466
Admission Coordinator	5,702	6,338	6,433	52,760
Admin Salaries	141,922	140,930	137,964	1,240,267
Admin Non-Salary	144,819	140,340	208,756	1,385,319
Employee Benefits	822,458	815,424	832,556	7,739,361
Telephone	15,732	14,868	14,056	136,038
Advertising	1,792	1,849	5,059	17,289
Printing & Duplication	-	-	-	-
Misc. Operating Expenses	3,601	2,280	5,130	29,288
Total Operating Expenses	5,205,240	4,974,299	5,117,147	46,451,582
Non-Operating Expenses				
Utilities	74,644	94,991	80,052	738,346
NYS Cash Assessment	333,793	289,281	280,121	2,620,386
Depreciation	39,606	40,009	40,383	350,578
Amortization	1,697	705	705	13,289
Building Lease Expense	477,558	477,558	477,558	4,298,022
Water and Sewer	19,052	55,031	14,143	189,115
Interest Expense	38,391	36,792	46,418	377,797
Liability Insurance	30,126	29,855	30,879	275,393
Misc Non-Operating Costs	3,724	(3)	217	12,333
Total Non-Operating Costs	1,018,591	1,024,219	970,476	8,875,259
Total Expenses	6,223,831	5,998,518	6,087,623	55,326,841
Net Income	\$ (115,044)	\$ 10,590	\$ 358,697	\$ (168,954)

**Project 162261
BFA Attachment G**

RHCF:	Beds	Date	Location	Amir Abramchik
Fulton Center for Rehabilitation and Healthcare	176	4/1/2012	Fulton	10.0%
Richmond Center for Rehabilitation & Specialty	300	4/1/2012	Richmond	2.0%
Corning Center for Rehabilitation and Healthcare	120	6/1/2013	Steuben	11.0%
Ontario Center for Rehabilitation and Healthcare	98	11/1/2014	Ontario	95.0%

	Internal		
<u>Fulton Center for Rehabilitation and Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$5,878,786	\$2,984,647	\$3,289,267
Non-Current Assets	<u>5,143,817</u>	<u>5,201,309</u>	<u>3,751,705</u>
Total Assets	\$11,022,603	\$8,185,956	\$7,040,972
Current Liabilities	1,523,810	1,856,387	2,335,927
Long Term Liabilities	<u>6,199,404</u>	<u>5,255,210</u>	<u>3,482,427</u>
Total Liabilities	\$7,723,214	\$7,111,597	\$5,818,354
Net Assets	\$3,299,389	\$1,074,359	\$1,222,618
Working Capital Position	\$4,354,976	\$1,128,260	\$953,340
Operating Revenues	\$13,872,795	\$16,221,334	\$16,634,222
Operating Expenses	<u>11,357,769</u>	<u>15,539,592</u>	<u>15,850,097</u>
Operating Net Income	\$2,515,026	\$681,742	\$784,125
Member_Amir Abramcik 10%			

	Internal		
<u>Richmond Center for Rehabilitation & Specialty Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$13,780,723	\$9,672,514	\$11,628,345
Non-Current Assets	<u>22,243,792</u>	<u>22,879,393</u>	<u>21,135,162</u>
Total Assets	\$36,024,515	\$32,551,907	\$32,763,507
Current Liabilities	8,271,545	9,740,873	9,410,818
Long Term Liabilities	<u>21,623,124</u>	<u>19,094,075</u>	<u>19,494,444</u>
Total Liabilities	\$29,894,669	\$28,834,948	\$28,905,262
Net Assets	\$6,129,846	\$3,716,959	\$3,858,245
Working Capital Position	\$5,509,178	(\$68,359)	\$2,217,527
Operating Revenues	\$36,893,022	\$48,487,371	\$48,109,006
Operating Expenses	<u>33,980,137</u>	<u>46,528,657</u>	<u>46,614,137</u>
Operating Net Income	\$2,912,885	\$1,958,714	\$1,494,869
Member_Amir Abramcik 2%			

