

STATE OF NEW YORK
PUBLIC HEALTH AND HEALTH PLANNING COUNCIL

COMMITTEE DAY

AGENDA

May 16, 2019
10:00 a.m.

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

I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW

Gary Kalkut, M.D., Vice Chair

A. Applications for Construction of Health Care Facilities/Agencies

Ambulatory Surgery Centers – Construction

Exhibit # 1

	<u>Number</u>	<u>Applicant/Facility</u>
1.	191083 C	Staten Island University Hospital (Richmond County)
2.	191120 C	The Northway Surgery and Pain Center (Saratoga County)

Residential Health Care Facility – Construction

Exhibit # 2

	<u>Number</u>	<u>Applicant/Facility</u>
1.	172351 C	Bronx Center for Rehabilitation & Health Care (Bronx County)

B. Applications for Establishment and Construction of Health Care Facilities/Agencies

Ambulatory Surgery Centers - Establish/Construct

Exhibit # 3

	<u>Number</u>	<u>Applicant/Facility</u>
1.	181259 E	Mohawk Valley Eye Surgery Center (Montgomery County)
2.	182326 B	Triborough ASC, LLC d/b/a Triborough Ambulatory Surgery Center (Bronx County)
3.	191019 E	Bronx SC, LLC d/b/a Empire State Ambulatory Surgery Center (Bronx County)

- 4. 191027 E North Queens Surgical Center
(Queens County)
- 5. 191060 E Long Island Ambulatory Surgery Center
(Suffolk County)

Diagnostic and Treatment Center - Establish/Construct Exhibit # 4

<u>Number</u>	<u>Applicant/Facility</u>
1. 191107 E	City Wide Health Facility Inc. (Kings County)

Dialysis Center - Establish/Construct Exhibit # 5

<u>Number</u>	<u>Applicant/Facility</u>
1. 182068 B	Freedom Dialysis of Riverdale, LLC (Bronx County)
2. 182140 E	DSI Newburgh, LLC (Orange County)
3. 191136 E	Cowley Dialysis, LLC d/b/a Hutchinson River Dialysis (Bronx County)

Residential Health Care Facilities - Establish/Construct Exhibit # 6

<u>Number</u>	<u>Applicant/Facility</u>
1. 181151 E	Saratoga Care and Rehabilitation Center LLC (Saratoga County)

Certified Home Health Agency - Establish/Construct Exhibit # 7

<u>Number</u>	<u>Applicant/Facility</u>
1. 181319 E	Tri-Borough Certified Health Systems of the Hudson Valley LLC (Westchester County)

C. Home Health Agency Licensures Exhibit # 8

Changes of Ownership with Consolidation

<u>Number</u>	<u>Applicant/Facility</u>
1. 191080 E	Always Compassionate Home Care, Inc. (Suffolk County)

Serious Concern/Access

1. 182247 E Aides at Home, Inc.
(Nassau County)

D. Certificates

Exhibit # 9

Certificate of Dissolution

Applicant

F.E.G.S. ProCare Health Services, Inc.

F.E.G.S. Home Care Services, Inc.

M.J.G.N.H.C., Inc.

Mount Sinai Diagnostic & Treatment Center

Certificate of Amendment of the Certificate of Incorporation

Applicant

HQ-WCHN Health System, Inc.

Northwell Health, Inc.

Consolidated Statements of Financial Position
(In Thousands)

	<u>December 31</u> <u>2017</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 399,856
Short-term investments	2,689,489
Accounts receivable for services to patients, net of allowance for doubtful accounts of \$117,600 in 2017	1,094,584
Accounts receivable for physician activities, net	149,504
Pledges receivable, current portion	63,459
Insurance claims receivable, current portion	78,468
Other current assets	288,197
Total current assets	<u>4,763,557</u>
Long-term investments	2,279,855
Pledges receivable, net of current portion	126,263
Property, plant and equipment, net	4,934,215
Insurance claims receivable, net of current portion	181,869
Other assets	283,229
Total assets	<u>\$ 12,568,988</u>
Liabilities and net assets	
Current liabilities:	
Short-term borrowings	\$ 110,608
Accounts payable and accrued expenses	998,686
Accrued salaries and related benefits	732,536
Current portion of capital lease obligations	3,742
Current portion of long-term debt	48,844
Current portion of insurance claims liability	78,468
Current portion of malpractice and other insurance liabilities	134,488
Current portion of estimated payables to third-party payers	358,518
Total current liabilities	<u>2,465,890</u>
Accrued retirement benefits, net of current portion	948,994
Capital lease obligations, net of current portion	171,873
Long-term debt, net of current portion	3,220,283
Insurance claims liability, net of current portion	181,869
Malpractice and other insurance liabilities, net of current portion	1,057,325
Other long-term liabilities	576,696
Total liabilities	<u>8,622,930</u>
Commitments and contingencies	
Net assets:	
Unrestricted	3,315,111
Temporarily restricted	435,172
Permanently restricted	195,775
Total net assets	<u>3,946,058</u>
Total liabilities and net assets	<u>\$ 12,568,988</u>

Northwell Health, Inc.
 Consolidated Statements of Operations
(In Thousands)

	Year Ended December 31 2017
Operating revenue:	
Net patient service revenue	\$ 7,880,282
Physician practice revenue	1,495,740
Provision for bad debts	(129,033)
Total patient revenue, net of provision for bad debts	9,246,989
Other operating revenue	654,042
Net assets released from restrictions used for operations	61,375
	9,962,406
Operating expenses:	
Salaries	5,212,002
Employee benefits	1,230,621
Supplies and expenses	2,834,144
Depreciation and amortization	431,497
Interest	129,509
	9,837,773
Excess of operating revenue over operating expenses, excluding Health Insurance Companies	124,633
Health Insurance Companies operating revenue	828,077
Health Insurance Companies operating expenses	971,447
Health Insurance Companies excess of operating expenses over operating revenue	(143,370)
Total (deficiency) excess of operating revenue over operating expenses	(18,737)
Non-operating gains and losses:	
Investment income	109,051
Change in net unrealized gains and losses and change in value of equity method investments	281,520
Change in fair value of interest rate swap agreements designated as derivative instruments	-
Non-operating net periodic benefit cost	(27,863)
Loss on refunding of long-term debt	(42,619)
Contribution received in the acquisition of Peconic Bay Medical Center	-
Other non-operating gains and losses	(7,107)
Total non-operating gains and losses	312,982
Excess of revenue and gains and losses over expenses	294,245
Net assets released from restrictions for capital asset acquisitions	32,516
Change in fair value of interest rate swap agreements designated as cash flow hedges	2,218
Recovery of fair value of endowment corpus	-
Pension and other postretirement liability adjustments	(36,130)
Other changes in net assets	(5,681)
Increase in unrestricted net assets	\$ 287,168

Northwell Health, Inc.

Consolidated Statements of Financial Position
September 30, 2018 (In Thousands)

	(Unaudited) September 30, 2018
Assets	
Current assets:	
Cash and cash equivalents	\$ 406,953
Short-term investments	2,705,706
Accounts receivable for services to patients, net	1,129,487
Accounts receivable for physician activities, net	198,944
Pledges receivable, current portion	70,627
Insurance claims receivable, current portion	78,468
Other current assets	326,510
Total current assets	<u>4,916,695</u>
Long-term investments	2,329,874
Pledges receivable, net of current portion	78,493
Property, plant and equipment, net	5,288,900
Insurance claims receivable, net of current portion	179,207
Other assets	389,065
Total assets	<u>\$ 13,182,234</u>
Liabilities and net assets	
Current liabilities:	
Short-term borrowings	\$ 113,718
Accounts payable and accrued expenses	991,175
Accrued salaries and related benefits	832,372
Current portion of capital lease obligations	7,175
Current portion of long-term debt	56,947
Current portion of insurance claims liability	78,468
Current portion of malpractice and other insurance liabilities	137,494
Current portion of estimated payables to third-party payers	391,499
Total current liabilities	<u>2,608,848</u>
Accrued retirement benefits, net of current portion	1,003,513
Capital lease obligations, net of current portion	178,789
Long-term debt, net of current portion	3,203,530
Insurance claims liability, net of current portion	179,207
Malpractice and other insurance liabilities, net of current portion	1,199,652
Other long-term liabilities	563,162
Total liabilities	<u>8,936,701</u>
Commitments and contingencies	
Net assets:	
Unrestricted	3,610,736
Temporarily restricted	435,594
Permanently restricted	199,203
Total net assets	<u>4,245,533</u>
Total liabilities and net assets	<u>\$ 13,182,234</u>

Northwell Health, Inc.

**Consolidated Statements of Operations
 For the Nine Months Ended September 30, 2018 (In Thousands)**

	(Unaudited) 2018
Operating revenue:	
Net patient service revenue	\$ 6,429,507
Physician practice revenue	1,376,137
Total patient revenue	<u>7,805,644</u>
Other operating revenue	541,426
Net assets released from restrictions used for operations	50,031
	<u>8,397,101</u>
Operating expenses:	
Salaries	4,308,585
Employee benefits	1,002,740
Supplies and expenses	2,520,146
Depreciation and amortization	368,146
Interest	107,510
	<u>8,307,127</u>
Excess of operating revenue over operating expenses, excluding Health Insurance Companies	<u>89,974</u>
Health Insurance Companies operating revenue	94,825
Health Insurance Companies operating expenses	87,825
Health Insurance Companies excess (deficiency) of operating revenue over operating expenses	7,000
Total excess of operating revenue over operating expenses	<u>96,974</u>
Non-operating gains and losses:	
Investment income	100,609
Change in net unrealized gains and losses and change in value of equity method investments	(38,220)
Change in fair value of interest rate swap agreements designated as derivative instruments	800
Non-operating net periodic benefit cost	(14,022)
Loss on refunding of long-term debt	-
Contribution received in the acquisition of John T. Mather Memorial Hospital	75,819
Gain on sale of property	64,178
Other non-operating gains and losses	(13,519)
Total non-operating gains and losses	<u>175,645</u>
Excess of revenue and gains and losses over expenses	272,619
Net assets released from restrictions for capital asset acquisitions	27,127
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,816
Other changes in net assets	(5,937)
Increase in unrestricted net assets	<u>\$ 295,625</u>

Northwell Health, Inc.

Combining Statement of Financial Position –
Northwell Health Obligated Group
(In Thousands)

December 31, 2017

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Assets												
Current assets:												
Cash and cash equivalents	\$ 173,909	\$ –	\$ 44,337	\$ 64,992	\$ 61,473	\$ 2,906	\$ 20	\$ 1	\$ 64	\$ 11	\$ 104	\$ 1
Short-term investments	2,322,194	–	–	843,849	758,559	396,376	47,423	3,496	199,038	72,433	654	366
Accounts receivable for services to patients, net of allowance for doubtful accounts	998,934	–	–	246,837	325,074	121,681	148,912	63,941	47,799	14,118	21,133	9,439
Accounts receivable for physician activities, net	110,064	–	–	104,447	2,159	–	1,887	788	562	141	80	–
Insurance claims receivable, current portion	75,457	–	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Other current assets	187,513	(3,000)	31,041	52,773	44,846	18,437	20,682	8,202	7,549	3,845	3,053	85
Total current assets	3,868,071	(3,000)	76,291	1,331,692	1,212,497	550,537	231,282	81,270	258,517	91,773	27,050	10,162
Due from affiliates, net	–	(278,719)	–	97,958	153,561	–	–	–	–	–	7,560	19,640
Long-term investments	2,049,979	–	1,167,072	212,778	330,169	174,098	80,310	21,583	37,996	10,409	596	14,968
Property, plant and equipment, net	4,149,345	–	799,596	459,576	1,260,241	190,766	973,755	263,390	175,560	44,482	32,181	9,798
Insurance claims receivable, net of current portion	323,513	–	2,765	64,529	99,229	57,389	54,936	18,705	7,000	6,970	11,169	821
Other assets	349,488	(5,112)	80,359	199,590	13,678	12,906	46,677	1,390	–	–	–	–
Total assets	\$ 10,740,396	\$ (286,831)	\$ 2,126,083	\$ 2,366,123	\$ 3,009,375	\$ 985,696	\$ 1,386,960	\$ 386,338	\$ 479,073	\$ 153,634	\$ 78,556	\$ 55,389
Liabilities and net assets (deficit)												
Current liabilities:												
Short-term borrowings	\$ 110,218	\$ –	\$ –	\$ 7,500	\$ 102,718	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	642,574	–	183,919	145,116	119,269	38,601	62,727	49,285	21,420	10,272	10,500	1,465
Accrued salaries and related benefits	623,063	–	225,794	107,253	131,815	39,707	47,947	27,754	22,722	6,667	11,310	2,094
Current portion of capital lease obligations	1,932	–	1,625	–	50	–	257	–	–	–	–	–
Current portion of long-term debt	40,606	–	771	10,039	20,594	4,212	1,820	35	754	1,531	815	–
Current portion of insurance claims liability	75,457	–	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Current portion of malpractice and other insurance liabilities	93,154	–	21,886	19,745	21,653	11,941	6,364	5,065	3,546	1,285	1,669	–
Current portion of estimated payable to third-party payers	188,762	–	–	38,651	83,379	29,138	15,677	11,475	481	–	6,172	3,789
Total current liabilities	1,775,766	–	434,908	347,098	499,864	134,736	147,150	98,456	51,709	20,203	33,208	8,434
Due to affiliates, net	1,895	(403,510)	46,655	–	–	16,649	152,934	158,653	20,479	10,035	–	–
Accrued retirement benefits, net of current portion	885,659	–	220,502	162,031	80,040	2,467	188,694	69,186	118,851	14,622	24,707	4,559
Capital lease obligations, net of current portion	168,286	–	99,420	–	66,588	–	2,278	–	–	–	–	–
Long-term debt, net of current portion	3,104,971	–	1,789,719	105,063	856,019	72,485	114,934	71,245	78,246	5,852	8,347	3,061
Insurance claims liability, net of current portion	323,513	–	2,765	64,529	99,229	57,389	54,936	18,705	7,000	6,970	11,169	821
Malpractice and other insurance liabilities, net of current portion	887,377	–	122,939	211,321	237,085	106,843	81,161	56,277	41,855	12,391	17,505	–
Other long-term liabilities	518,320	–	2,088	129,621	211,873	44,335	60,214	40,846	13,463	7,168	8,000	712
Total liabilities	7,665,787	(403,510)	2,718,996	1,019,663	2,050,698	434,904	802,301	513,368	331,603	77,241	102,936	17,587
Commitments and contingencies												
Net assets (deficit):												
Unrestricted	2,633,962	116,679	(592,913)	1,200,829	814,661	538,256	484,561	(137,545)	134,670	62,656	(24,868)	36,976
Temporarily restricted	369,490	–	–	117,431	134,756	11,052	71,891	10,515	11,637	10,894	488	826
Permanently restricted	71,157	–	–	28,200	9,260	1,484	28,207	–	1,163	2,843	–	–
Total net assets (deficit)	3,074,609	116,679	(592,913)	1,346,460	958,677	550,792	584,659	(127,030)	147,470	76,393	(24,380)	37,802
Total liabilities and net assets (deficit)	\$ 10,740,396	\$ (286,831)	\$ 2,126,083	\$ 2,366,123	\$ 3,009,375	\$ 985,696	\$ 1,386,960	\$ 386,338	\$ 479,073	\$ 153,634	\$ 78,556	\$ 55,389

Northwell Health, Inc.
Combining Statement of Operations –
Northwell Health Obligated Group
(In Thousands)

Year Ended December 31, 2017

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue:												
Net patient service revenue	\$ 7,114,404	\$ (588)	\$ –	\$ 1,790,661	\$ 2,264,051	\$ 900,720	\$ 1,003,756	\$ 453,801	\$ 339,496	\$ 119,465	\$ 187,237	\$ 55,805
Physician practice revenue	1,088,860	–	–	409,369	370,180	–	81,233	110,522	74,325	18,468	23,826	937
Provision for bad debts	(107,124)	6,066	–	(36,003)	(36,368)	(9,266)	(13,079)	(9,326)	(4,464)	(2,004)	(2,262)	(418)
Total patient revenue, net of provision for bad debts	8,096,140	5,478	–	2,164,027	2,597,863	891,454	1,071,910	554,997	409,357	135,929	208,801	56,324
Other operating revenue	667,538	(1,283,847)	1,215,138	341,323	173,270	30,197	146,521	23,525	6,152	5,455	9,258	546
Net assets released from restrictions used for operations	42,315	–	970	14,186	17,017	585	9,378	96	39	–	–	44
Total operating revenue	8,805,993	(1,278,369)	1,216,108	2,519,536	2,788,150	922,236	1,227,809	578,618	415,548	141,384	218,059	56,914
Operating expenses:												
Salaries	4,332,430	(446,910)	423,565	1,265,124	1,341,526	421,934	599,688	303,472	200,761	81,667	108,423	33,180
Employee benefits	1,070,144	(89,413)	101,425	249,770	340,268	136,756	135,165	80,901	49,950	19,630	33,965	11,727
Supplies and expenses	2,707,453	(742,046)	531,298	851,298	892,317	292,781	421,963	194,030	141,213	41,635	70,831	12,133
Depreciation and amortization	381,247	–	104,407	65,396	92,094	26,817	45,340	18,932	16,602	6,202	3,956	1,501
Interest	123,481	–	55,692	6,085	45,019	3,497	5,360	3,275	3,627	282	459	185
Total operating expenses	8,614,755	(1,278,369)	1,216,387	2,437,673	2,711,224	881,785	1,207,516	600,610	412,153	149,416	217,634	58,726
Excess (deficiency) of operating revenue over operating expenses	191,238	–	(279)	81,863	76,926	40,451	20,293	(21,992)	3,395	(8,032)	425	(1,812)
Non-operating gains and losses:												
Investment income	96,720	–	13,158	27,689	26,888	16,839	1,349	276	7,691	2,672	(32)	190
Change in net unrealized gains and losses and change in value of equity method investments	257,243	–	42,072	75,394	65,659	45,050	4,048	862	17,463	6,681	–	14
Change in interest in acquired entities	19,455	–	–	19,455	–	–	–	–	–	–	–	–
Non-operating net periodic benefit cost	(28,854)	–	(2,385)	(4,792)	(2,827)	(32)	(8,363)	(3,399)	(5,199)	(519)	(1,175)	(163)
Loss on refunding long-term debt	(42,619)	–	–	–	(19,168)	(5,798)	(9,609)	(3,990)	(4,054)	–	–	–
Other non-operating gains and losses	7,010	–	2,432	–	4,578	–	–	–	–	–	–	–
Total non-operating gains and losses	308,955	–	53,277	117,746	75,150	56,059	(12,575)	(6,251)	15,901	8,834	(1,207)	41
Excess (deficiency) of revenue and gains and losses over expenses	500,193	–	54,998	199,609	152,056	96,510	7,718	(28,243)	19,296	802	(782)	(1,771)
Net assets released from restrictions for capital asset acquisitions	32,080	–	–	8,757	–	447	9,181	13,440	–	255	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	471	–	–	170	301	–	–	–	–	–	–	–
Transfers (to) from affiliates	(370,821)	–	(327,020)	(23,899)	(19,902)	–	–	–	–	–	–	–
Pension and other postretirement liability adjustments	(24,275)	–	(3,436)	(4,422)	(6,543)	637	2,070	(4,553)	(7,255)	(241)	(435)	(97)
Increase (decrease) in unrestricted net assets	\$ 137,648	\$ –	\$ (275,458)	\$ 180,215	\$ 125,912	\$ 97,594	\$ 18,969	\$ (19,356)	\$ 12,041	\$ 816	\$ (1,217)	\$ (1,868)

Northwell Health, Inc.