	Internal		
<u>Corning Center for Rehabilitation and Healthcare</u>	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$3,234,673	\$3,435,837	\$3,018,656
Non-Current Assets	<u>4,761,790</u>	<u>4,503,748</u>	<u>4,465,725</u>
Total Assets	\$7,996,463	\$7,939,585	\$7,484,381
Current Liabilities	1,508,253	1,583,099	1,624,114
Long Term Liabilities	<u>2,487,435</u>	<u>2,704,240</u>	<u>2,213,968</u>
Total Liabilities	\$3,995,688	\$4,287,339	\$3,838,082
Net Assets	\$4,000,775	\$3,652,246	\$3,646,299
Working Capital Position	\$1,726,420	\$1,852,738	\$1,394,542
Operating Revenues	\$8,576,436	\$11,597,355	\$11,918,385
Operating Expenses	<u>7,927,909</u>	<u>11,079,908</u>	<u>11,003,841</u>
Operating Net Income	\$648,527	\$517,447	\$914,544
Member_Amir Abramcik 11%			

Project # 162261
BFA Attachment G

Ontario Center for Rehabilitation and Healthcare	<u>9/30/2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$2,036,328	\$2,034,352	\$1,385,679
Non-Current Assets	<u>1,382,404</u>	<u>1,446,327</u>	<u>1,567,687</u>
Total Assets	\$3,418,732	\$3,480,679	\$2,953,366
Current Liabilities	878,270	1,592,717	959,610
Long Term Liabilities	<u>1,554,691</u>	<u>1,282,868</u>	<u>1,406,309</u>
Total Liabilities	\$2,432,961	\$2,875,585	\$2,365,919
Net Assets	\$985,771	\$605,094	\$587,447
Working Capital Position	\$1,158,058	\$441,635	\$426,069
Operating Revenue	\$6,999,512	8,586,508	\$1,287,427
Operating Expenses	<u>6,343,835</u>	<u>8,488,861</u>	<u>1,256,223</u>
Operating Net Income	\$655,677	\$97,647	\$31,204
Member_Amir Abramcik 95%			

Financial Summary- Far Rockaway Nursing Home

	FISCAL PERIOD ENDED		
	<u>12/31/14</u>	<u>12/31/15</u>	<u>Draft</u> <u>9/30/16</u>
ASSETS - CURRENT	\$1,089,245	\$1,790,248	\$1,932,752
ASSETS - FIXED AND OTHER	652,248	719,418	738,882
LIABILITIES - CURRENT	7,142,998	8,066,527	5,545,359
LIABILITIES - LONG-TERM	<u>119,925</u>	<u>138,963</u>	<u>2,655,044</u>
EQUITY	(\$5,521,430)	(\$5,695,824)	(\$5,528,769)
<hr/>			
INCOME	\$6,342,377	\$7,344,628	\$6,174,071
EXPENSE	<u>7,142,384</u>	<u>7,519,062</u>	<u>5,969,528</u>
NET INCOME	(\$800,007)	(\$174,434)	\$204,543
<hr/>			
NUMBER OF BEDS	100	100	100
PERCENT OF OCCUPANCY (DAYS)	90.40%	94.90%	95.60%
<hr/>			
Medicaid	97.90%	93.60%	90.64%
Medicare	2.10%	6.20%	9.13%
Private Pay/Other	0.00%	0.20%	0.23%

CON 162274-Far Rockaway Nursing Home

Bronx Center for Rehab (200 beds)

Bronx County	2014	2015	draft 9/30/16
Current Assets	\$8,276,158	\$5,725,295	\$8,879,843
Fixed Assets/Other Assets	<u>8,696,967</u>	<u>9,466,363</u>	<u>8,409,524</u>
Total Assets	\$16,973,125	\$15,191,658	\$17,289,367
Current Liabilities	8,163,667	6,317,409	5,513,673
Long Term Liabilities	<u>5,849,308</u>	<u>5,674,510</u>	<u>4,536,861</u>
Total Liabilities	14,012,975	11,991,919	10,050,534
Net Assets	\$2,960,150	\$3,199,739	\$7,238,833
Working Capital Position	\$112,491	(\$592,114)	\$3,366,170
Operating Revenues	\$25,270,784	\$24,912,342	\$20,368,079
Operating Expenses	<u>25,252,267</u>	<u>24,833,141</u>	<u>16,466,455</u>
Operating Net Income	\$18,517	\$79,201	\$3,901,624
Kenneth Rozenberg-95%			
Beth Rozenberg-5%			