Combining Statement of Financial Position - Northwell Health Obligated Group
September 30, 2018 (Unaudited and In Thousands)

	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Clay Cove Hospital	Plainsview Hospital	Northwell Health Stern Family Center for Rehabilitation
Assets											
Current assets:											
Cash and cash equivalents	\$-	\$137,126	\$25,357	\$1,183	\$1,449	\$3,405	\$2,222	\$53	\$267	\$570	\$1
Short-term investments	-	9,626	750,929	685,038	418,910	48,516	2,891	214,382	59,026	488	256
Accounts receivable for services to patients, net of allowance for doubtful accounts	-	-	242,158	32,933	105,180	149,666	56,856	49,781	14,171	21,789	10,476
Accounts receivable for physician activities, net	-	-	117,360	2,279	-	11,536	945	348	131	72	-
Insurance claims receivable, current, portion	-	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Other current assets	(3,000)	41,143	55,331	55,895	20,041	21,269	9,889	8,547	3,840	2,900	82
Total current assets	(3,000)	188,808	1,209,929	1,087,714	556,717	246,750	77,645	276,616	78,660	27,845	11,086
Due from affiliates, net	(187,019)	97,655	170,358	273,561	7,392	-	-	-	-	2,185	16,468
Long-term investments	-	1,092,783	248,258	369,546	183,283	80,438	16,943	31,118	10,704	647	15,219
Property, plant and equipment, net	-	933,931	453,874	1,223,855	192,342	971,629	273,875	181,544	42,689	33,661	8,990
Insurance claims receivable, net of current portion	-	2,485	59,966	94,361	54,692	47,476	17,527	6,140	6,672	10,649	821
Other assets	(5,115)	90,845	209,500	13,624	12,907	34,104	1,390	-	-	-	-
Total assets	(\$195,134)	\$2,406,507	\$2,351,885	\$3,062,661	\$1,007,333	\$1,380,397	\$387,380	\$495,418	\$138,725	\$74,987	\$52,584
Liabilities and net assets (deficit)											
Current liabilities:											
Short-term borrowings	\$-	\$-	\$7,500	\$102,718	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Accounts payable and accrued expenses	-	228,708	141,896	136,835	43,633	66,760	35,827	25,139	10,471	10,703	1,470
Accrued salaries and related benefits	-	259,935	109,736	147,416	45,871	54,469	33,009	23,652	6,878	13,538	2,151
Current portion of capital lease obligations	-	1,625	154	50	109	262	-	45	763	1,542	825
Current portion of long-term debt	-	5,486	10,044	22,100	4,000	1,830	45	45	1,225	2,026	271
Current portion of insurance claims liability	-	913	18,794	20,386	11,137	12,358	4,842	3,505	1,285	1,669	-
Current portion of malpractice and other insurance liabilities	-	21,886	19,745	11,033	11,941	6,364	5,065	3,546	1,285	1,669	-
Current portion of estimated payable to third-party payers	-	-	65,696	110,345	15,874	19,783	13,960	2,583	933	2,152	3,794
Total current liabilities	-	518,553	373,565	561,503	132,565	161,816	92,748	58,470	21,555	31,630	8,311
Due to affiliates, net	(311,813)	-	-	-	-	115,247	175,908	20,325	333	-	-
Accrued retirement benefits, net of current portion	-	238,229	170,385	83,834	5,617	178,441	67,124	116,354	14,009	24,251	4,438
Capital lease obligations, net of current portion	-	98,253	969	66,332	541	2,081	-	644	-	-	-
Long-term debt, net of current portion	-	1,785,247	94,641	834,154	69,499	113,592	71,176	78,178	5,060	6,771	2,220
Insurance claims liability, net of current portion	-	2,485	59,966	94,361	54,692	47,476	17,527	6,140	6,672	10,649	821
Malpractice and other insurance liabilities, net of current portion	-	145,008	242,379	268,981	126,083	93,940	64,51	47,622	13,416	16,575	-
Other long-term liabilities	-	1,580	129,571	209,845	44,860	60,400	43,765	13,463	71,69	8,000	712
Total liabilities	(311,813)	2,789,355	1,071,476	2,119,230	433,857	772,993	552,099	341,196	68,214	97,876	16,702
Commitments and contingencies											
Net assets (deficit):											
Unrestricted	116,679	(382,848)	1,133,397	800,135	561,595	511,006	(150,360)	140,659	56,478	(23,428)	34,999
Temporarily restricted	-	-	118,808	134,036	10,597	66,217	5,041	12,400	11,890	539	883
Permanently restricted	-	-	28,204	2,660	1,484	30,181	-	1,163	2,843	-	-
Total net assets (deficit)	116,679	(382,848)	1,280,409	943,431	573,676	607,404	(145,319)	154,222	70,511	(22,889)	35,882
Total liabilities and net assets (deficit)	(\$195,134)	\$2,406,507	\$2,351,885	\$3,062,661	\$1,007,333	\$1,380,397	\$387,380	\$495,418	\$138,725	\$74,987	\$52,584

Northwell Health, Inc.

Combining Statement of Operations - Northwell Health Obligated Group
For the Nine Months Ended September 30, 2018 (Unaudited and In Thousands)

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue												
Net patient service revenue	\$5,471,830	(\$281)	\$-	\$1,346,416	\$1,794,358	\$679,029	\$782,411	\$337,019	\$260,051	\$87,433	\$142,922	\$42,472
Physician practice revenue	915,156	-	-	338,367	289,715	-	93,594	94,138	65,823	14,767	17,811	941
Total patient revenue	6,386,986	(281)	-	1,684,783	2,084,073	679,029	876,005	431,157	325,874	102,200	160,733	43,413
Other operating revenue	577,443	(1,001,131)	954,802	281,565	152,183	27,885	117,631	25,968	5,090	3,916	8,919	615
Net assets released from restrictions used for operations	37,374	-	942	11,382	17,810	294	6,853	62	31	-	-	-
Total operating revenue	7,001,803	(1,001,412)	955,744	1,977,730	2,254,066	707,208	1,000,489	457,187	330,995	106,116	169,652	44,028
Operating expenses												
Salaries	3,447,730	(330,317)	324,886	987,900	1,043,688	352,686	498,292	240,926	158,121	62,529	82,984	26,035
Employee benefits	843,721	(66,971)	77,708	196,473	267,547	107,026	107,165	62,322	40,060	15,701	27,006	9,684
Supplies and expenses	2,112,112	(604,124)	400,286	676,153	733,687	215,037	333,617	151,221	112,234	30,550	54,360	9,091
Depreciation and amortization	312,596	-	97,364	50,599	67,718	19,658	36,246	17,852	14,442	4,663	2,887	1,167
Interest	102,659	-	54,110	4,665	32,845	2,124	3,549	2,253	2,501	192	303	117
Total operating expenses	6,818,818	(1,001,412)	954,354	1,915,790	2,145,485	696,531	978,869	474,574	327,358	113,635	167,540	46,094
Excess (deficiency) of operating revenue over operating expenses	182,985	-	1,390	61,940	108,581	10,677	21,620	(17,387)	3,637	(7,519)	2,112	(2,066)
Non-operating gains and losses												
Investment income	95,585	-	13,435	24,920	28,753	17,286	1,302	356	7,076	2,270	(21)	208
Change in net unrealized gains and losses and change in value of equity method investments	(37,864)	-	(13,438)	(7,782)	(8,150)	(5,444)	(240)	(91)	(2,061)	(621)	-	(37)
Change in interest in acquired entities	9,900	-	-	9,900	-	-	-	-	-	-	-	-
Non-operating net periodic benefit cost	(16,868)	-	(2,656)	(2,699)	(1,643)	(71)	(4,303)	(1,792)	(2,663)	(308)	(651)	(82)
Contribution received in the acquisition of John T. Mather Memorial Hospital	75,819	-	75,819	-	-	-	-	-	-	-	-	-
Gain on sale of property	64,178	-	64,178	-	-	-	-	-	-	-	-	-
Total non-operating gains and losses	190,750	-	137,338	24,339	18,960	11,771	(3,241)	(1,527)	2,352	1,341	(672)	89
Excess (deficiency) of revenue and gains and losses over expenses	373,735	-	138,728	86,279	127,541	22,448	18,379	(18,914)	5,989	(6,178)	1,440	(1,977)
Net assets released from restrictions for capital asset acquisitions	25,541	-	2	767	9,725	891	8,057	6,099	-	-	-	-
Change in fair value of interest rate swap agreements designated as cash flow hedges	140	-	-	50	90	-	-	-	-	-	-	-
Transfers (to) from affiliates	(159,247)	-	147,154	(154,528)	(151,882)	-	9	-	-	-	-	-
Increase (decrease) in unrestricted net assets	\$240,169	\$0	\$285,884	(\$67,432)	(\$14,526)	\$23,339	\$26,445	(\$12,815)	\$5,989	(\$6,178)	\$1,440	(\$1,977)

Northwell Health, Inc.

Combining Statement of Financial Position –
Northwell Health Obligated Group
(In Thousands)

December 31, 2017

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Assets												
Current assets:												
Cash and cash equivalents	\$ 173,909	\$ –	\$ 44,337	\$ 64,992	\$ 61,473	\$ 2,906	\$ 20	\$ 1	\$ 64	\$ 11	\$ 104	\$ 1
Short-term investments	2,322,194	–	–	843,849	758,559	396,376	47,423	3,496	199,038	72,433	654	366
Accounts receivable for services to patients, net of allowance for doubtful accounts	998,934	–	–	246,837	325,074	121,681	148,912	63,941	47,799	14,118	21,133	9,439
Accounts receivable for physician activities, net	110,064	–	–	104,447	2,159	–	1,887	788	562	141	80	–
Insurance claims receivable, current portion	75,457	–	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Other current assets	187,513	(3,000)	31,041	52,773	44,846	18,437	20,682	8,202	7,549	3,845	3,053	85
Total current assets	3,868,071	(3,000)	76,291	1,331,692	1,212,497	550,537	231,282	81,270	258,517	91,773	27,050	10,162
Due from affiliates, net	–	(278,719)	–	97,958	153,561	–	–	–	–	–	7,560	19,640
Long-term investments	2,049,979	–	1,167,072	212,778	330,169	174,098	80,310	21,583	37,996	10,409	596	14,968
Property, plant and equipment, net	4,149,345	–	799,596	439,576	1,200,241	190,766	973,755	263,390	175,560	44,482	32,181	9,798
Insurance claims receivable, net of current portion	323,513	–	2,765	64,529	99,229	57,389	54,936	18,705	7,000	6,970	11,169	821
Other assets	349,488	(5,112)	80,359	199,590	13,678	12,906	46,677	1,390	–	–	–	–
Total assets	\$ 10,740,396	\$ (286,831)	\$ 2,126,083	\$ 2,366,123	\$ 3,009,375	\$ 985,696	\$ 1,386,960	\$ 386,338	\$ 479,073	\$ 153,634	\$ 78,556	\$ 55,389
Liabilities and net assets (deficit)												
Current liabilities:												
Short-term borrowings	\$ 110,218	\$ –	\$ –	\$ 7,500	\$ 102,718	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts payable and accrued expenses	642,574	–	183,919	145,116	119,269	38,601	62,727	49,285	21,420	10,272	10,500	1,465
Accrued salaries and related benefits	623,063	–	225,794	107,253	131,815	39,707	47,947	27,754	22,722	6,667	11,310	2,094
Current portion of capital lease obligations	1,932	–	1,625	–	50	–	257	–	–	–	–	–
Current portion of long-term debt	40,606	–	771	10,039	20,594	4,212	1,820	35	35	754	1,531	815
Current portion of insurance claims liability	75,457	–	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Current portion of malpractice and other insurance liabilities	93,154	–	21,886	19,745	21,653	11,941	6,364	5,065	3,546	1,285	1,669	–
Current portion of estimated payable to third-party payers	188,762	–	–	38,651	83,379	29,138	15,677	11,475	481	–	6,172	3,789
Total current liabilities	1,775,766	–	434,908	347,098	499,864	134,736	147,150	98,456	51,709	20,203	33,208	8,434
Due to affiliates, net	1,895	(403,510)	46,655	–	–	16,649	152,934	158,653	20,479	10,035	–	–
Accrued retirement benefits, net of current portion	885,659	–	220,502	162,031	80,040	2,467	188,694	69,186	118,851	14,622	24,707	4,559
Capital lease obligations, net of current portion	168,286	–	99,420	–	66,588	–	2,278	–	–	–	–	–
Long-term debt, net of current portion	3,104,971	–	1,789,719	105,063	856,019	72,485	114,934	71,245	78,246	5,852	8,347	3,061
Insurance claims liability, net of current portion	323,513	–	2,765	64,529	99,229	57,389	54,936	18,705	7,000	6,970	11,169	821
Malpractice and other insurance liabilities, net of current portion	887,377	–	122,939	211,321	237,085	106,843	81,161	56,277	41,855	12,391	17,505	–
Other long-term liabilities	518,320	–	2,088	129,621	211,873	44,355	60,214	40,846	13,463	7,168	8,000	712
Total liabilities	7,665,787	(403,510)	2,718,996	1,019,663	2,050,698	434,904	802,301	513,368	331,603	77,241	102,936	17,587
Commitments and contingencies												
Net assets (deficit):												
Unrestricted	2,633,962	116,679	(592,913)	1,200,829	814,661	538,256	484,561	(137,545)	134,670	62,656	(24,868)	36,976
Temporarily restricted	369,490	–	–	117,431	134,756	11,052	71,891	10,515	11,637	10,894	488	826
Permanently restricted	71,157	–	–	28,200	9,260	1,484	28,207	–	1,163	2,843	–	–
Total net assets (deficit)	3,074,609	116,679	(592,913)	1,346,460	958,677	550,792	584,659	(127,030)	147,470	76,393	(24,380)	37,802
Total liabilities and net assets (deficit)	\$ 10,740,396	\$ (286,831)	\$ 2,126,083	\$ 2,366,123	\$ 3,009,375	\$ 985,696	\$ 1,386,960	\$ 386,338	\$ 479,073	\$ 153,634	\$ 78,556	\$ 55,389

Northwell Health, Inc.
Combining Statement of Operations –
Northwell Health Obligated Group
(In Thousands)

Year Ended December 31, 2017

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue:												
Net patient service revenue	\$ 7,114,404	\$ (588)	\$ –	\$ 1,790,661	\$ 2,264,051	\$ 900,720	\$ 1,003,756	\$ 453,801	\$ 339,496	\$ 119,465	\$ 187,237	\$ 55,805
Physician practice revenue	1,088,860	–	–	409,369	370,180	–	81,233	110,522	74,325	18,468	23,826	937
Provision for bad debts	(107,124)	6,066	–	(36,003)	(36,368)	(9,266)	(13,079)	(9,326)	(4,464)	(2,004)	(2,262)	(418)
Total patient revenue, net of provision for bad debts	8,096,140	5,478	–	2,164,027	2,597,863	891,454	1,071,910	554,997	409,357	135,929	208,801	56,324
Other operating revenue	667,538	(1,283,847)	1,215,138	341,323	173,270	30,197	146,521	23,525	6,152	5,455	9,258	546
Net assets released from restrictions used for operations	42,315	–	970	14,186	17,017	585	9,378	96	39	–	–	44
Total operating revenue	8,805,993	(1,278,369)	1,216,108	2,519,536	2,788,150	922,236	1,227,809	578,618	415,548	141,384	218,059	56,914
Operating expenses:												
Salaries	4,332,430	(446,910)	423,565	1,265,124	1,341,526	421,934	599,688	303,472	200,761	81,667	108,423	33,180
Employee benefits	1,070,144	(89,413)	101,425	249,770	340,268	136,756	135,165	80,901	49,950	19,630	33,965	11,727
Supplies and expenses	2,707,453	(742,046)	531,298	851,298	892,317	292,781	421,963	194,030	141,213	41,635	70,831	12,133
Depreciation and amortization	381,247	–	104,407	65,396	92,094	26,817	45,340	18,932	16,602	6,202	3,956	1,501
Interest	123,481	–	55,692	6,085	45,019	3,497	5,360	3,275	3,627	282	459	185
Total operating expenses	8,614,755	(1,278,369)	1,216,387	2,437,673	2,711,224	881,785	1,207,516	600,610	412,153	149,416	217,634	58,726
Excess (deficiency) of operating revenue over operating expenses	191,238	–	(279)	81,863	76,926	40,451	20,293	(21,992)	3,395	(8,032)	425	(1,812)
Non-operating gains and losses:												
Investment income	96,720	–	13,158	27,689	26,888	16,839	1,349	276	7,691	2,672	(32)	190
Change in net unrealized gains and losses and change in value of equity method investments	257,243	–	42,072	75,394	65,659	45,050	4,048	862	17,463	6,681	–	14
Change in interest in acquired entities	19,455	–	–	19,455	–	–	–	–	–	–	–	–
Non-operating net periodic benefit cost	(28,854)	–	(2,385)	(4,792)	(2,827)	(32)	(8,363)	(3,399)	(5,199)	(519)	(1,175)	(163)
Loss on refunding long-term debt	(42,619)	–	–	–	(19,168)	(5,798)	(9,609)	(3,990)	(4,054)	–	–	–
Other non-operating gains and losses	7,010	–	2,432	–	4,578	–	–	–	–	–	–	–
Total non-operating gains and losses	308,955	–	55,277	117,746	75,150	56,059	(12,575)	(6,251)	15,901	8,834	(1,207)	41
Excess (deficiency) of revenue and gains and losses over expenses	500,193	–	54,998	199,609	152,056	96,510	7,718	(28,243)	19,296	802	(782)	(1,771)
Net assets released from restrictions for capital asset acquisitions	32,080	–	–	8,757	–	447	9,181	13,440	–	255	–	–
Change in fair value of interest rate swap agreements designated as cash flow hedges	471	–	–	170	301	–	–	–	–	–	–	–
Transfers (to) from affiliates	(370,821)	–	(327,020)	(23,899)	(19,902)	–	–	–	–	–	–	–
Pension and other postretirement liability adjustments	(24,275)	–	(3,436)	(4,422)	(6,543)	637	2,070	(4,553)	(7,255)	(241)	(435)	(97)
Increase (decrease) in unrestricted net assets	\$ 137,648	\$ –	\$ (275,458)	\$ 180,215	\$ 125,912	\$ 97,594	\$ 18,969	\$ (19,356)	\$ 12,041	\$ 816	\$ (1,217)	\$ (1,868)

Northwell Health, Inc.

Combining Statement of Financial Position - Northwell Health Obligated Group
September 30, 2018 (Unaudited and in Thousands)

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Assets												
Current assets:												
Cash and cash equivalents	\$171,633	\$-	\$137,126	\$25,357	\$1,183	\$1,449	\$3,405	\$2,222	\$53	\$267	\$570	\$1
Short-term investments	2,190,062	-	9,626	750,929	685,038	418,910	48,516	2,891	214,382	59,026	488	256
Accounts receivable for services to patients, net of allowance for doubtful accounts	973,010	-	-	242,158	322,933	105,180	149,666	56,856	49,781	14,171	21,789	10,476
Accounts receivable for physician activities, net	132,671	-	-	117,360	2,279	-	11,536	945	348	131	72	-
Insurance claims receivable, current portion	75,457	-	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Other current assets	215,937	(3,000)	41,143	55,331	55,895	20,041	21,269	9,889	8,547	3,840	2,900	82
Total current assets	3,758,770	(3,000)	188,808	1,209,929	1,087,714	556,717	246,750	77,645	276,616	78,660	27,845	11,086
Due from affiliates, net	380,600	(187,019)	97,655	170,358	273,561	7,392	-	-	-	-	2,185	16,468
Long-term investments	2,048,939	-	1,092,783	248,258	369,546	183,283	80,438	16,943	31,118	10,704	647	15,219
Property, plant and equipment, net	4,316,390	-	933,931	453,874	1,223,855	192,342	971,629	273,875	181,544	42,689	33,661	8,990
Insurance claims receivable, net of current portion	300,789	-	2,485	59,966	94,361	54,692	47,476	17,527	6,140	6,672	10,649	821
Other assets	357,255	(5,115)	90,845	209,500	13,624	12,907	34,104	1,390	-	-	-	-
Total assets	\$11,162,743	(\$195,134)	\$2,406,507	\$2,351,885	\$3,062,661	\$1,007,333	\$1,380,397	\$387,380	\$495,418	\$138,725	\$74,987	\$52,584
Liabilities and net assets (deficit)												
Current liabilities:												
Short-term borrowings	\$110,218	\$-	\$-	\$7,500	\$102,718	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Accounts payable and accrued expenses	701,442	-	228,708	141,896	136,835	43,633	66,760	35,827	25,139	10,471	10,703	1,470
Accrued salaries and related benefits	696,655	-	259,935	109,736	147,416	45,871	54,669	33,009	23,652	6,878	13,538	2,151
Current portion of capital lease obligations	2,200	-	1,625	154	50	109	262	-	-	-	-	-
Current portion of long-term debt	46,670	-	5,486	10,044	22,100	4,000	1,820	45	45	763	1,542	825
Current portion of insurance claims liability	75,457	-	913	18,794	20,386	11,137	12,358	4,842	3,505	1,225	2,026	271
Current portion of malpractice and other insurance liabilities	93,154	-	21,886	19,745	21,653	11,941	6,364	5,065	3,546	1,285	1,669	-
Current portion of estimated payable to third-party payers	235,120	-	-	65,696	110,345	15,874	19,783	13,960	2,583	933	2,152	3,794
Total current liabilities	1,960,916	-	518,553	373,565	561,503	132,565	161,816	92,748	58,470	21,555	31,630	8,511
Due to affiliates, net	-	(311,813)	-	-	-	-	115,247	175,908	20,325	333	-	-
Accrued retirement benefits, net of current portion	902,682	-	238,229	170,385	83,834	5,617	178,441	67,124	116,354	14,009	24,251	4,438
Capital lease obligations, net of current portion	169,040	-	98,253	969	66,552	541	2,081	-	644	-	-	-
Long-term debt, net of current portion	3,060,538	-	1,785,247	94,641	834,154	69,499	113,592	71,176	78,178	5,060	6,771	2,220
Insurance claims liability, net of current portion	300,789	-	2,485	59,966	94,361	54,692	47,476	17,527	6,140	6,672	10,649	821
Malpractice and other insurance liabilities, net of current portion	1,018,455	-	145,008	242,379	268,981	126,083	93,940	64,451	47,622	13,416	16,575	-
Other long-term liabilities	519,365	-	1,580	129,571	209,845	44,860	60,400	43,765	13,463	7,169	8,000	712
Total liabilities	7,931,785	(311,813)	2,789,355	1,071,476	2,119,230	433,857	772,993	532,699	341,196	68,214	97,876	16,702
Commitments and contingencies												
Net assets (deficit):												
Unrestricted	2,798,312	116,679	(382,848)	1,133,397	800,135	561,595	511,006	(150,360)	140,659	56,478	(23,428)	34,999
Temporarily restricted	359,511	-	-	118,808	134,036	10,397	66,217	5,041	12,400	11,190	539	883
Permanently restricted	73,135	-	-	28,204	9,260	1,484	30,181	-	1,163	2,843	-	-
Total net assets (deficit)	3,230,958	116,679	(382,848)	1,280,409	943,431	573,476	607,404	(145,319)	154,222	70,511	(22,889)	35,882
Total liabilities and net assets (deficit)	\$11,162,743	(\$195,134)	\$2,406,507	\$2,351,885	\$3,062,661	\$1,007,333	\$1,380,397	\$387,380	\$495,418	\$138,725	\$74,987	\$52,584

Northwell Health, Inc.

Combining Statement of Operations - Northwell Health Obligated Group
For the Nine Months Ended September 30, 2018 (Unaudited and In Thousands)

	Total Obligated Group	Eliminations	Northwell Healthcare, Inc.	North Shore University Hospital	Long Island Jewish Medical Center	Staten Island University Hospital	Lenox Hill Hospital	Southside Hospital	Huntington Hospital Association	Glen Cove Hospital	Plainview Hospital	Northwell Health Stern Family Center for Rehabilitation
Operating revenue												
Net patient service revenue	\$5,471,830	(\$281)	\$-	\$1,346,416	\$1,794,358	\$679,029	\$782,411	\$337,019	\$260,051	\$87,433	\$142,922	\$42,472
Physician practice revenue	915,156	-	-	338,367	289,715	-	93,594	94,138	65,823	14,767	17,811	941
Total patient revenue	6,386,986	(281)	-	1,684,783	2,084,073	679,029	876,005	431,157	325,874	102,200	160,733	43,413
Other operating revenue	577,443	(1,001,131)	954,802	281,565	152,183	27,885	117,631	25,968	5,090	3,916	8,919	615
Net assets released from restrictions used for operations	37,374	-	942	11,382	17,810	294	6,853	62	31	-	-	-
Total operating revenue	7,001,803	(1,001,412)	955,744	1,977,730	2,254,066	707,208	1,000,489	457,187	330,995	106,116	169,652	44,028
Operating expenses												
Salaries	3,447,730	(330,317)	324,886	987,900	1,043,688	352,686	498,292	240,926	158,121	62,529	82,984	26,035
Employee benefits	843,721	(66,971)	77,708	196,473	267,547	107,026	107,165	62,322	40,060	15,701	27,006	9,684
Supplies and expenses	2,112,112	(604,124)	400,286	676,153	733,687	215,037	333,617	151,221	112,234	30,550	54,360	9,091
Depreciation and amortization	312,596	-	97,364	50,599	67,718	19,658	36,246	17,852	14,442	4,663	2,887	1,167
Interest	102,659	-	54,110	4,665	32,845	2,124	3,549	2,253	2,501	192	303	117
Total operating expenses	6,818,818	(1,001,412)	954,354	1,915,790	2,145,485	696,531	978,869	474,574	327,358	113,635	167,540	46,094
Excess (deficiency) of operating revenue over operating expenses	182,985	-	1,390	61,940	108,581	10,677	21,620	(17,387)	3,637	(7,519)	2,112	(2,066)
Non-operating gains and losses												
Investment income	95,585	-	13,435	24,920	28,753	17,286	1,302	356	7,076	2,270	(21)	208
Change in net unrealized gains and losses and change in value of equity method investments	(37,864)	-	(13,438)	(7,782)	(8,150)	(5,444)	(240)	(91)	(2,061)	(621)	-	(37)
Change in interest in acquired entities	9,900	-	-	9,900	-	-	-	-	-	-	-	-
Non-operating net periodic benefit cost	(16,868)	-	(2,656)	(2,699)	(1,643)	(71)	(4,303)	(1,792)	(2,663)	(308)	(651)	(82)
Contribution received in the acquisition of John T. Mather Memorial Hospital	75,819	-	75,819	-	-	-	-	-	-	-	-	-
Gain on sale of property	64,178	-	64,178	-	-	-	-	-	-	-	-	-
Total non-operating gains and losses	190,750	-	137,338	24,339	18,960	11,771	(3,241)	(1,527)	2,352	1,341	(672)	89
Excess (deficiency) of revenue and gains and losses over expenses	373,735	-	138,728	86,279	127,541	22,448	18,379	(18,914)	5,989	(6,178)	1,440	(1,977)
Net assets released from restrictions for capital asset acquisitions	25,541	-	2	767	9,725	891	8,057	6,099	-	-	-	-
Change in fair value of interest rate swap agreements designated as cash flow hedges	140	-	-	50	90	-	-	-	-	-	-	-
Transfers (to) from affiliates	(159,247)	-	147,154	(154,528)	(151,882)	-	9	-	-	-	-	-
Increase (decrease) in unrestricted net assets	\$240,169	\$0	\$285,884	(\$67,432)	(\$14,526)	\$23,339	\$26,445	(\$12,815)	\$5,989	(\$6,178)	\$1,440	(\$1,977)

Not-for-Profit Corporation

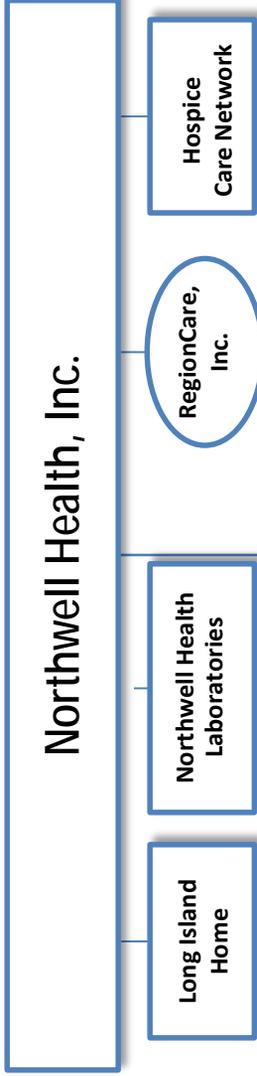
Northwell Health, Inc. Proposed Co-operator Table of Organization

Submitted April 3, 2019

Entities Delegating Authority to NQMA*

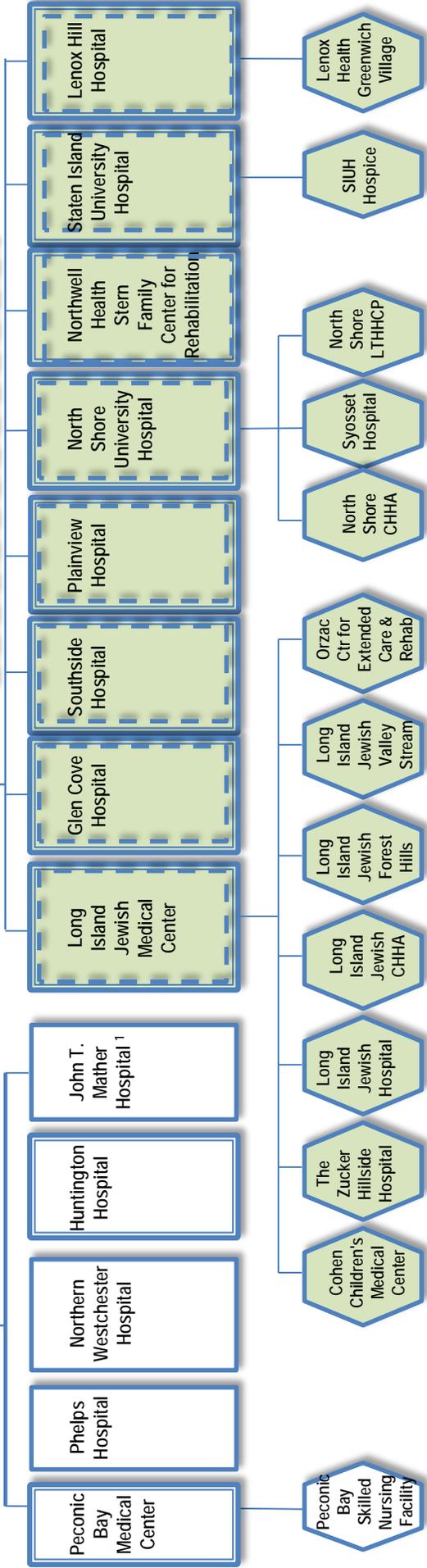
Division

For Profit Corporation



Northwell Quality and Medical Affairs, Inc. (NQMA)*

CON 191083
BFA Attachment G



¹ Northwell Healthcare, Inc. is the proposed Active Parent and Co-operator pending DOH approval of CON# 182124-E

NORTHWAY SPC, LLC

Balance Sheet

December 31, 2017

Assets

Current assets:

Cash	\$ 150,867
Accounts receivable, net (Notes 2 and 12)	507,662
Inventory	40,401
Prepaid expenses and other current assets	<u>30,747</u>
Total current assets	729,677

Property and equipment, net (Note 3)

554,224

Total Assets

\$ 1,283,901

Liabilities And Members' Equity

Current liabilities:

Current portion of long-term debt (Note 5)	\$ 55,742
Current portion of capital lease obligations (Note 6)	43,740
Accounts payable and accrued expenses	<u>266,886</u>
Total current liabilities	366,368

Long-term debt (Note 5)

436,539

Capital lease obligations (Note 6)

87,989

Total liabilities

890,896

Members' equity

393,005

Total Liabilities And Members' Equity

\$ 1,283,901

NORTHWAY SPC, LLC

Statement Of Income And Changes In Members' Equity

For The Year Ended December 31, 2017

		<u>%</u>
Revenues	\$ 5,594,452	100.0
Expenses:		
Patient care salaries	895,039	16.0
Medical supplies	613,293	11.0
Rent (Notes 7 and 8)	300,000	5.4
Administrative	207,781	3.7
Management fees (Note 8)	150,000	2.7
Depreciation	142,131	2.5
Fringe benefits (Note 9)	121,429	2.2
Housekeeping/plant	114,224	2.0
Taxes - property and school	83,354	1.5
Other medical costs	39,840	0.7
Interest	34,942	0.6
Total expenses	<u>2,702,033</u>	<u>48.3</u>
Operating income	2,892,419	51.7
Other income	<u>73</u>	<u>-</u>
Net income	2,892,492	<u>51.7</u>
Members' equity - beginning	770,013	
Members' distributions	<u>(3,269,500)</u>	
Members' Equity - Ending	<u>\$ 393,005</u>	

NORTHWAY SPC, LLC

Statement Of Cash Flows

For The Year Ended December 31, 2017

Operating activities:

Net income	\$ 2,892,492
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation	142,131
Changes in operating assets and liabilities:	
Accounts receivable	63,380
Inventory, and prepaid expenses and other current assets	77,537
Accounts payable and accrued expenses	<u>64,380</u>
Net cash flows from operating activities	<u>3,239,920</u>

Investing activities:

Property and equipment expenditures	<u>(28,102)</u>
Net cash flows for investing activities	<u>(28,102)</u>

Financing activities:

Repayment on capital lease obligations	(40,337)
Repayment on long-term debt	(53,085)
Distributions paid	<u>(3,269,500)</u>
Net cash flows for financing activities	<u>(3,362,922)</u>

Net decrease in cash (151,104)

Cash - beginning 301,971

Cash - Ending \$ 150,867

Supplemental disclosure of cash flows information:

Interest Paid \$ 34,942

Supplemental schedule of noncash investing and operating activities:

Purchase of property and equipment	\$ 135,102
Less: amount included in accounts payable and accrued expenses	<u>107,000</u>

Property And Equipment Expenditures \$ 28,102

Northway Surgery and Pain Center

BALANCE SHEET

As of December 31, 2018

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1000 NORTHWAY SURGERY & PAIN CENTER LLC (XXXX 8515)	43,115.04
1050 Money Market	44,000.56
Total Bank Accounts	\$87,115.60
Accounts Receivable	
1100 Accounts Receivable	733,175.39
Total Accounts Receivable	\$733,175.39
Other Current Assets	
1150 Allowance for Doubtful Accounts	-75,000.00
1200 Prepaid Expenses	30,747.00
1300 Inventory Asset	40,401.36
Total Other Current Assets	\$ -3,851.64
Total Current Assets	\$816,439.35
Fixed Assets	
1500 IT Equipment	264,066.79
1501 Accum Depreciation - IT Equipment	-111,679.08
1505 Medical Equipment	541,124.89
1506 Accum Depreciation - Medical Equipment	-171,446.40
1510 Furniture & Fixtures	51,562.55
1511 Accum Depreciation - Furniture & Fixtures	-14,386.08
1515 Machinery & Equipment	5,221.37
1516 Accum Depreciation - Machinery & Equipment	-2,436.20
Total Fixed Assets	\$562,027.84
TOTAL ASSETS	\$1,378,467.19
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	99,958.44
Total Accounts Payable	\$99,958.44
Credit Cards	
2005 American Express	24,619.72
Total Credit Cards	\$24,619.72
Other Current Liabilities	
2001 Accounts Payable Other	0.00
2200 Equipment Loan-16103920	436,792.49
2250 Accrued Expense	1,282.95

	TOTAL
2300 Line of Credit-16103917	96,946.36
2400 401K Payable	30,068.99
2994 Capital Leases - Current Portion	-43,740.00
2996 Current Portion of LT Debt	55,741.53
Total Other Current Liabilities	\$577,092.32
Total Current Liabilities	\$701,670.48
Long-Term Liabilities	
2700 L/P-Phillips Medical	39,591.30
2710 L/P-Phillips Refurbished	39,292.96
2997 Long Term Debt - Current Portion	-55,741.53
2998 Current Portion of Capital Leases	43,740.00
Total Long-Term Liabilities	\$66,882.73
Total Liabilities	\$768,553.21
Equity	
3000 Partner's Equity	
3010 Partner's Equity- Apicella	-846,305.34
3020 Partner's Equity-Ferrillo	-846,305.34
3030 Partner's Equity-Gordon	-362,702.25
3040 Partner's Equity-Phung	-362,702.24
3050 Partner's Equity-HASCA	-81,471.77
Total 3000 Partner's Equity	-2,499,486.94
3100 Current Year Partner Distribution	
3110 Draw - Current Year, Apicella	-1,147,141.18
3120 Draw - Current Year, Ferrillo	-1,147,141.18
3130 Draw - Current Year, Gordon	-522,738.83
3140 Draw - Current Year, Phung	-460,524.98
3150 Draw - Current Year, HASCA	0.00
Total 3100 Current Year Partner Distribution	-3,277,546.17
3900 Retained Earnings	2,892,492.39
Net Income	3,494,454.70
Total Equity	\$609,913.98
TOTAL LIABILITIES AND EQUITY	\$1,378,467.19

Northway Surgery and Pain Center

PROFIT AND LOSS

January - December 2018

	TOTAL
Income	
4000 Medical Revenue	6,378,621.76
4015 Fee Refunds	-43,675.48
4035 Medical Records Fees	15.00
Total Income	\$6,334,961.28
GROSS PROFIT	
\$6,334,961.28	
Expenses	
5000 Advertising/Promotional.	2,238.14
5005 Bank Charges	707.91
5010 Cleaning	39,433.82
5020 Disposal Fees	17,518.47
5021 Document Destruction	128.40
Total 5020 Disposal Fees	17,646.87
5025 Dues & Subscriptions	222.09
5030 Insurance	478.74
5035 Insurance- Disability	1,580.96
5036 Insurance - Employee Health	16,228.26
Total 5030 Insurance	18,287.96
5031 Property Taxes	22,698.03
5032 School Taxes	61,145.95
5040 Insurance - Liability	14,816.11
5045 Insurance - Malpractice	15,123.03
5046 Interest Expense	20,030.62
5050 IT Maintenance Fees	34,106.69
5055 Legal & Professional Fees	49,652.49
5056 Pharmacy Consulting Services	1,000.00
5057 Public Goods Pool	4,610.00
5059 Billing Services SOCS	237,500.00
5060 License Expense	14,538.00
5065 Linen	24,372.08
5075 Medical & Surgical Supplies	617,634.70
5077 Stim Trial Leads	35,584.84
Total 5075 Medical & Surgical Supplies	653,219.54
5076 Payroll Services	8,081.63
5080 Office Expenses	17,288.81
5085 Billing Expenses	13,361.59
5090 Payroll Expenses	1,001,744.45
5091 Payroll Tax - Social Security	60,875.98
5092 Payroll Tax - Medicare	14,215.00
5093 Payroll Tax - Fed Unemployment	1,372.13
5094 Payroll Tax - NYS Unemployment	8,662.58
5095 Postage	1,554.60
5105 Rent or Lease	325,000.00

	TOTAL
5110 Repair & Maintenance	65,966.03
5115 Scrub Service	6,114.89
5130 Taxes & Licenses	1,526.19
5135 Training	1,047.00
5150 Uncategorized Expense	283.01
5155 Utilities	366.27
5157 Phone & Fiber	37,627.90
5158 Natural Gas	8,559.07
5159 Electric	21,776.96
5200 Safe Harbor	13,776.47
Total Expenses	\$2,840,549.89
NET OPERATING INCOME	\$3,494,411.39
Other Income	
6000 Interest Earned	43.31
Total Other Income	\$43.31
NET OTHER INCOME	\$43.31
NET INCOME	\$3,494,454.70

Bronx Center for Rehab

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$9,201,836	\$9,242,478	\$5,725,295
Fixed Assets	8,739,475	9,784,015	9,466,363
Total Assets	\$17,941,311	\$19,026,493	\$15,191,658
Current Liabilities	5,912,879	9,185,023	6,317,409
Long Term Liabilities	7,734,805	5,458,517	5,674,510
Total Liabilities	\$13,647,684	\$14,643,540	\$11,991,919
Net Assets	\$4,293,627	\$4,382,953	\$3,199,739
Working Capital Position	\$3,288,957	\$57,455	(\$592,114)
Number of Beds	200	200	200
Occupancy	98.10%	98.25%	96.98%
Medicaid	78.85%	78.09%	69.99%
Medicare	20.18%	20.56%	12.95%
Private Pay	0.97%	1.35%	17.06%
Revenues	\$27,727,944	\$27,579,792	\$24,912,342
Expenses	25,676,428	25,599,189	24,833,141
Net Income	\$2,051,516	\$1,980,603	\$79,201

BRONX CENTER FOR REHABILITATION & HEALTH CARE

BALANCE SHEET

December 31, 2018

ASSETS

CURRENT ASSETS:

2018

Cash & Equivalents	3,496,234
Accounts Receivable (Net)	5,673,225
Inventory	9,840
Prepaid Expenses	80,221

TOTAL CURRENT ASSETS \$ 9,259,520

FIXED ASSETS:

Capital & Leasehold Improvements	6,952,773
Furniture & Equipment	1,156,641
	<u>8,109,415</u>
Less: Accum. Depreciation & Amortization	<u>(7,510,305)</u>

TOTAL FIXED ASSETS \$ 599,110

OTHER ASSETS:

Intangible Assets	6,866,667
Other Loans & Receivables	463,416
Security Deposit & Escrow	155,560
Resident Funds	256,729

TOTAL OTHER ASSETS \$ 7,742,372

TOTAL ASSETS \$ 17,601,002

BRONX CENTER FOR REHABILITATION & HEALTH CARE**BALANCE SHEET****December 31, 2018****LIABILITIES & EQUITY****CURRENT LIABILITIES:****2018**

Accounts Payable	2,766,600
Accrued Expenses & Taxes	597,468
Accrued Payroll	693,846
Notes & Loans Payable	<u>773,307</u>

TOTAL CURRENT LIABILITIES	\$ 4,831,221
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LONG TERM LIABILITIES:

Notes & Loans Payable	6,425,794
Due To Third Party	478,686
Resident Funds	<u>256,729</u>

TOTAL LONG TERM LIABILITIES	\$ 7,161,209
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MEMBERS' EQUITY**5,608,572**

TOTAL LIABILITIES & MEMBERS' EQUITY	<u>\$ 17,601,002</u>
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**BRONX CENTER FOR REHABILITATION &
HEALTH CARE**

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2018

	<u>2018</u>
TOTAL REVENUE FROM PATIENTS:	\$ 28,426,268
OPERATING EXPENSES:	
Cleanliness and Safety	424,539
Food and Nutrition	1,894,326
General and Administrative	10,175,917
Housekeeping and Maintenance	1,041,842
Leisure Time Activities	389,445
Non Comparables	591,881
Nursing and Medical	7,549,167
Property	2,855,150
Social Services	406,542
Therapy and Ancillaries	<u>1,833,828</u>
TOTAL OPERATING EXPENSES	<u>\$ 27,162,637</u>
INCOME FROM OPERATIONS	\$ 1,263,632
OTHER INCOME	<u>98,965</u>
INCOME BEFORE TAXES	\$ 1,362,597
Less: TAXES	<u>47,652</u>
NET INCOME	<u><u>\$ 1,314,945</u></u>

Brooklyn Center (215 beds)

<u>Kings County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$6,339,109	\$5,489,484	\$7,602,000
Fixed Assets/Other Assets	\$14,981,568	\$16,511,506	\$28,041,768
Total Assets	\$20,320,677	\$21,980,990	\$35,643,768
Current Liabilities	\$7,979,548	\$9,445,983	\$7,578,793
Long Term Liabilities	\$6,218,665	\$5,895,736	\$20,815,501
Total Liabilities	\$14,198,213	\$15,341,719	\$28,394,294
Net Assets	\$6,122,464	\$6,639,271	\$7,249,474
Working Capital Position	(\$2,640,439)	(\$3,978,499)	\$23,207
Operating Revenues	\$25,982,219	\$26,734,031	\$27,795,402
Operating Expenses	\$24,020,994	\$25,163,411	\$25,953,253
Operating Net Income	\$1,961,225	\$1,570,620	\$1,842,149
Kenneth Rozenberg-85%			

University Nursing Home (48 beds)

<u>Bronx County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$1,244,003	\$1,748,769	\$2,225,035
Fixed Assets/Other Assets	\$3,579,152	\$3,499,537	\$3,441,359
Total Assets	\$4,823,155	\$5,248,306	\$5,666,394
Current Liabilities	\$2,550,042	\$1,774,471	\$1,442,788
Long Term Liabilities	\$647,627	\$1,707,090	\$2,204,643
Total Liabilities	\$3,197,669	\$3,481,561	\$3,647,431
Net Assets	\$1,625,486	\$1,766,745	\$2,018,963
Working Capital Position	(\$1,308,039)	(\$25,702)	\$782,247
Operating Revenues	\$5,121,602	\$5,983,167	\$6,310,964
Operating Expenses	\$4,715,324	\$5,452,839	\$5,766,099
Operating Net Income	\$406,278	\$530,328	\$554,865
Kenneth Rozenberg-85%			
Beth Rozenberg 5%			

Bushwick Center for Rehab (225 beds)

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$8,291,603	\$9,565,344	\$10,527,714
Fixed Assets/Other Assets	<u>\$9,000,616</u>	<u>\$10,111,330</u>	<u>\$8,028,000</u>
Total Assets	\$17,292,219	\$19,676,674	\$20,716,427
Current Liabilities	\$15,655,695	\$15,407,610	\$14,866,464
Long Term Liabilities	<u>\$491,476</u>	<u>\$388,109</u>	<u>\$1,345,655</u>
Total Liabilities	\$16,147,171	\$15,795,719	\$16,212,119
Net Assets	\$1,145,048	\$3,880,955	\$4,504,308
Working Capital Position	(\$7,364,092)	(\$5,842,266)	(\$4,338,750)
Operating Revenues	\$30,462,397	\$32,836,888	\$33,731,976
Operating Expenses	<u>\$30,336,387</u>	<u>\$32,384,988</u>	<u>\$32,351,588</u>
Operating Net Income	\$126,010	\$451,900	\$1,380,388

Kenneth Rozenberg-98%

Williamsbridge Manor (77 beds)

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$2,412,297	\$3,030,268	\$3,101,054
Fixed Assets/Other Assets	<u>\$4,831,833</u>	<u>\$4,667,073</u>	<u>\$5,313,307</u>
Total Assets	\$7,244,230	\$7,697,339	\$8,414,361
Current Liabilities	\$4,202,382	\$4,980,388	\$4,382,460
Long Term Liabilities	<u>\$1,946,020</u>	<u>\$1,821,382</u>	<u>\$2,389,261</u>
Total Liabilities	\$6,148,402	\$6,801,780	\$6,781,731
Net Assets	\$1,095,828	\$895,559	\$1,632,630
Working Capital Position	(\$1,790,085)	(\$1,850,122)	(\$1,281,398)
Operating Revenues	\$8,930,714	\$8,872,870	\$9,063,256
Operating Expenses	<u>\$7,689,978</u>	<u>\$6,199,078</u>	<u>\$7,930,510</u>
Operating Net Income	\$1,240,738	\$673,792	\$1,232,746

Kenneth Rozenberg-95%

Beth Rozenberg 5%

Hope Center for HIV & Nursing Care (68 beds)

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	N/A	\$5,295,321	\$7,468,031
Fixed Assets/Other Assets		<u>\$5,329,383</u>	<u>\$4,390,612</u>
Total Assets		\$10,624,704	\$11,858,643
Current Liabilities		\$3,088,169	\$3,606,268
Long Term Liabilities		<u>\$2,928,803</u>	<u>\$3,028,751</u>
Total Liabilities		\$6,994,972	\$6,633,019
Net Assets		\$4,629,732	\$5,225,624
Working Capital Position		\$2,227,152	\$3,861,783
Operating Revenues		\$10,450,614	\$10,630,419
Operating Expenses		<u>\$8,063,415</u>	<u>\$9,134,609</u>
Operating Net Income		\$2,387,199	\$1,495,810

Kenneth Rozenberg-85%

Beth Rozenberg 5%

Born Park Center for Rehab (504 beds)

<u>King County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$33,477,283	\$42,000,992	\$21,328,877
Fixed Assets/Other Assets	\$58,746,233	\$54,737,217	\$79,809,388
Total Assets	\$90,222,626	\$96,738,209	\$101,230,346
Current Liabilities	\$13,005,886	\$17,498,181	\$12,504,582
Long Term Liabilities	\$61,383,935	\$64,545,314	\$43,141,021
Total Liabilities	\$74,389,830	\$82,043,495	\$55,645,613
Net Assets	\$15,822,698	\$14,694,714	\$45,584,732
Working Capital Position	\$20,471,268	\$24,802,811	\$8,822,389
Operating Revenues	\$85,082,787	\$90,651,626	\$94,441,038
Operating Expenses	\$78,035,294	\$87,278,407	\$91,084,142
Operating Net Income	\$7,047,473	\$3,372,118	\$3,346,894
Kenneth Rosenberg-82%			
Beth Rosenberg 2%			

Fulton Center for Rehab (176 beds)

<u>Fulton County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$2,884,647	\$5,791,622	\$7,534,407
Fixed Assets/Other Assets	\$5,201,308	\$5,394,222	\$4,634,328
Total Assets	\$8,185,956	\$11,185,844	\$12,168,736
Current Liabilities	\$1,888,387	\$1,927,937	\$1,768,599
Long Term Liabilities	\$8,286,210	\$7,828,345	\$8,126,783
Total Liabilities	\$7,111,587	\$9,756,282	\$9,895,382
Net Assets	\$1,074,369	\$1,429,562	\$2,276,354
Working Capital Position	\$1,128,260	\$3,883,686	\$5,767,808
Operating Revenues	\$18,220,385	\$18,363,238	\$18,117,343
Operating Expenses	\$15,539,582	\$17,478,333	\$17,381,478
Operating Net Income	\$2,680,793	\$833,905	\$1,735,865
Kenneth Rosenberg-81%			

Richmond Center for Rehab (300 beds)

<u>Richmond County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$9,672,514	\$11,474,923	\$10,174,184
Fixed Assets/Other Assets	\$22,879,393	\$23,268,782	\$25,077,109
Total Assets	\$32,551,907	\$34,734,706	\$35,251,293
Current Liabilities	\$9,740,873	\$11,888,031	\$10,776,731
Long Term Liabilities	\$19,084,075	\$18,632,067	\$21,351,171
Total Liabilities	\$28,834,948	\$31,190,098	\$32,127,902
Net Assets	\$3,716,959	\$3,544,607	\$3,123,391
Working Capital Position	(\$88,359)	(\$183,108)	(\$802,577)
Operating Revenues	\$48,487,371	\$49,057,010	\$48,894,284
Operating Expenses	\$46,528,657	\$47,229,362	\$48,059,020
Operating Net Income	\$1,958,714	\$1,827,648	\$835,264
Kenneth Rosenberg-85%			