Brooklyn Center (215 beds)

Kings County	2014	2015	draft 9/30/16
Current Assets	\$10,150,205	\$5,339,109	\$8,231,544
Fixed Assets/Other Assets	<u>10,628,502</u>	14,981,568	11,904,247
Total Assets	\$20,778,707	\$20,320,677	\$20,135,791
Current Liabilities	8,941,354	7,979,548	7,147,842
Long Term Liabilities	<u>6,612,488</u>	<u>6,218,665</u>	<u>3,911,811</u>
Total Liabilities	15,553,842	14,198,213	11,059,653
Net Assets	\$5,224,865	\$6,122,464	\$9,076,138
Working Capital Position	\$3,537,717	(\$879,556)	\$4,319,733
Operating Revenues	\$24,970,832	\$25,982,219	\$19,560,011
Operating Expenses	<u>22,071,534</u>	<u>24,020,994</u>	<u>16,495,815</u>
Operating Net Income	\$2,899,298	\$1,961,225	\$3,064,196
Kenneth Rozenberg-95%			

CON 162274-Far Rockaway Nursing Home

University Nursing Home (46 beds)

Bronx County	2014	2015	draft 9/30/16
Current Assets	\$674,073	\$1,244,003	\$2,201,044
Fixed Assets/Other Assets	<u>3,902,571</u>	<u>3,579,152</u>	<u>3,300,188</u>
Total Assets	\$4,576,644	\$4,823,155	\$5,501,232
Current Liabilities	2,700,603	2,550,042	1,239,982
Long Term Liabilities	<u>706,334</u>	<u>647,627</u>	<u>1,681,218</u>
Total Liabilities	3,406,937	3,197,669	2,921,200
Net Assets	\$1,169,707	\$1,625,486	\$2,580,032
Working Capital Position	(\$32,261)	\$596,376	\$519,826
Operating Revenues	\$4,697,245	\$5,121,602	\$4,589,846
Operating Expenses	<u>4,558,156</u>	<u>4,715,324</u>	<u>3,607,919</u>
Operating Net Income	\$139,089	\$406,278	\$981,927
Kenneth Rozenberg-95%			
Beth Rozenberg-5%			

Williamsbridge Manor (77 beds)

Bronx County	2014	2015	draft 9/30/2016
Current Assets	\$4,033,442	\$2,412,297	\$3,960,267
Fixed Assets/Other Assets	<u>2,162,658</u>	<u>4,831,933</u>	<u>1,617,853</u>
Total Assets	\$6,196,100	\$7,244,230	\$5,578,120
Current Liabilities	4,065,306	4,202,382	3,748,236
Long Term Liabilities	<u>1,954,661</u>	<u>1,946,020</u>	<u>(334,366)</u>
Total Liabilities	6,019,967	6,148,402	3,413,870
Net Assets	\$176,133	\$1,095,828	\$2,164,250
Working Capital Position	\$2,078,781	\$466,277	\$4,294,633
Operating Revenues	\$8,468,729	\$8,930,714	\$6,806,526
Operating Expenses	<u>7,791,492</u>	<u>7,689,976</u>	<u>5,526,293</u>
Operating Net Income	\$677,237	\$1,240,738	\$1,280,233
Kenneth Rozenberg-95%			
Beth Rozenberg-5%			

CON 162274-Far Rockaway Nursing Home

Bushwick Center for Rehab (123 beds)

<u>Kings County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$8,735,800	\$8,291,603	\$9,631,626
Fixed Assets/Other Assets	<u>12,386,581</u>	<u>9,000,616</u>	<u>\$8,568,550</u>
Total Assets	\$21,122,381	\$17,292,219	\$18,200,176
Current Liabilities	16,454,412	15,655,695	\$15,309,197
Long Term Liabilities	<u>970,875</u>	<u>491,476</u>	<u>-\$1,741,311</u>
Total Liabilities	\$17,425,287	\$16,147,171	\$13,567,886
Net Assets	\$3,697,094	\$1,145,048	\$4,632,290
Working Capital Position	(\$7,718,612)	(\$7,364,092)	(\$5,677,571)
Operating Revenues	\$31,964,119	\$30,462,397	\$24,317,309
Operating Expenses	<u>30,558,284</u>	<u>30,336,387</u>	<u>\$22,684,294</u>
Operating Net Income	\$1,405,835	\$126,010	\$1,633,015
Kenneth Rozenberg-98%			

**The Grand Rehabilitation and Nursing at Rome
(f/k/a Rome Center for Rehab) (160 beds)**

<u>Oneida County</u>	<u>2014</u>	<u>2015</u>	<u>draft 6/30/16</u>
Current Assets	\$2,457,447	\$3,194,555	\$3,780,693
Fixed Assets/Other Assets	<u>3,615,643</u>	<u>4,215,758</u>	<u>3,015,046</u>
Total Assets	\$6,073,090	\$7,410,313	\$6,795,739
Current Liabilities	2,809,274	2,952,501	1,146,896
Long Term Liabilities	<u>587,082</u>	<u>294,903</u>	<u>444,581</u>
Total Liabilities	\$3,396,356	\$3,247,404	\$1,591,477
Net Assets	\$2,676,734	\$4,162,909	\$5,204,262
Working Capital Position	(\$351,827)	\$242,054	\$2,633,797
Operating Revenues	\$14,482,900	\$15,100,076	\$7,911,271
Operating Expenses	<u>12,881,953</u>	<u>13,368,901</u>	<u>6,682,203</u>
Operating Net Income	\$1,600,947	\$1,731,175	\$1,229,068
Kenneth Rozenberg-31%			

**The Grand Rehabilitation and Nursing at Chittenango
(f/k/a Chittenango Center for Rehab) (80 beds)**

<u>Madison County</u>	<u>2014</u>	<u>2015</u>	<u>draft 6/30/16</u>
Current Assets	\$1,661,828	\$2,641,220	\$2,296,929
Fixed Assets/Other Assets	<u>1,665,935</u>	<u>1,550,899</u>	<u>1,495,442</u>
Total Assets	\$3,327,763	\$4,192,119	\$3,792,371
Current Liabilities	846,156	764,618	(638,300)
Long Term Liabilities	<u>209,995</u>	<u>144,838</u>	<u>221,866</u>
Total Liabilities	\$1,056,151	\$909,456	(\$416,434)
Net Assets	\$2,271,612	\$3,282,663	\$4,208,805
Working Capital Position	\$815,672	\$1,876,602	\$2,935,229
Operating Revenues	\$7,620,576	\$8,081,446	\$4,394,178
Operating Expenses	<u>6,606,076</u>	<u>6,805,395</u>	<u>3,398,116</u>
Operating Net Income	\$1,014,500	\$1,276,051	\$996,062
Kenneth Rozenberg-31%			

CON 162274-Far Rockaway Nursing Home

Boro Park Center for Rehab (504 beds)

<u>Kings County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$31,736,219	\$33,477,293	\$33,420,081
Fixed Assets/Other Assets	<u>55,129,132</u>	<u>56,745,233</u>	<u>54,811,784</u>
Total Assets	\$86,865,351	\$90,222,526	\$88,231,865
Current Liabilities	16,779,223	13,005,995	8,355,915
Long Term Liabilities	<u>56,821,005</u>	<u>61,393,935</u>	<u>56,240,393</u>
Total Liabilities	\$73,600,228	\$74,399,930	\$64,596,308
Net Assets	\$13,265,123	\$15,822,596	\$23,635,557
Working Capital Position	\$14,956,996	\$20,471,298	\$25,064,166
Operating Revenues	\$85,440,310	\$85,092,767	\$67,691,353
Operating Expenses	<u>78,305,654</u>	<u>78,035,294</u>	<u>59,223,028</u>
Operating Net Income	\$7,134,656	\$7,057,473	\$8,468,325
Kenneth Rozenberg-98%			
Beth Rozenberg-2%			