Hollywood Center for Rehab (314 beds)

Queens County

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$14,630,000	\$18,932,793	\$9,105,022
Fixed Assets/Other Assets	<u>\$20,889,000</u>	<u>\$20,897,559</u>	<u>\$29,121,742</u>
Total Assets	\$35,519,000	\$37,830,352	\$38,226,764
Current Liabilities	\$6,106,000	\$7,226,203	\$8,254,581
Long Term Liabilities	<u>\$28,289,000</u>	<u>\$30,304,855</u>	<u>\$31,241,727</u>
Total Liabilities	\$34,395,000	\$37,531,058	\$37,498,308
Net Assets	\$1,124,000	\$289,294	\$730,456
Working Capital Position	\$8,524,000	\$9,706,590	\$2,850,441
Operating Revenues	\$39,958,000	\$40,141,639	\$37,869,672
Operating Expenses	<u>\$38,298,000</u>	<u>\$39,241,015</u>	<u>\$36,538,318</u>
Operating Net Income	\$1,660,000	\$900,624	\$1,131,354

Kenneth Rozenberg-85.5%

Corning Center for Rehab (128 beds)

Schenen County

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$3,435,837	\$3,325,243	\$4,580,758
Fixed Assets/Other Assets	<u>\$4,603,748</u>	<u>\$4,828,811</u>	<u>\$5,251,365</u>
Total Assets	\$7,939,585	\$8,153,854	\$9,832,123
Current Liabilities	\$1,563,089	\$1,716,185	\$1,878,047
Long Term Liabilities	<u>\$2,704,240</u>	<u>\$2,658,167</u>	<u>\$3,288,771</u>
Total Liabilities	\$4,267,339	\$4,374,372	\$5,166,818
Net Assets	\$3,662,246	\$3,778,482	\$4,665,305
Working Capital Position	\$1,852,738	\$1,609,058	\$2,704,711
Operating Revenues	\$11,595,712	\$11,401,794	\$12,873,677
Operating Expenses	<u>\$11,079,908</u>	<u>\$10,745,635</u>	<u>\$11,668,643</u>
Operating Net Income	\$615,804	\$656,159	\$1,305,034

Kenneth Rozenberg-59%

Essex Center for Rehab (100 beds)

Essex County

	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$2,217,781	\$2,582,171	\$4,248,813
Fixed Assets/Other Assets	<u>\$2,269,223</u>	<u>\$2,252,187</u>	<u>\$3,213,786</u>
Total Assets	\$4,487,004	\$4,814,358	\$7,460,999
Current Liabilities	\$1,266,488	\$1,369,683	\$2,149,625
Long Term Liabilities	<u>\$2,892,719</u>	<u>\$3,038,627</u>	<u>\$4,329,895</u>
Total Liabilities	\$3,859,206	\$4,408,090	\$6,479,420
Net Assets	\$627,798	\$406,268	\$981,179
Working Capital Position	\$951,298	\$1,192,608	\$2,097,288
Operating Revenues	\$9,101,413	\$9,995,586	\$11,272,191
Operating Expenses	<u>\$8,437,491</u>	<u>\$9,674,617</u>	<u>\$10,315,116</u>
Operating Net Income	\$663,932	\$320,969	\$957,075

Kenneth Rozenberg-90%

Steuben Center for Rehab (108 beds)

<u>Steuben County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$3,493,000	\$4,706,048	\$5,125,451
Fixed Assets/Other Assets	<u>7,374,000</u>	<u>6,606,494</u>	<u>6,052,407</u>
Total Assets	\$10,867,000	\$11,312,542	\$11,177,858
Current Liabilities	2,282,000	3,313,666	2,630,769
Long Term Liabilities	<u>6,883,000</u>	<u>6,980,870</u>	<u>7,927,812</u>
Total Liabilities	\$9,165,000	\$10,294,436	\$10,558,581
Net Assets	\$1,702,000	\$1,018,106	\$619,277
Working Capital Position	\$1,211,000	\$1,382,482	\$2,494,682
Operating Revenues	\$12,634,000	\$12,690,099	\$12,611,572
Operating Expenses	<u>11,768,000</u>	<u>12,574,826</u>	<u>12,502,200</u>
Operating Net Income	\$866,000	\$115,271	\$109,372
Kenneth Rosenberg-92%			

Indian River Rehab (122 beds)

<u>Washington County</u>	<u>2015</u>	<u>2016</u>	<u>draft 12/31/2017</u>
Current Assets	\$2,349,967	\$2,762,690	\$2,978,874
Fixed Assets/Other Assets	<u>\$2,447,874</u>	<u>\$2,368,178</u>	<u>\$2,075,453</u>
Total Assets	\$4,797,841	\$5,118,868	\$5,054,327
Current Liabilities	\$3,262,295	\$2,422,854	\$1,082,462
Long Term Liabilities	<u>\$142,109</u>	<u>\$126,854</u>	<u>(\$153,520)</u>
Total Liabilities	\$3,404,404	\$2,549,708	\$828,942
Net Assets	\$1,393,237	\$2,569,160	\$4,126,385
Working Capital Position	(\$912,328)	\$339,838	\$1,896,412
Operating Revenues	\$10,480,449	\$10,888,008	\$5,528,043
Operating Expenses	<u>\$10,433,182</u>	<u>\$9,710,086</u>	<u>\$4,875,003</u>
Operating Net Income	\$47,267	\$1,175,922	\$654,040
Kenneth Rosenberg-8%			

Buffalo Center for Rehab (208 beds)

<u>Erie County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	N/A	\$8,906,227	\$8,672,000
Fixed Assets/Other Assets		<u>\$4,252,801</u>	<u>\$5,417,600</u>
Total Assets		\$11,159,028	\$12,089,600
Current Liabilities		\$4,994,361	\$1,503,777
Long Term Liabilities		<u>\$1,088,751</u>	<u>\$4,868,403</u>
Total Liabilities		\$6,083,112	\$6,372,180
Net Assets		\$5,075,916	\$5,717,420
Working Capital Position		\$1,911,866	\$5,168,223
Operating Revenues		\$15,290,311	\$18,535,941
Operating Expenses		<u>\$14,868,356</u>	<u>\$17,446,693</u>
Operating Net Income		\$421,955	\$1,089,248
Kenneth Rosenberg-30%			

Waterfront Center for Rehab (189 beds)

<u>Erie County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$9,176,000	\$5,208,786	\$4,633,628
Fixed Assets/Other Assets	<u>\$5,157,000</u>	<u>\$11,333,955</u>	<u>\$10,525,380</u>
Total Assets	\$14,333,000	\$16,542,741	\$15,159,018
Current Liabilities	\$1,269,000	\$1,972,241	\$1,469,896
Long Term Liabilities	<u>\$7,376,000</u>	<u>\$8,028,103</u>	<u>\$7,691,120</u>
Total Liabilities	\$8,645,000	\$10,000,344	\$9,161,016
Net Assets	\$5,688,000	\$6,542,397	\$5,998,002
Working Capital Position	\$7,907,000	\$3,236,545	\$3,163,732
Operating Revenues	\$14,415,000	\$15,336,108	\$14,658,433
Operating Expenses	<u>\$13,850,000</u>	<u>\$13,884,205</u>	<u>\$14,528,179</u>
Operating Net Income	\$565,000	\$1,451,903	\$130,254

Kenneth Rozenberg-81%

Washington Center for Rehab (122 beds)

<u>Washington County</u>	<u>2015</u>	<u>2016</u>	<u>12/31/2017</u>
Current Assets	\$2,682,474	\$2,769,664	\$2,534,000
Fixed Assets/Other Assets	<u>\$1,818,148</u>	<u>\$2,110,483</u>	<u>\$1,718,000</u>
Total Assets	\$4,500,622	\$4,880,147	\$4,252,000
Current Liabilities	\$1,926,162	\$2,410,077	\$2,509,000
Long Term Liabilities	<u>\$1,996,786</u>	<u>\$1,968,006</u>	<u>\$1,276,000</u>
Total Liabilities	\$3,922,948	\$4,378,083	\$3,785,000
Net Assets	\$577,674	\$502,064	\$467,000
Working Capital Position	\$756,312	\$359,587	\$25,000
Operating Revenues	\$10,997,711	\$11,063,564	\$11,908,000
Operating Expenses	<u>\$10,495,771</u>	<u>\$11,039,174</u>	<u>\$11,581,000</u>
Operating Net Income	\$511,940	\$24,390	\$327,000

Kenneth Rozenberg-80%

Tribeca Center for Rehab (408 beds)

<u>Bronx County</u>	<u>12/31/2017</u>
Current Assets	\$15,012,050
Fixed Assets/Other Assets	<u>\$34,713,612</u>
Total Assets	\$49,725,662
Current Liabilities	\$7,055,584
Long Term Liabilities	<u>\$29,543,688</u>
Total Liabilities	\$36,599,272
Net Assets	\$13,126,390
Working Capital Position	\$7,956,466
Operating Revenues	\$53,572,670
Operating Expenses	<u>\$49,634,954</u>
Operating Net Income	\$3,937,716

Kenneth Rozenberg-98%

Description:	University Center	Williamsbridge Center
Number of Beds	46	77
Max Patient Days	16,790	28,105
Occ %: 3/6/19 (Univ) & 2/27/19 (WC)	0.935	0.961
Annual Days @ Current Occupancy %	15,699	27,009
Medicaid % 2017	0.815	0.858
Medicaid Pt Days	12,794	23,174
Current Medicaid Rate (per rate sheet)	\$296.33	\$263.03
New Medicaid Rate (for Bronx)	\$343.44	\$343.44
Increase in Rate	\$47.11	\$80.41
Medicaid Pt Days	12,794	23,174
Revenue Impact	\$602,744	\$1,863,392

<--Pending January 2019
<--CMI adjusted to 1.4492

Facility:	Jan 2019 CMI	# Beds	% to Total Beds	Prorated CMI
Bronx	1.5207	200	61.92%	0.9416
University	1.4986	46	14.24%	0.2134
Williamsbridge	1.2342	77	23.84%	0.2942
Total		323	100.00%	1.4492

Description:	Bronx Center
Current Bronx Medicaid rate	\$290.79
Proposed Bronx Rate	\$343.44
Increase In Rate	\$52.65
Medicaid Pt Days *	54,450
Revenue Impact	\$2,866,790

<--Pending January 2019
<--CMI adjusted to 1.4492

Total Medicaid Impact:	
University Center	\$602,744
Williamsbridge Center	\$1,863,392
Bronx Center	\$2,866,790
Total Impact	\$5,332,927

*Bronx Projected Medicaid Pt Days:	
Projected Total Days (98.2% occupancy)	115,773
Medicaid % (FFS & MC)	78.1%
Bronx Projected Medicaid Days	90,418
Less: University Pt Days	-12,794
Less: University Pt Days	-23,174
Bronx Medicaid Pt Days	54,450

AMSTERDAM REC, LLC

**STATEMENTS OF ASSETS, LIABILITIES, AND EQUITY -
MODIFIED CASH BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 100,383	\$ 22,878
Property and equipment, net	33,233	44,338
Due from member	<u>190,960</u>	<u>190,960</u>
	<u>\$ 324,576</u>	<u>\$ 258,176</u>

LIABILITIES AND EQUITY

	<u>2017</u>	<u>2016</u>
Liabilities		
Due to related parties	\$ 154,842	\$ 235,295
Member's equity	<u>169,734</u>	<u>22,881</u>
Total liabilities and member's equity	<u>\$ 324,576</u>	<u>\$ 258,176</u>

AMSTERDAM REC, LLC

**STATEMENTS OF REVENUES, EXPENSES, AND EQUITY -
MODIFIED CASH BASIS**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Net patient service revenue	\$ 1,159,348	\$ 1,168,197
Costs of patient service revenue	<u>369,317</u>	<u>415,205</u>
Gross profit	790,031	752,992
Selling, general and administrative expenses	<u>508,921</u>	<u>488,183</u>
Net income before provision for income taxes	281,110	264,809
Provision for income taxes	<u>1,000</u>	<u>1,000</u>
Net income	280,110	263,809
Member's equity - beginning	22,881	153,715
Member distributions	<u>(133,257)</u>	<u>(394,643)</u>
Member's equity - ending	<u>\$ 169,734</u>	<u>\$ 22,881</u>

AMSTERDAM REC, LLC

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 280,110	\$ 263,809
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation	11,105	11,105
Increase (decrease) in:		
Credit card payable	<u>0</u>	<u>(1,359)</u>
Net cash and cash equivalents provided by operating activities	<u>291,215</u>	<u>273,555</u>
Cash flows from financing activities:		
Repayments to related parties	(80,453)	0
Borrowings from related parties	0	13,865
Distributions to member	<u>(133,257)</u>	<u>(394,643)</u>
Net cash and cash equivalents used by financing activities	<u>(213,710)</u>	<u>(380,778)</u>
Net increase (decrease) in cash and cash equivalents	77,505	(107,223)
Cash and cash equivalents - beginning	<u>22,878</u>	<u>130,101</u>
Cash and cash equivalents - ending	<u>\$ 100,383</u>	<u>\$ 22,878</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 1,000</u>	<u>\$ 1,000</u>

TRIBOROUGH ASC LLC

ESTABLISH A MULTI-SPECIALTY AMBULATORY SURGERY CENTER

PRO FORMA BALANCE SHEET

ASSETS

Cash \$597,574

TOTAL ASSETS \$597,574

LIABILITIES AND MEMBERS EQUITY

LIABILITIES

Working Capital Loan \$298,787

TOTAL LIABILITIES \$298,787

MEMBERS EQUITY \$298,787

TOTAL LIABILITIES AND
MEMBERS EQUITY \$597,574

CON 182326-Triborough Ambulatory Surgery Center

Empire State Ambulatory Surgery Center

Avicenna ASC, Inc.

Ambulatory Surgery Center of Greater New York

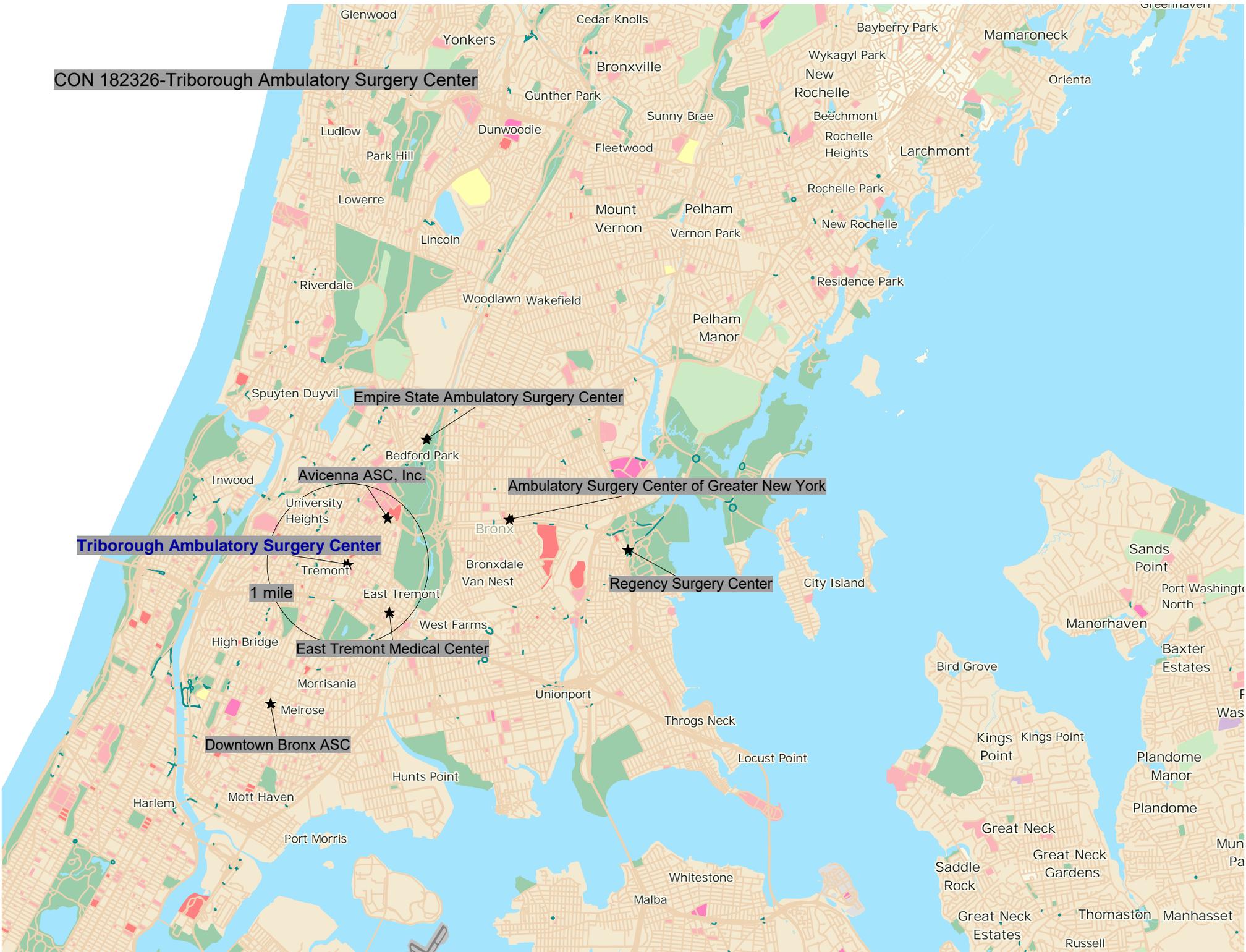
Triborough Ambulatory Surgery Center

Regency Surgery Center

1 mile

East Tremont Medical Center

Downtown Bronx ASC



Bronx SC, LLC
d/b/a Empire State Ambulatory Surgery Center
Balance Sheets
December 31,

	2017	(RESTATED) 2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 174,790	\$ 260,068
Accounts receivable, net of allowance for contractual adjustments and uncollectible accounts: 2017 - \$4,652,000; 2016 - \$4,274,000	2,138,036	1,685,338
Sales tax receivable	-	61,517
Rebate receivable	34,363	19,995
Prepaid expenses	14,619	9,009
Supplies	334,782	351,583
Total Current Assets	2,696,590	2,387,510
Property, Equipment and Improvements		
Equipment	2,783,659	2,769,290
Furniture and fixtures	46,308	46,308
Leasehold improvements	5,219,607	5,219,607
Total	8,049,574	8,035,205
Accumulated depreciation	(2,212,230)	(1,378,744)
Net Property, Equipment and Improvements	5,837,344	6,656,461
Other Assets		
Lease origination fees, net of accumulated amortization: 2017 - \$8,808; 2016 - \$4,702	50,467	54,573
Deferred rental income	37,083	29,797
Security deposits	141,997	141,997
Total Other Assets	229,547	226,367
Total Assets	\$ 8,763,481	\$ 9,270,338

	2017	(RESTATED) 2016
Liabilities and Members' Equity		
Current Liabilities		
Bank loan, due on demand, net of unamortized debt issuance costs of \$22,199	\$ 6,470,468	\$ -
Accounts payable	876,473	676,201
Accrued expenses	345,542	327,444
Refunds payable	202,442	143,887
Current portion of long-term debt, net of unamortized debt issuance costs: 2016 - \$8,265	-	418,084
Current portion of equipment payable	7,376	7,376
Insurance payable	5,687	3,439
Notes payable, members	-	440,854
Total Current Liabilities	7,907,988	2,017,285
Long-Term Liabilities		
Long-term debt, net of current portion and unamortized debt issuance costs: 2017 - \$0; 2016 - \$22,198	-	6,397,453
Equipment payable, net of current portion	20,284	27,660
Security deposit	12,650	12,650
Deferred rent	517,010	442,769
Total Long-Term Liabilities	549,944	6,880,532
Commitments and Contingencies (Note G)	-	-
Total Liabilities	8,457,932	8,897,817
Members' Equity	305,549	372,521
Total Liabilities and Members' Equity	\$ 8,763,481	\$ 9,270,338

Bronx SC, LLC
d/b/a Empire State Ambulatory Surgery Center
Statements of Operations and Members' Equity
Years Ended December 31,

	2017	(RESTATED) 2016
Revenues		
Net patient service revenue	\$ 7,631,446	\$ 7,155,467
Rental income	86,429	51,764
Total Revenues	7,717,875	7,207,231
Operating Expenses	7,339,124	6,840,842
Income from Operations	378,751	366,389
Other Income (Expense)		
Interest expense	(305,721)	(337,078)
Gain on disposal of assets	-	6
Loss on extinguishment of debt	-	(353,414)
Total Other Expense	(305,721)	(690,486)
Net Income (Loss)	73,030	(324,097)
Members' equity, beginning of year	372,521	26,028
Members' contributions	-	670,590
Members' distributions	(140,002)	-
Members' Equity, End of Year	\$ 305,549	\$ 372,521

Bronx SC, LLC
 Balance Sheet
 As of December 31, 2018

Total Checking/Savings	215,697.80
1100 · Accounts Receivable	6,790,036.00
1120 · A/R Allowance	(4,652,000.00)
1145 · Rebate Receivable	34,363.00
1155 · Deferred Rent Receivable	37,083.00
1822 · A/A Loan Costs, Net of CP	(19,906.00)
1810 · Lease Costs	59,275.00
1725 · A/A Lease Costs	(8,808.00)
1160 · Prepaid Expenses	14,619.00
1180 · Inventory	334,781.81
1520 · Equipment	2,710,331.72
1525 · Computers / Software	73,326.87
1530 · Furniture / Fixtures	46,308.28
1540 · Leasehold Improvements	5,222,452.96
1620 · Accum Deprec - Equipment	(1,398,712.00)
1625 · Accum Deprec - Computers / Soft	(64,533.00)
1630 · Accum Deprec - Furniture / Fixt	(18,163.00)
1640 · Accum Deprec - Leasehold Improv	(730,822.00)
1820 · Loan Costs	34,525.00
1821 · Loan Costs - ST Portion	7,580.00
1800 · Security Deposits	141,996.76
TOTAL ASSETS	8,829,433.20
2000 · Accounts Payable	1,601,263.84
2025 · Accrued Payroll	82,426.00
2001 · Refunds Payable	202,442.00
2035 · Accrued PTO	30,964.58
2209 · Loan Payable - Bank Direct 04	11,346.40
2009 · Loan Payable - Bankwell	5,617,395.72
2020 · Accrued Expenses	224,534.00
2230 · Equipment Payable - LTP	27,660.00
2300 · Deferred Rent	517,010.00
2250 · Charter School Deposit	12,650.00
Total Liabilities	8,327,692.54
3000 · Members Equity	709,722.43
3100 · Distributions to Members	(302,238.60)
Net Income	94,256.83
Total Equity	501,740.66
TOTAL LIABILITIES & EQUITY	8,829,433.20

Bronx SC, LLC
Profit & Loss
January through December 2018

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	TOTAL
4310 · Sublease Revenue	6,613	6,613	6,613	6,613	6,613	13,226	-	6,613	6,613	19,988	-	-	79,503
4000 · Facility Fees	681,046	515,952	598,658	589,508	665,839	622,004	549,313	515,298	662,168	710,429	724,262	607,412	7,441,888
4300 · Income Miscellaneous	575	150	460	600	150	300	600	450	-	300	150	-	3,735
4400 · Refunds	20	(5,737)	-	-	-	-	-	(2,658)	-	-	-	-	(8,375)
Total Income	688,254	516,978	605,731	596,721	672,601	635,530	549,913	519,703	668,780	730,716	724,412	607,412	7,516,751
6110 · Anesthesia	-	-	-	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	280,000
5005 · Medical Supplies	192,890	194,533	211,917	128,158	159,823	155,701	171,007	209,581	139,917	198,663	201,576	150,433	2,114,200
6000 · Wages & Benefits	170,060	185,436	272,323	195,971	184,460	181,700	171,144	270,011	183,639	176,630	201,567	219,630	2,412,571
6100 · Accounting	12,188	-	9,500	4,100	-	-	-	-	-	-	-	27,771	53,559
6140 · Bank Charges	586	1,185	1,032	643	489	710	909	502	972	858	792	1,118	9,797
6160 · Billing Charges	5,666	6,450	6,045	6,464	5,111	7,027	5,938	5,576	5,931	6,812	4,909	10,750	76,678
6200 · Cleaning / Janitorial Services	6,895	9,590	7,125	6,425	4,913	7,140	6,920	7,205	6,145	6,625	9,610	4,375	82,967
6220 · Consultants	1,225	3,716	1,578	1,768	1,750	947	1,717	804	1,750	1,434	750	-	17,436
6300 · Education / Seminars	1,267	795	509	1,034	29	-	-	220	-	1,673	482	2,390	8,398
6380 · Equipment Rental	(34,363)	36,653	-	-	36,653	-	(25,750)	36,653	-	-	44,736	-	94,581
6400 · Equipment Maintenance / Repair	6,230	2,678	3,855	1,206	1,628	-	196	163	950	9,822	4,916	2,299	33,944
6420 · Building Maintenance / Repair	24,981	1,143	3,718	2,121	1,143	327	817	2,139	3,351	794	2,132	4,835	47,502
6450 · Insurance - Liability	50	-	105,088	14,543	2,447	(25)	-	-	-	-	-	-	122,103
6500 · Interest Expense	23,057	22,782	20,349	22,602	21,635	22,038	21,084	21,228	20,978	20,050	20,455	23,097	259,356
6580 · Legal & Professional	174,234	-	-	5,968	5,365	4,380	-	14,716	23,270	20,072	12,226	6,654	266,884
6600 · Licenses & Permits	775	13,690	-	-	2,094	-	860	479	-	25	-	725	18,648
6620 · Management Fee Expense	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
6660 · Office Supply & Expense	7,653	9,831	6,747	8,971	6,349	6,295	4,900	5,337	4,864	4,474	5,549	8,630	79,600
6740 · Printing	1,956	990	-	2,566	-	432	-	-	-	-	131	-	6,075
6760 · Rent - Real Estate	43,837	43,837	43,837	43,837	43,837	43,837	43,837	43,837	43,837	43,837	43,837	44,714	526,925
6800 · Security	895	-	-	-	-	-	-	-	-	-	-	-	895
6820 · Service / Maintenance Contracts	9,220	4,023	4,098	8,287	16,096	4,938	3,487	6,387	3,621	7,258	18,186	2,359	87,961
6870 · Taxes - Other	1,849	-	8,039	1,751	2,872	1,637	1,125	2,031	9,539	3,129	2,370	2,808	37,149
6880 · Telephone	2,049	2,055	2,055	2,048	2,045	2,086	3,078	1,111	2,064	2,070	2,069	2,076	24,806
6900 · Transportation - Patient	9,230	16,245	16,375	21,590	17,715	23,160	20,350	25,823	17,570	19,290	22,660	16,755	226,763
6920 · Travel	1,049	688	525	1,387	-	-	-	-	-	-	1,004	-	4,653
6980 · Uniforms / Linens	5,064	6,826	4,530	5,778	4,434	5,701	4,968	4,475	4,358	5,049	4,476	4,929	60,589
6990 · Utilities	11,751	4,383	23,031	13,320	14,746	14,588	15,150	15,447	14,213	17,165	12,483	12,178	168,454
Total Expense	705,294	592,530	777,276	525,538	595,633	542,619	511,738	733,726	546,969	605,730	676,917	608,525	7,422,494
Net Ordinary Income	(17,040)	(75,552)	(171,544)	71,183	76,968	92,911	38,174	(214,023)	121,811	124,987	47,495	(1,113)	94,257

Pro Forma Balance Sheet (AS OF APPROVAL DATE)

Total Checking/Savings	197,035
1100 · Accounts Receivable	5,863,119
1120 · A/R Allowance	(4,136,000)
1155 · Deferred Rent Receivable	37,083
1822 · A/A Loan Costs, Net of CP	(12,327)
1140 · Sales Tax Receivable	61,517
1810 · Lease Costs	59,275
1725 · A/A Lease Costs	(8,808)
1160 · Prepaid Expenses	9,009
1180 · Inventory	348,966
1520 · Equipment	2,663,528
1525 · Computers / Software	78,937
1530 · Furniture / Fixtures	46,308
1540 · Leasehold Improvements	5,229,419
1620 · Accum Deprec - Equipment	(1,372,162)
1625 · Accum Deprec - Computers / Soi	(64,533)
1630 · Accum Deprec - Furniture / Fixt	(18,163)
1640 · Accum Deprec - Leasehold Imprc	(730,822)
1820 · Loan Costs	34,525
1821 · Loan Costs - ST Portion	8,265
1800 · Security Deposits	141,997
TOTAL ASSETS	<u>8,436,168</u>
2000 · Accounts Payable	1,314,377
2025 · Accrued Payroll	72,421
2001 · Refunds Payable	57,931
2035 · Accrued PTO	30,965
2209 · Loan Payable - Bank Direct 04	49,308
2009 · Loan Payable - Bankwell	5,912,998
2020 · Accrued Expenses	73,939
2300 · Deferred Rent	517,010
2250 · Charter School Deposit	12,650
Total Liabilities	<u>8,041,599</u>
3000 · Members Equity	3,902,079
3100 · Distributions to Members	(3,312,239)
3900 · Retained Earnings	(237,807)
Net Income	42,535
Total Equity	<u>394,569</u>
TOTAL LIABILITIES & EQUITY	<u>8,436,168</u>

This Pro Forma Balance Sheet is based on the Center's August 31, 2018 balance sheet.

The Pro Forma Balance sheet does not include the cash that will be paid to the Center by Surgicore 5th Avenue LLC for the purchase of its 70% membership interest. Although the purchase price will be initially paid to the Center, the Center will immediately distribute these proceeds to the selling members pro-rata, according to the selling percentages set forth in Exhibit A of the Company Interest Purchase Agreement.

NYEEQASC, LLC
d/b/a North Queens Surgical Center
Balance Sheets
December 31,

	2017	(RESTATED) 2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 113,303	\$ 233,253
Accounts receivable, net of allowance for contractual adjustments and uncollectible accounts: 2017 - \$6,620,000; 2016 - \$9,248,000	2,335,836	2,621,171
Prepaid expenses	10,565	10,062
Supplies	329,945	336,171
Rebate receivable	15,730	-
Total Current Assets	2,805,379	3,200,657
Property, Equipment and Improvements		
Equipment	3,387,328	3,311,173
Furniture and fixtures	34,136	34,136
Leasehold improvements	5,380,475	5,376,175
Total	8,801,939	8,721,484
Accumulated depreciation	(2,482,992)	(1,535,715)
Net Property, Equipment and Improvements	6,318,947	7,185,769
Other Assets		
Lease costs, net of accumulated amortization: 2017 - \$4,063; 2016 - \$2,813	20,937	22,187
Security deposits	4,080	4,080
Total Other Assets	25,017	26,267
Total Assets	\$ 9,149,343	\$ 10,412,693

	2017	(RESTATED) 2016
Liabilities and Members' Deficit		
Current Liabilities		
Bank loan, due on demand, net of unamortized debt issuance costs of \$22,365	\$ 7,585,146	\$ -
Accounts payable	1,053,704	957,760
Accrued expenses	384,945	287,428
Accrued interest	102,320	97,415
Current portion of long-term debt, net of unamortized debt issuance costs: 2016 - \$8,226	-	560,584
Current portion of capital lease obligations	95,544	64,787
Current portion of equipment payable	8,200	41,267
Member loans	349,132	460,200
Due to related parties	894,887	1,250,000
Refunds payable	130,406	52,934
Total Current Liabilities	10,604,284	3,772,375
Long-Term Liabilities		
Long-term debt, net of current portion and unamortized debt issuance costs: 2017 - \$0; 2016 - \$22,365	-	7,450,902
Capital lease obligations, net of current portion	162,080	215,817
Equipment payable, net of current portion	20,500	28,700
Deferred rent	331,290	229,355
Total Long-Term Liabilities	513,870	7,924,774
Commitments and Contingencies (Note H)	-	-
Total Liabilities	11,118,154	11,697,149
Members' Deficit	(1,968,811)	(1,284,456)
Total Liabilities and Members' Deficit	\$ 9,149,343	\$ 10,412,693

NYEEQASC, LLC
d/b/a North Queens Surgical Center
Statements of Operations and Members' Deficit
Years Ended December 31,

	2017	(RESTATED) 2016
Net Patient Service Revenue	\$ 8,432,259	\$ 8,851,712
Operating Expenses	8,830,022	8,969,893
Loss from Operations	(397,763)	(118,181)
Other Income (Expense)		
Loss on disposal of equipment	-	(16,460)
Loss on extinguishment of debt	-	(409,010)
Other income	874	-
Interest expense	(458,296)	(476,282)
Total Other Expense	(457,422)	(901,752)
Net Loss	(855,185)	(1,019,933)
Members' deficit, beginning of year	(1,284,456)	(922,383)
Members' contributions	453,409	657,860
Members' distributions	(282,579)	-
Members' Deficit, End of Year	\$ (1,968,811)	\$ (1,284,456)

North Queens Surgical Center
Balance Sheet
As of December 31, 2018
Internally Prepared - Not GAAP

Total Checking/Savings	146,493.53
1100 · Accounts Receivable	11,869,171.00
1120 · A/R Allowance	(9,248,000.00)
1155 · Security Deposit - Con Edison	3,930.00
1160 · Prepaid Expenses	10,565.00
1180 · Inventory	329,945.42
1520 · Equipment	3,303,431.31
1525 · Computers / Software	249,812.05
1530 · Furniture / Fixtures	36,367.48
1540 · Leasehold Improvements	5,380,053.54
1620 · Accum Deprec - Equipment	(1,594,866.00)
1625 · Accum Deprec - Computers / Soft	(135,470.00)
1630 · Accum Deprec - Furniture / Fixt	(13,412.00)
1640 · Accum Deprec - Leasehold Improv	(739,244.00)
1820 · Loan Costs	69,230.00
1821 · Loan Costs-ST Portion	7,608.00
1822 · A/A Loan Costs, Net of CP	(19,858.00)
1825 · Lease Costs	25,000.00
1830 · A/A- Lease Costs	(4,063.00)
1800 · Security Deposits	150.00
TOTAL ASSETS	9,676,844.33
2000 · Accounts Payable	2,269,225.51
2224 · Bankwell-CP	1,009,029.00
2002 · Refunds Payable	52,934.00
2236 · Alcon Centurion 2014 - CP	8,200.00
2350 · Accrued PTO	35,309.00
2340 · Accrued Payroll	50,981.00
2203 · Bankwell Loan	5,458,114.78
2020 · Accrued Expenses	298,655.00
2217 · Storz ENT equipment lease	91,131.25
2216 · Lease Payable - Podiatry	42,203.72
2260 · GE C-Arm Lease	15,561.71
2300 · Deferred Rent	331,290.00
2006 · Centurion Payable 2014	20,500.00
2215 · Lease Payable - Everbank	28,989.30
2205 · Lease Payable - Alcon	128,161.62
2210 · Loan Payable - Partners	1,281,872.78
2065 · Loan Payable - BankDirect	4,991.32
2255 · Loan Payable - PeoplesBank	129,070.44
Total Liabilities	11,256,220.43
3000 · Members Equity	(1,980,562.66)
3100 · Distributions to Members	(29,607.23)
3900 · Retained Earnings	387,596.55
Net Income	43,197.24
Total Equity	(1,579,376.10)
TOTAL LIABILITIES & EQUITY	9,676,844.33