Fulton Center for Rehabilitation (176 beds)

<u>Fulton County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$3,289,267	\$2,984,647	\$5,878,786
Fixed Assets/Other Assets	<u>3,751,705</u>	<u>5,201,309</u>	<u>5,143,816</u>
Total Assets	\$7,040,972	\$8,185,956	\$11,022,602
Current Liabilities	2,335,927	1,856,387	1,523,810
Long Term Liabilities	<u>3,482,427</u>	<u>5,255,210</u>	<u>6,199,404</u>
Total Liabilities	\$5,818,354	\$7,111,597	\$7,723,214
Net Assets	\$1,222,618	\$1,074,359	\$3,299,388
Working Capital Position	\$953,340	\$1,128,260	\$4,354,976
Operating Revenues	\$16,419,395	\$16,220,385	\$13,872,283
Operating Expenses	<u>15,850,097</u>	<u>15,539,592</u>	<u>11,357,769</u>
Operating Net Income	\$569,298	\$680,793	\$2,514,514
Kenneth Rozenberg-81%			

CON 162274-Far Rockaway Nursing Home

Richmond Center for Rehab (300 beds)

<u>Richmond County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$11,628,345	\$9,672,514	\$13,780,723
Fixed Assets	<u>21,135,162</u>	<u>22,879,393</u>	<u>22,243,792</u>
Total Assets	\$32,763,507	\$32,551,907	\$36,024,515
Current Liabilities	9,410,818	9,740,873	8,311,545
Long Term Liabilities	<u>19,494,444</u>	<u>19,094,075</u>	<u>21,623,125</u>
Total Liabilities	\$28,905,262	\$28,834,948	\$29,934,670
Net Assets	\$3,858,245	\$3,716,959	\$6,089,845
Working Capital Position	\$2,217,527	(\$68,359)	\$5,469,178
Operating Revenues	\$48,109,006	\$48,487,371	\$36,799,260
Operating Expenses	<u>46,614,137</u>	<u>46,528,657</u>	<u>33,960,736</u>
Operating Net Income	\$1,494,869	\$1,958,714	\$2,838,524
Kenneth Rozenberg-95%			

Holliswood Center for Rehab (314 beds)

<u>Queens County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$13,435,538	\$14,630,000	\$21,543,141
Fixed Assets	<u>21,889,058</u>	<u>20,889,000</u>	<u>20,687,780</u>
Total Assets	\$35,324,596	\$35,519,000	\$42,230,921
Current Liabilities	9,518,338	6,106,000	5,411,508
Long Term Liabilities	<u>24,042,259</u>	<u>28,289,000</u>	<u>33,413,745</u>
Total Liabilities	\$33,560,597	\$34,395,000	\$38,825,253
Net Assets	\$1,763,999	\$1,124,000	\$3,405,668
Working Capital Position	\$3,917,200	\$8,524,000	\$16,131,633
Operating Revenues	\$39,614,813	\$39,958,000	\$30,966,339
Operating Expenses	<u>36,565,947</u>	<u>38,298,000</u>	<u>27,914,831</u>
Operating Net Income	\$3,048,866	\$1,660,000	\$3,051,508
Kenneth Rozenberg-85.5%			

Hope Center for HIV & Nursing Care (66 beds)

<u>Bronx County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	N/A	N/A	\$4,954,154
Fixed Assets/Other Assets			<u>4,790,785</u>
Total Assets			\$9,744,939
Current Liabilities			2,710,267
Long Term Liabilities			<u>2,907,240</u>
Total Liabilities			\$5,617,507
Net Assets			\$4,127,432
Working Capital Position			\$2,243,887
Operating Revenues			\$7,972,961
Operating Expenses			<u>5,826,140</u>
Operating Net Income			\$2,146,821
Kenneth Rozenberg-95%			
Beth Rozenberg-5%			