North Queens Surgical Center
Profit & Loss
January through December 2018
Internally Prepared - Not GAAP

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	TOTAL
4000 · Facility Fees	609,737	571,492	754,350	710,819	711,389	644,907	731,155	698,668	688,461	769,438	847,972	671,118	8,409,505
4300 · Income Miscellaneous	-	-	1	1	-	-	-	-	-	-	-	-	1
4400 · Refunds	(9,632)	(13,384)	(11,115)	(12,145)	(7,031)	(16,956)	(9,545)	(11,576)	(9,151)	(4,000)	(10,164)	(7,435)	(122,134)
Total Income	600,104	558,109	743,235	698,674	704,358	627,951	721,610	687,092	679,310	765,438	837,808	663,683	8,287,372
6130 · Anesthesia Stipend	-	-	-	-	30,000	-	15,000	15,000	15,000	15,000	-	30,000	120,000
6005 · Medical Supplies	176,370	115,553	230,140	155,136	175,885	192,677	176,110	237,605	189,269	210,704	154,356	85,639	2,098,444
6020 · Patient Costs Other	603	528	650	581	-	-	-	-	-	-	-	-	2,372
6000 · Wages & Benefits	213,596	257,918	231,816	237,451	347,935	236,429	235,766	255,277	250,461	246,829	368,925	270,869	3,153,293
6100 · Accounting	25,468	-	-	19,600	(86)	-	-	-	-	-	-	-	44,982
6120 · Advertising & Promotion	(53)	726	1,650	856	1,705	335	982	-	-	424	-	-	6,525
6140 · Bank Charges	131	672	187	184	174	1,816	1,820	1,512	306	638	-	-	7,441
6180 · Billing Charges	18,864	11,906	10,574	9,426	11,055	23,700	12,622	12,863	17,523	4,189	4,443	42,238	178,504
6200 · Cleaning / Janitorial Services	4,300	4,100	9,075	9,031	4,300	4,932	8,125	9,050	7,750	8,973	9,425	4,300	83,360
6220 · Consultants	3,330	6,869	4,538	3,450	6,252	80	1,695	2,116	474	2,303	205	275	31,566
6280 · Credit Card Processing Expense	2,636	-	-	2,005	2,019	1,467	-	-	(271)	2,148	-	-	10,004
6300 · Education / Seminars	-	295	-	996	-	-	5,380	-	535	-	-	-	7,206
6340 · Entertainment / Meals	689	150	223	-	-	-	442	-	446	-	208	-	2,188
6380 · Equipment Rental	-	(50)	-	-	-	-	-	-	-	-	460	-	411
6400 · Equipment Maintenance / Repair	28,894	21,751	5,368	6,550	4,342	3,025	20,908	4,841	4,337	152	-	-	100,168
6420 · Building Maintenance / Repair	21,476	5,980	6,532	4,327	6,118	7,183	6,127	7,472	7,374	4,437	4,327	5,305	86,659
6450 · Insurance - Liability	5,677	-	66,272	3,731	-	-	-	-	-	-	-	-	75,679
6480 · Insurance - Other	-	-	-	-	-	-	12	-	-	-	-	-	12
6500 · Interest Expense	34,907	33,344	31,927	32,464	46,657	48,735	31,791	32,796	33,762	31,282	30,739	23,208	411,613
6580 · Legal & Professional	132,468	4,462	4,203	7,513	6,880	7,064	17,114	41,289	27,389	32,614	20,243	-	301,239
6600 · Licenses & Permits	-	-	-	200	731	-	231	-	-	-	-	-	1,162
6620 · Management Fee Expense	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	450,000
6660 · Office Supply & Expense	2,070	1,616	3,862	4,324	2,939	2,695	3,101	2,887	4,001	2,892	283	1,188	31,659
6720 · Postage & Delivery	1,122	1,730	1,424	928	989	1,398	980	1,105	542	1,082	500	-	11,801
6760 · Rent - Real Estate	41,250	41,250	41,250	41,250	41,250	41,250	41,250	41,250	41,250	41,250	41,250	41,250	495,004
6800 · Security	-	-	-	-	-	-	-	1,995	-	-	-	-	1,995
6820 · Service / Maintenance Contracts	14,534	12,331	17,270	12,203	5,916	7,752	15,025	11,880	5,947	7,851	5,066	7,542	123,317
6860 · Taxes - Real Estate	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	11,143	133,719
6870 · Taxes - Other	480	366	13,497	488	367	895	1,354	583	788	1,038	1,584	1,193	22,633
6880 · Telephone	2,378	4,751	2,402	1,471	2,393	3,259	-	2,300	2,362	2,368	-	2,925	28,609
6900 · Transportation - Patient	8,334	3,933	6,180	4,387	4,772	4,950	4,806	6,872	3,916	5,601	10,600	4,583	68,935
6920 · Travel	5,265	1,289	576	579	-	557	-	494	-	1,019	423	-	10,203
6980 · Uniforms / Linens	4,443	5,049	2,490	4,394	4,885	4,071	4,139	4,079	4,832	-	-	-	38,381
6990 · Utilities	8,789	1,763	15,322	7,629	7,686	8,781	10,209	11,314	11,257	8,550	7,892	6,900	106,092
Total Expense	806,667	586,956	755,982	619,798	763,807	651,675	663,653	753,123	676,893	679,988	709,575	576,057	8,244,175
Net Ordinary Income	(206,563)	(28,847)	(12,747)	78,875	(59,449)	(23,724)	57,957	(66,031)	2,416	85,449	128,234	87,626	43,197

Long Island Ambulatory Surgery Center, LLC**Balance Sheet****December 31, 2018**

	<u>12/31/18</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 188,630
Accounts Receivable Trade, Net	1,690,873
Accounts Receivable Affiliates	2,749,007
Prepaid Expenses and Other Current Assets	16,164
Inventory	322,514
Total Current Assets	<u>4,967,188</u>
Property and equipment, Net	<u>3,579,040</u>
Other Assets	
Intangible Assets, Net	<u>(580,735)</u>
Total Other Assets	<u>(580,735)</u>
TOTAL ASSETS	<u><u>\$ 7,965,493</u></u>
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	1,484,669
Accrued Compensation	93,118
Accrued Expense & Current Liabilities	755,741
Total Current Liabilities	<u>2,333,528</u>
Total Liabilities	<u>2,333,528</u>
Equity	
Total Equity	<u>5,631,965</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 7,965,493</u></u>

(unaudited)

Long Island Ambulatory Surgery Center, LLC

Income Statement

For the twelve months ended December 31, 2018

Project # 191060
BFA Attachment B
(Cont.)

	<u>2018</u>
Revenue	
Facility Fees	26,515,977
Contractual Allowances	(12,251,468)
Other Revenue	(15,560)
Total Revenue	\$ 14,248,949
Expense	
Cost of Care	4,093,833
Other Cost of Care	211,779
Wages and Benefits	3,092,644
Professional Fees	176,016
Selling and Marketing	-
Insurance	263,211
Facility Costs	810,314
Information Technology	115,622
General and Administrative	2,440,974
Total Expense	\$ 11,204,393
Earnings Before Interest, Taxes, Depreciation & Amortization	\$ 3,044,556
Amortization, Goodwill	(60,265)
Depreciation	446,978
Interest and finance charges	38,561
Taxes	29,331
Net Income	\$ 2,589,951

(unaudited)

Long Island Ambulatory Surgery Center, LLC
Balance Sheet
As of December 31, 2017

Assets

Current Assets

Cash	\$	221,935
Accounts Receivable		1,621,995
Inventory		172,924
Due From Affiliate		98,765
Prepaid Expenses		<u>14,369</u>
Total Current Assets		<u>2,129,988</u>

Property and Equipment,
Net of Accumulated Depreciation

4,060,331

Other Assets

Investment		<u>39,416</u>
Total Other Assets		<u>39,416</u>

Total Assets \$ 6,229,735

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$	397,045
Current Portion of Obligation Under Capital Lease		313,809
Current Portion of Long-Term Debt		492,133
Accrued Expenses		<u>188,169</u>
Total Current Liabilities		<u>1,391,156</u>

Long-Term Liabilities

Obligation Under Capital Lease, Less: Current Portion		194,422
Long-Term Debt, Less: Current Portion		<u>507,097</u>
Total Long-Term Liabilities		<u>701,519</u>

Total Liabilities 2,092,675

Members' Equity 4,137,060

Total Members' Equity 4,137,060

Total Liabilities and Members' Equity \$ 6,229,735

Long Island Ambulatory Surgery Center, LLC
Statement of Income & Members' Equity
Year Ended December 31, 2017

Revenues	\$ 13,723,411
Expenses	
Salaries & Wages	2,730,153
Medical Supplies	4,448,422
Depreciation & Amortization	570,790
General & Administrative	<u>3,171,950</u>
Total Expenses	<u>10,921,315</u>
Operating Income	<u>2,802,096</u>
Other Income (Expenses)	
Other Income	108,000
Interest Expense	<u>(82,026)</u>
Total Other Income (Expenses)	<u>25,974</u>
Net Income	2,828,070
Members' Equity, Beginning of Year	3,757,490
Less: Distributions to Members	<u>(2,448,500)</u>
Members' Equity, End of Year	<u><u>\$ 4,137,060</u></u>

Long Island Ambulatory Surgery Center, LLC
Balance Sheet
As of December 31, 2016

Assets

Current Assets

Cash	\$	339,689
Accounts Receivable		1,582,868
Inventory		180,672
Due From Affiliate		106,592
Prepaid Expenses		<u>18,813</u>

Total Current Assets 2,228,634

Property and Equipment,

Net of Accumulated Depreciation 4,569,511

Other Assets

Investment 35,627

Total Other Assets 35,627

Total Assets \$ 6,833,772

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$	493,354
Current Portion of Obligation Under Capital Lease		255,108
Current Portion of Long-Term Debt		469,593
Line of Credit		244,873
Accrued Expenses		<u>119,167</u>

Total Current Liabilities 1,582,095

Long-Term Liabilities

Obligation Under Capital Lease, Less: Current Portion		480,610
Long-Term Debt, Less: Current Portion		<u>1,013,577</u>
Total Long-Term Liabilities		<u>1,494,187</u>

Total Liabilities 3,076,282

Members' Equity

Total Members' Equity 3,757,490

Total Liabilities and Members' Equity \$ 6,833,772

Long Island Ambulatory Surgery Center, LLC
Statement of Income & Members' Equity
Year Ended December 31, 2016

Revenues	\$	11,949,445
Expenses		
Salaries & Wages		2,429,238
Medical Supplies		3,143,439
Depreciation & Amortization		560,037
General & Administrative		<u>2,937,852</u>
Total Expenses		<u>9,070,566</u>
Operating Income		<u>2,878,879</u>
Other Income/(Expenses)		
Other Income		108,000
Interest Expense		<u>(98,808)</u>
Total Other Income/Expenses		<u>9,192</u>
Net Income		<u>2,888,071</u>
Members' Equity, Beginning of Year		2,920,919
Less: Distributions to Members		<u>(2,051,500)</u>
Members' Equity, End of Year	\$	<u><u>3,757,490</u></u>

Long Island Ambulatory Surgery Center, LLC

Balance Sheet

As of December 31, 2015

Assets

Current Assets

Cash - First National	\$	298,562
Accounts Receivable		1,303,640
Inventory		293,006
Prepaid Expenses		23,243

Total Current Assets 1,918,451

Property and Equipment,

Net of Accumulated Depreciation		4,392,660
---------------------------------	--	-----------

Other Assets

Investment		24,554
------------	--	--------

Total Other Assets 24,554

Total Assets \$ 6,335,665

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$	499,185
Current Portion of Obligation Under Capital Lease		217,586
Current Portion of Long-Term Debt		655,701
Accrued Expenses		93,209

Total Current Liabilities 1,465,681

Long-Term Liabilities

Obligation Under Capital Lease, Less: Current Portion		494,090
Long-Term Debt, Less: Current Portion		1,454,977

Total Long-Term Liabilities 1,949,067

Total Liabilities 3,414,748

Members' Equity

2,920,917

Total Members' Equity 2,920,917

Total Liabilities and Members' Equity \$ 6,335,665

Long Island Ambulatory Surgery Center, LLC
Statement of Income & Members' Equity
Year Ended December 31, 2015

Revenues	\$ 10,602,645
Expenses	
Salaries & Wages	2,149,686
Medical Supplies	2,630,161
Depreciation & Amortization	517,023
General & Administrative	<u>2,714,859</u>
Total Expenses	8,011,729
Operating Income	<u>2,590,916</u>
Other Income/(Expenses)	
Other Income	108,000
Interest Expense	<u>(103,757)</u>
Total Other Income/Expenses	<u>4,243</u>
Net Income	2,595,159
Members' Equity, Beginning of Year	2,386,914
Less: Distributions to Members	<u>(2,061,156)</u>
Members' Equity, End of Year	<u><u>\$ 2,920,917</u></u>

LONG ISLAND AMBULATORY SURGERY CENTER

PRO FORMA BALANCE SHEET

ASSETS

Cash	\$1,880,750
Equipment	\$0
Leasehold Improvements	\$0

TOTAL ASSETS \$1,880,750

LIABILITIES AND MEMBERS EQUITY

Working Capital Loan	\$0
Equipment Lease	\$0
Permanent Financing Loan	\$0

Total Liabilities \$0

Retained Earnings \$1,880,750

TOTAL LIABILITIES AND MEMBERS EQUITY \$1,880,750

City Wide Health Facility, Inc.
Balance Sheet Prev Year Comparison
As of December 31, 2018

CON 191107
BFA Attachment B

	<u>Dec 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
BofA Medical	-333,554.66
BofA Radiology	1,279.14
Total Checking/Savings	<u>-332,275.52</u>
Accounts Receivable	
*Accounts Receivable	-1,224.00
Total Accounts Receivable	<u>-1,224.00</u>
Other Current Assets	
Accounts Receivable	1,224.00
Other Receivable	28,164.50
Total Other Current Assets	<u>29,388.50</u>
Total Current Assets	<u>-304,111.02</u>
Fixed Assets	
Medical Equipment	1,169,949.73
Medical Equipment - Accum Depr.	-591,864.31
Office Equipment	118,647.52
Office Equipment - Accum Depr.	-41,392.52
Start Up	25,173.00
Start Up AA	-25,173.00
Total Fixed Assets	<u>655,340.42</u>
TOTAL ASSETS	<u>351,229.40</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
company card	993.00
Total Credit Cards	<u>993.00</u>
Other Current Liabilities	
load from simon	190,000.00
loan from alex korenblit	80,000.00
loan from edward	194,000.00
Total Other Current Liabilities	<u>464,000.00</u>
Total Current Liabilities	<u>464,993.00</u>
Long Term Liabilities	
Loan Payable Stockholders	-412,351.55
Total Long Term Liabilities	<u>-412,351.55</u>
Total Liabilities	<u>52,641.45</u>
Equity	
Capital Stock	5,000.00
Paid-in Capital	550,000.00
Retained Earnings	-465,623.93
Net Income	209,211.88
Total Equity	<u>298,587.95</u>
TOTAL LIABILITIES & EQUITY	<u>351,229.40</u>

City Wide Health Facility, Inc.
Profit & Loss Prev Year Comparison
January through December 2018

CON 191107
BFA Attachment B Cont.

	Jan - Dec 18
Ordinary Income/Expense	
Income	
Fee Income	3,621,666.34
Total Income	3,621,666.34
Gross Profit	3,621,666.34
Expense	
Administrative (A)	
Administrative Payroll	73,666.39
Bank Service Charges	7,365.91
Contract Labor - Computer Maint	81,860.62
Dues and Subscriptions	14,266.60
Equipment purchase	120,416.63
In Service and Staff Education	7,000.15
marketing	264,226.18
Office Expense	42,679.49
Postage and Delivery	597.53
Printing and Reproduction	1,420.83
Professional Fees	
Accounting	32,759.00
Billing Service	121,711.80
Consulting	187,538.74
Legal Fees	73,943.10
Professional Fees - Other	36,780.87
Total Professional Fees	452,733.51
Public Education/Communication	30,000.00
Telephone	7,069.06
Travel & Ent	7,046.00
Administrative (A) - Other	150.00
Total Administrative (A)	1,110,498.90
Employee Health & Welfare (M)	
Health Insurance	39,486.59
Total Employee Health & Welfare (M)	39,486.59
Facility (B)	
Automobile Expense	15,000.00
Gas and Electric	31,946.31
Housekeeping	25,786.28
Maintenance	60,936.45
Maintenance Supplies	1,279.38
Repairs	516,324.17
Security	54.44
Total Facility (B)	651,327.03
Facility Capital Costs (N)	
Depreciation Expense	0.00
Liability Insurance	7,630.73
Rent	261,293.29
Total Facility Capital Costs (N)	268,924.02
Medical (D)	
Laboratory Fees	1,100.00
Medical Payroll	580,638.32
Medical Supplies	72,844.82
Total Medical (D)	654,583.14

City Wide Health Facility, Inc.
Profit & Loss Prev Year Comparison
 January through December 2018

	<u>Jan - Dec 18</u>
Other (L)	
Donation	330.00
Malpractice Insurance	35,158.42
Total Other (L)	35,488.42
Patient Transportation (C)	41,065.50
payroll	500,147.91
Payroll - Withholdings	228,240.04
Reconciliation Discrepancies	45.00
Reference Materials	0.00
Rehabilitation Therapies (J)	
Speech Therapy	0.00
Total Rehabilitation Therapies (J)	0.00
Taxes	0.00
Total Expense	3,529,806.55
Net Ordinary Income	91,859.79
Other Income/Expense	
Other Income	
capital gain income	117,352.09
Total Other Income	117,352.09
Net Other Income	117,352.09
Net Income	209,211.88

CITY WIDE HEALTH FACILITY, INC.
BALANCE SHEET
DECEMBER 31, 2017
ASSETS

CON 191107
BFA Attachment C

Current assets:

Cash	\$ 104,300
Accounts receivable	582,876
Prepaid expenses	47,398
Security Deposit	45,000

Total current assets 779,574

Property, plant and equipment	134,514
Less: Accumulated depreciation	(8,823)
Property, plant and equipment – net	<u>125,691</u>

Total assets 905,265

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Current liabilities:

Accounts payable and accrued expenses	46,214
Payroll taxes withheld and payable	8,275
Total current liabilities	<u>54,489</u>

Long-term liabilities:

Total liabilities 54,489

Stockholder's equity:

Common stock - no par value, 200 shares authorized, issued and outstanding	5,000
Paid-in capital	55,925
Retained earnings	789,852

Total stockholder's equity 850,777

Total liabilities and stockholder's equity \$ 905,265

CITY WIDE HEALTH FACILITY, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
DECEMBER 31, 2017.