CON 162274-Far Rockaway Nursing Home

Corning Center for Rehab (120 beds)

<u>Steuben County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/2016</u>
Current Assets	\$3,018,656	\$3,435,837	\$3,234,673
Fixed Assets/Other Assets	<u>4,465,725</u>	<u>4,503,748</u>	<u>4,761,791</u>
Total Assets	\$7,484,381	\$7,939,585	\$7,996,464
Current Liabilities	1,624,114	1,583,099	1,508,253
Long Term Liabilities	<u>2,213,968</u>	<u>2,704,240</u>	<u>2,487,435</u>
Total Liabilities	\$3,838,082	\$4,287,339	\$3,995,688
Net Assets	\$3,646,299	\$3,652,246	\$4,000,776
Working Capital Position	\$1,394,542	\$1,852,738	\$1,726,420
Operating Revenues	\$11,837,524	\$11,595,712	\$8,572,451
Operating Expenses	<u>11,003,841</u>	<u>11,079,908</u>	<u>7,927,909</u>
Operating Net Income	\$833,683	\$515,804	\$644,542
Kenneth Rozenberg-58%			

Essex Center for Rehab (100 beds)

<u>Essex County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$2,142,889	\$2,217,781	\$2,581,043
Fixed Assets/Other Assets	<u>2,549,416</u>	<u>2,269,223</u>	<u>2,141,764</u>
Total Assets	\$4,692,305	\$4,487,004	\$4,722,807
Current Liabilities	1,541,057	1,266,486	1,069,149
Long Term Liabilities	<u>2,862,381</u>	<u>2,592,719</u>	<u>2,311,836</u>
Total Liabilities	\$4,403,438	\$3,859,205	\$3,380,985
Net Assets	\$288,867	\$627,799	\$1,341,822
Working Capital Position	\$601,832	\$951,295	\$1,511,894
Operating Revenues	\$6,781,191	\$9,101,413	\$7,362,994
Operating Expenses	<u>6,724,085</u>	<u>8,437,481</u>	<u>6,618,501</u>
Operating Net Income	\$57,106	\$663,932	\$744,493
Kenneth Rozenberg-90%			

Washington Center for Rehab (122 beds)

<u>Washington County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$2,326,717	\$2,682,474	\$2,734,399
Fixed Assets/Other Assets	<u>1,830,626</u>	<u>1,818,148</u>	<u>2,103,355</u>
Total Assets	\$4,157,343	\$4,500,622	\$4,837,754
Current Liabilities	1,867,935	1,926,162	2,124,296
Long Term Liabilities	<u>2,053,674</u>	<u>1,996,786</u>	<u>1,699,463</u>
Total Liabilities	\$3,921,609	\$3,922,948	\$3,823,759
Net Assets	\$235,734	\$577,674	\$1,013,995
Working Capital Position	\$458,782	\$756,312	\$610,103
Operating Revenues	\$9,630,860	\$10,997,711	\$8,315,954
Operating Expenses	<u>9,516,582</u>	<u>10,485,771</u>	<u>7,807,904</u>
Operating Net Income	\$114,278	\$511,940	\$508,050
Kenneth Rozenberg-90%			

CON 162274-Far Rockaway Nursing Home

Steuben Center for Rehab (105 beds)

<u>Steuben County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	\$2,586,350	\$3,493,000	\$3,683,722
Fixed Assets/Other Assets	<u>7,297,840</u>	<u>7,374,000</u>	<u>6,675,328</u>
Total Assets	\$9,884,190	\$10,867,000	\$10,359,050
Current Liabilities	2,117,735	2,282,000	1,496,155
Long Term Liabilities	<u>6,011,004</u>	<u>6,883,000</u>	<u>6,844,938</u>
Total Liabilities	\$8,128,739	\$9,165,000	\$8,341,093
Net Assets	\$1,755,451	\$1,702,000	\$2,017,957
Working Capital Position	\$468,615	\$1,211,000	\$2,187,567
Operating Revenues	\$5,682,378	\$12,634,000	\$9,200,209
Operating Expenses	<u>5,545,548</u>	<u>11,766,000</u>	<u>8,750,612</u>
Operating Net Income	\$136,830	\$868,000	\$449,597
Kenneth Rozenberg-92%			

Indian River Rehab (122 beds)

<u>Washington County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	N/A	\$2,349,967	\$2,798,746
Fixed Assets/Other Assets		<u>2,447,674</u>	<u>2,172,670</u>
Total Assets		\$4,797,641	\$4,971,416
Current Liabilities		3,262,295	1,498,052
Long Term Liabilities		<u>142,109</u>	<u>821,040</u>
Total Liabilities		\$3,404,404	\$2,319,092
Net Assets		\$1,393,237	\$2,652,324
Working Capital Position		(\$912,328)	\$1,300,694
Operating Revenues		\$10,480,449	\$8,277,362
Operating Expenses		<u>10,433,182</u>	<u>7,027,880</u>
Operating Net Income		\$47,267	\$1,249,482
Kenneth Rozenberg-9%			

Daughters of Jacob Nursing Home (405 beds)

<u>Bronx County</u>	<u>2014</u>	<u>2015</u>	<u>draft 9/30/16</u>
Current Assets	N/A	\$26,999,191	\$20,369,421
Fixed Assets/Other Assets		<u>13,403,743</u>	<u>9,486,607</u>
Total Assets		\$40,402,934	\$29,856,028
Current Liabilities		30,391,831	26,625,351
Long Term Liabilities		<u>16,389,379</u>	<u>1,746,447</u>
Total Liabilities		\$46,781,210	\$28,371,798
Net Assets		(\$6,378,276)	\$1,484,230
Working Capital Position		(\$3,392,640)	(\$6,255,930)
Operating Revenues		\$49,458,570	\$32,635,142
Operating Expenses		<u>40,836,642</u>	<u>24,939,172</u>
Operating Net Income		\$8,621,928	\$7,695,970
Kenneth Rozenberg-100%			

CON 162274-Far Rockaway Nursing Home

Buffalo Center for Rehab (200 beds)

Erie County	2015	draft 9/30/16
Current Assets		\$5,184,001
Fixed Assets/Other Assets		<u>3,169,940</u>
Total Assets	\$0	\$8,353,941
Current Liabilities		1,209,259
Long Term Liabilities		<u>2,442,583</u>
Total Liabilities	\$0	\$3,651,842
Net Assets	\$0	\$4,702,099
Working Capital Position	\$0	\$3,974,742
Operating Revenues		\$11,254,432
Operating Expenses		<u>10,773,203</u>
Operating Net Income	\$0	\$481,229
Kenneth Rozenberg-90%		

Waterfront Center for Rehab (160 beds)

Erie County	2015	draft 9/30/16
Current Assets	\$9,176,000	\$4,736,346
Fixed Assets/Other Assets	<u>5,157,000</u>	<u>5,803,934</u>
Total Assets	\$14,333,000	\$10,540,280
Current Liabilities	1,269,000	4,798,705
Long Term Liabilities	<u>7,376,000</u>	<u>(821,213)</u>
Total Liabilities	\$8,645,000	\$3,977,492
Net Assets	\$5,688,000	\$6,562,788
Working Capital Position	\$7,907,000	(\$62,359)
Operating Revenues	\$14,415,000	\$11,474,178
Operating Expenses	<u>13,850,000</u>	<u>10,338,972</u>
Operating Net Income	\$565,000	\$1,135,206
Kenneth Rozenberg-81%		

Pro Forma Balance Sheet

<u>Assets</u>	
Current Assets	
Working Capital	\$ 1,189,371
Intangible Assets	\$ 2,500,000
TOTAL:	\$3,689,371
<u>Liabilities</u>	
Current Liabilities	
Acquisition Loan	\$ 1,875,000
Working Capital Loan	\$ 584,710
TOTAL:	\$2,459,710
<u>Members' Equity</u>	
Rockaway KR Holding	
_Kenneth Rozenberg	\$ 1,192,776
_Beth Rozenberg	\$ 36,885
TOTAL:	\$1,229,661

Far Rockaway Nursing Home
Mortgage Table-Operations

BFA Attachment F
 CON 162274

Principal	\$1,875,000
Rate	5.00%
Years	25
Payment	\$10,961
Annual Pmt.	\$131,533

Years	Interest	Amortization	Ending Balance	Total Payment
			\$1,875,000	
1	\$92,872	\$38,661	\$1,836,339	\$131,533
2	90,894	40,639	1,795,701	131,533
3	88,815	42,718	1,752,983	131,533
4	86,629	44,903	1,708,079	131,533
5	84,332	47,201	1,660,879	131,533
6	81,917	49,616	1,611,263	131,533
7	79,379	52,154	1,559,109	131,533
8	76,710	54,822	1,504,287	131,533
9	73,906	57,627	1,446,659	131,533
10	70,957	60,575	<u>1,386,084</u>	131,533
11	67,858	63,675	1,322,409	131,533
12	64,600	66,932	1,255,477	131,533
13	61,176	70,357	1,185,120	131,533
14	57,576	73,956	1,111,164	131,533
15	53,793	77,740	1,033,424	131,533
16	49,815	81,717	951,706	131,533
17	45,635	85,898	865,808	131,533
18	41,240	90,293	775,515	131,533
19	36,620	94,912	680,603	131,533
20	31,764	99,768	580,834	131,533
21	26,660	104,873	475,962	131,533
22	21,295	110,238	365,724	131,533
23	15,655	115,878	249,845	131,533
24	9,726	121,807	128,039	131,533
25	3,494	128,039	0	131,533

**Far Rockaway Nursing Home
Mortgage Table-Real Property**

BFA Attachment F
(Cont'd) CON 162274

Principal	\$2,700,000
Rate	5.00%
Years	25
Payment	\$15,784
Annual Pmt.	\$189,407

Years	Interest	Amortization	Ending Balance	Total Payment
			\$2,700,000	
1	\$133,736	\$55,671	\$2,644,329	\$189,407
2	130,887	58,520	2,585,809	189,407
3	127,893	61,514	2,524,295	189,407
4	124,746	64,661	2,459,634	189,407
5	121,438	67,969	2,391,665	189,407
6	117,961	71,446	2,320,219	189,407
7	114,305	75,102	2,245,117	189,407
8	110,463	78,944	2,166,173	189,407
9	106,424	82,983	2,083,190	189,407
10	102,178	87,229	<u>1,995,961</u>	189,407
11	97,716	91,691	1,904,269	189,407
12	93,025	96,383	1,807,887	189,407
13	88,093	101,314	1,706,573	189,407
14	82,910	106,497	1,600,076	189,407
15	77,461	111,946	1,488,130	189,407
16	71,734	117,673	1,370,457	189,407
17	65,714	123,693	1,246,764	189,407
18	59,385	130,022	1,116,742	189,407
19	52,733	136,674	980,068	189,407
20	45,741	143,666	836,402	189,407
21	38,390	151,017	685,385	189,407
22	30,664	158,743	526,642	189,407
23	22,543	166,865	359,777	189,407
24	14,005	175,402	184,376	189,407
25	5,032	184,376	0	189,407

Far Rockaway

Budget Sensitivity

<u>Payor</u>	<u>Payor Mix as of 9/30/16</u>	<u>Revised Budgeted Days</u>	<u>Per Diem</u>	<u>Revised Revenues</u>
Medicaid	0.90640	31,715	\$171.48	\$5,438,477
Medicare	0.09130	3,195	\$635.00	2,028,563
Private Pay	0.00230	80	\$536.84	43,203
	1.00000	34,990		
Total Revenues based on current utilization				\$7,510,243
Total Inpatient Revenues as budgeted for first year				<u>7,306,309</u>
Increase in Budgeted Revenues				\$203,934

Note: Medicaid rate is based on 2016 initial rate plus assessments.

100 beds x 274 days= 27,400 x .956= 26,194 as of 9/30/2016

100 beds x 366 days= 36,600 x .956= 34,990 annualized