CON 191107
BFA Attachment C Cont.

Income	
Patient fees	\$ 3,645,621
Operating expenses:	
Advertising	205,686
Bank service charges	5,099
Billing	214,029
Data processing	2,479
Dues and subscriptions	6,099
Equipment rental	9,634
Employee benefits	27,314
General liability insurance	7,522
Housekeeping and cleaning	28,894
Medical contracted services	742,569
Medical liability insurance	40,287
Medical supplies	57,507
Office	188,371
Outside services	607,754
Patient transportation	44,583
Payroll taxes	61,260
Postage	5,041
Printing and reproduction	5,634
Professional fees	73,154
Reference material	2,000
Rent	104,185
Repairs and maintenance	50,590
Salaries and wages	733,892
State revenue assessment	3,751
Telephone	1,517
Utilities	31,811
Total operating expenses	<u>3,260,662</u>
Net income before interest expense, depreciation, and income and franchise taxes	384,959
Depreciation expense	7,229
Provision for income and franchise taxes	<u>6,383</u>
Net income	371,347
Retained earnings at beginning of year	469,846
Distributions to stockholder	\$ 51,341
Retained earnings at end of year	<u>\$ 789,852</u>

2975 INDEPENDENCE AVENUE LLC
Balance Sheet
As of December 31, 2017

3:02 PM
10/22/2018
Accrual Basis
Dec 31, 17

ASSETS

Current Assets

Checking/Savings

10100 · Cash

Citizens Bank 164,512.91

Total 10100 · Cash 164,512.91

Total Checking/Savings 164,512.91

Accounts Receivable

11000 · Accounts Receivable 1,671,000.00

Total Accounts Receivable 1,671,000.00

Other Current Assets

12600 · Loans & Exchange -25,817.65

13000 · Escrow

Building Loan Reserve 4,002,339.03

Property Insurance Escrow 649,985.01

Remediation Escrow 187,500.00

Total 13000 · Escrow 4,839,824.04

Total Other Current Assets 4,814,006.39

Total Current Assets 6,649,519.30

Fixed Assets

15100 · Building

Land - Main SNF Building 8,578,621.07

Building - Main SNF Building 48,612,185.99

Building Closing Cost 1,208,685.33

Excess Land R1 1,894,008.01

Excess Land R6 12,269,877.94

Goodwill 7,370,161.60

Medical Building - Day Care

Land 370,567.00

Building 2,099,878.23

Total Medical Building - Day Care 2,470,445.23

Medical Building - Home Health

Land 382,919.00

Building 2,169,874.40

Total Medical Building - Home Health 2,552,793.40

Residence - 714 W 231

Land 79,054.00

Building 555,026.94

Total Residence - 714 W 231 634,080.94

Residence - 720 W 231

Land 71,643.00

Building 405,976.41

Total Residence - 720 W 231	477,619.41
Residence - 736 W 231	
Land	95,112.00
Building	431,916.32
Total Residence - 736 W 231	<u>527,028.32</u>
Total 15100 · Building	86,595,507.24
15300 · Furniture and Equipment	
Furniture & Fixtures	197,635.62
Major Moveable Equipment	790,542.47
Total 15300 · Furniture and Equipment	<u>988,178.09</u>
15600 · Mortgage Closing Cost	
Citizens Bank - 00026	2,648,478.51
Citizens Bank - 00083	1,224,663.83
Total 15600 · Mortgage Closing Cost	<u>3,873,142.34</u>
16100 · Accumulated Depreciation	
Acc Dep- Bldg	
714 W 231	-10,651.98
720 W 231	-7,791.43
736 · W 231	-8,289.26
Home Health	-29,364.24
Medical Building - Day Care	-28,417.01
SNF Main Bulding	-932,956.23
Total Acc Dep- Bldg	<u>-1,017,470.15</u>
Acc Dep- Closing Costs	-23,196.87
Acc Dep- Equip	-83,445.71
Acc Dep- Furniture	-14,901.02
Total 16100 · Accumulated Depreciation	<u>-1,139,013.75</u>
16200 · Accumulated Amortization	
Acc Amort Mortgage Costs	-611,505.28
Total 16200 · Accumulated Amortization	<u>-611,505.28</u>
Total Fixed Assets	<u>89,706,308.64</u>
TOTAL ASSETS	<u><u>96,355,827.94</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
20300 · Accrued Interest Payable	344,327.89
Total Other Current Liabilities	<u>344,327.89</u>
Total Current Liabilities	344,327.89
Long Term Liabilities	
24050 · Security Deposit Payable	4,400.00
24100 · Mortgage Payable	
Citizens Bank - 00026	49,500,000.00
Citizens Bank - 00059	3,998,500.00
Citizens Bank - 00083	22,500,300.00
Total 24100 · Mortgage Payable	<u>75,998,800.00</u>

Total Long Term Liabilities	<u>76,003,200.00</u>
Total Liabilities	<u>76,347,527.89</u>
Equity	
28100 - Equity	
Ellezer Scheiner	
Contribution	
1031 Exchange	
1229 Warm Springs Ave LLC	1,381,018.70
1445 Sycamore Road LLC	2,758,083.13
14714 Park Ave Ext LLC	9,464,230.32
450 Waupelani Drive LLC	5,315,258.91
Ivy Hill Real Estate LLC	<u>1,795,450.31</u>
Total 1031 Exchange	20,714,041.37
Contribution - Other	<u>26,375.00</u>
Total Contribution	20,740,416.37
Distribution	
To Private Member	-637,818.09
Distribution - Other	<u>-10,000,000.00</u>
Total Distribution	<u>-10,637,818.09</u>
Total Ellezer Scheiner	10,102,598.28
Teddy Lichtschein	
Contribution	
1031 Exchange	
1229 Warm Springs Ave LLC	1,381,018.69
1445 Sycamore Road LLC	2,758,083.13
14714 Park Ave Ext LLC	9,464,230.31
450 Waupelani Drive LLC	5,315,258.91
Ivy Hill Real Estate LLC	<u>1,795,450.31</u>
Total 1031 Exchange	20,714,041.35
Contribution - Other	<u>26,375.00</u>
Total Contribution	20,740,416.35
Distribution	
To Private Member	-637,818.08
Distribution - Other	<u>-10,000,000.00</u>
Total Distribution	<u>-10,637,818.08</u>
Total Teddy Lichtschein	10,102,598.27
Zevi Kohn	
Contribution	
To Private Member	<u>118,746.53</u>
Total Contribution	<u>118,746.53</u>
Total Zevi Kohn	<u>118,746.53</u>
Total 28100 - Equity	20,323,943.08
Net Income	<u>-315,643.03</u>
Total Equity	<u>20,008,300.05</u>
TOTAL LIABILITIES & EQUITY	<u><u>96,355,827.94</u></u>

2975 INDEPENDENCE AVENUE LLC
Profit & Loss
 January through December 2017

2:58 PM
 10/22/2018
 Accrual Basis
Jan - Dec 17

Ordinary Income/Expense	
Income	
30000 · Rental Income	3,222,070.10
Total Income	<u>3,222,070.10</u>
Gross Profit	3,222,070.10
Expense	
40200 · Interest Expense	
40100 · Mortgage Interest	1,565,608.41
SWAP Interest Expense	<u>202,553.70</u>
Total 40200 · Interest Expense	1,768,162.11
50000 · Depreciation & Amortization	
Building	1,017,470.15
Closing Costs	23,196.87
Equipment	83,445.71
Furniture and Fixtures	14,901.02
Mortgage Costs	<u>611,505.28</u>
Total 50000 · Depreciation & Amortization	1,750,519.03
60000 · Insurance & Real Estate Taxes	
Real Estate Taxes	<u>8,141.99</u>
Total 60000 · Insurance & Real Estate Taxes	8,141.99
70000 · Professional Fees	
Due Dillgence Fees	<u>9,100.00</u>
Total 70000 · Professional Fees	9,100.00
75000 · General & Administrative	
Bank Service Charges	1,043.40
Repairs and Maintenance	<u>1,979.08</u>
Total 75000 · General & Administrative	3,022.48
76000 · Utilities	
Electric	<u>2,606.55</u>
Total 76000 · Utilities	<u>2,606.55</u>
Total Expense	<u>3,541,552.16</u>
Net Ordinary Income	-319,482.06
Other Income/Expense	
Other Income	
80400 · Interest Income	<u>3,839.03</u>
Total Other Income	<u>3,839.03</u>
Net Other Income	3,839.03
Net Income	<u><u>-315,643.03</u></u>

FREEDOM DIALYSIS CENTER

PRO FORMA BALANCE SHEET

ASSETS

Cash	\$688,982
Equipment	\$0
Leasehold Improvements	\$0

TOTAL ASSETS \$688,982

LIABILITIES AND MEMBERS EQUITY

Working Capital Loan	\$0
Equipment Lease	\$0
Permanent Financing Loan	\$0

Total Liabilities \$0

Members Equity \$688,982

TOTAL LIABILITIES AND MEMBERS EQUITY \$688,982

Project # 182068
BFA Attachment E

2975 Independence Avenue LLC

Real Property Owners

Teddy Lichtschein	45%
Eliezer Scheiner	45%
Zevi Kohn	<u>10%</u>
Total	100%

Newburgh
Pro Forma Balance Sheet - Year 1

2019 Pro Forma

Assets:

Cash	\$685,093
Accounts Receivable	\$990,028
Other Assets/Supplies	\$8,180
P&E	<u>\$1,442,917</u>
Total Assets:	\$3,126,218

Current Liabilities:

Current Liabilities:	\$117,992
Long Term Debt:	<u>\$1,812,527</u>
Total Liabilities:	\$1,930,519

Members' Equity

\$1,195,699

Consolidated U.S. Renal Care, Inc and Subsidiaries

	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Nov 2018	Dec 2018
Assets						
Current Assets						
Cash	130,295,822	119,286,969	117,021,847	136,702,882	176,134,593	153,468,644
A/R, Net	176,678,287	187,410,855	179,085,156	184,742,502	181,048,415	180,010,242
Other Receivables	24,263,389	26,955,127	32,100,821	24,169,805	34,947,795	32,091,183
Inventory	13,971,425	14,298,522	16,305,933	16,594,379	16,938,117	20,418,504
Other Current Assets	12,623,129	13,012,091	13,177,400	12,922,283	12,921,081	11,926,990
Total Current Assets	357,832,054	360,963,564	357,691,157	375,131,852	421,990,002	397,915,563
PP&E, Net						
Goodwill and Other Intangibles, Net	262,283,633	267,113,234	271,136,899	265,676,443	262,606,815	261,687,115
Other Assets	2,432,609,021	2,424,563,283	2,416,771,964	2,408,694,453	2,404,327,676	2,401,974,091
	22,727,236	22,725,388	22,582,092	22,527,579	22,507,729	22,488,874
Total Assets	3,075,451,945	3,075,365,472	3,068,182,112	3,072,030,330	3,111,432,225	3,084,065,645
Liabilities						
Current Liabilities						
Accounts Payable and Accrued Expenses	99,799,627	110,630,390	83,068,752	85,340,636	113,884,510	85,559,778
Accrued Payroll	37,620,348	33,975,438	42,988,126	40,953,159	48,456,203	48,196,569
Current Portion of Long Term Debt	17,743,859	18,469,167	19,608,257	20,655,047	20,774,249	21,107,803
Total Current Liabilities	155,163,835	163,074,997	145,665,137	146,948,844	183,114,963	154,864,150
Long Term Liabilities						
Capital Leases	141,739	3,359,749	8,157,019	12,135,931	12,694,867	13,972,225
1st Lien Term Debt	1,653,620,974	1,651,528,919	1,649,212,699	1,646,669,016	1,647,984,041	1,644,147,644
2nd Lien Term Debt	254,797,541	255,197,452	255,540,631	255,825,090	256,040,961	256,117,258
Notes Payable	1,883,929	1,659,552	1,433,093	1,216,825	1,058,837	983,562
Intercompany Payable	(2,218,541)	(4,738,839)	(2,002,742)	(996,713)	(1,005,234)	(908,491)
Other LT Liabilities	73,670,056	73,319,850	73,758,137	73,702,112	73,771,618	73,931,663
Total Long Term Liabilities	1,981,895,698	1,980,326,683	1,986,098,838	1,988,552,260	1,990,545,091	1,988,243,862
Total Liabilities	2,137,059,535	2,143,401,679	2,131,763,976	2,135,501,103	2,173,660,054	2,143,108,012
Equity						
Common Stock	4	4	4	4	4	4
Additional Paid in Capital	531,295,071	522,429,785	523,655,383	523,886,091	524,032,154	519,554,832
Noncontrolling Interest	304,686,492	304,020,550	304,363,286	303,570,362	303,468,858	308,345,843
Retained Earnings	102,410,844	105,513,453	108,399,462	109,072,770	110,271,155	113,056,954
Total Equity	938,392,411	931,963,792	936,418,135	936,529,228	937,772,170	940,957,632
Total Liabilities & Equity	3,075,451,945	3,075,365,472	3,068,182,112	3,072,030,330	3,111,432,225	3,084,065,645

SUMMARY P&L
Consolidated U.S. Renal Care, Inc and Subsidiaries

BFA Attachment C - Cont.
#182140

	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q4 '18 Budget	October 2018	November 2018	December 2018	December Budget	Variance	FY '18 YTD	FY '18 YTD Budget	Variance
Total Treatments	864,584	886,389	878,307	896,093	928,403	305,239	291,541	299,314	308,447	(9,133)	3,525,373	3,577,313	(51,940)
Revenue Before Bad Debt Expense	328,960,923	338,326,850	340,603,474	347,646,327	349,229,640	119,643,470	113,159,122	114,843,736	116,006,727	(1,162,991)	1,355,537,574	1,346,161,103	9,376,471
Bad Debt Expense	(9,374,795)	(9,811,065)	(7,023,270)	(7,384,212)	(9,625,681)	(2,486,502)	(2,458,349)	(2,439,361)	(3,193,560)	754,199	(33,593,342)	(37,055,990)	3,462,648
Net Revenue	319,586,128	328,515,785	333,580,204	340,262,115	339,603,959	117,156,968	110,700,773	112,404,375	112,813,167	(408,792)	1,321,944,232	1,309,105,113	12,839,119
Facility Expenses													
Labor Expense	94,198,861	95,389,311	93,683,942	95,418,435	97,259,546	33,019,911	31,538,256	30,860,268	32,148,281	1,288,013	378,690,549	378,939,947	249,398
Medical Supplies	21,166,466	20,924,985	20,883,398	21,219,422	22,181,094	7,102,902	7,175,774	6,940,746	7,416,198	475,452	84,194,271	84,586,054	391,783
Medications	34,251,180	31,140,718	31,831,371	32,528,494	35,407,183	11,452,947	10,776,915	10,298,632	11,875,009	1,576,377	129,751,763	137,051,519	7,299,756
Calcimimetics	9,954,206	15,689,938	19,527,690	18,854,435	14,815,232	6,834,675	5,801,333	6,218,427	4,917,607	(1,300,820)	64,026,269	51,669,025	(12,357,244)
Medical Director Fees	7,558,109	7,882,630	7,743,285	7,667,812	7,812,085	2,534,511	2,529,905	2,603,395	2,613,442	10,047	30,851,836	30,883,068	31,232
Rent	15,307,138	15,237,609	15,537,833	15,533,611	15,496,620	5,170,050	5,113,778	5,249,783	5,200,334	(49,449)	61,616,190	61,350,096	(266,094)
Other Expenses	35,108,018	36,112,344	34,577,369	35,266,392	35,199,934	11,781,942	12,184,641	11,299,808	11,742,657	442,849	141,064,122	140,095,730	(968,392)
Total Facility Expenses	217,543,978	222,377,535	223,784,888	226,488,601	228,171,694	77,896,938	75,120,602	73,471,059	75,913,528	2,442,469	890,195,000	884,575,439	(5,619,561)
Facility EBITDAM	102,042,150	106,138,250	109,795,316	113,773,514	111,432,265	39,260,030	35,580,171	38,933,316	36,899,639	2,033,677	431,749,232	424,529,674	7,219,558
As a Percent of Revenue	31.0%	31.4%	32.2%	32.7%	31.9%	32.8%	31.4%	33.9%	31.8%	2.1%	31.9%	31.5%	0.4%
Management Fee	(513,926)	(576,328)	(520,829)	(551,253)	(531,465)	(188,939)	(177,755)	(184,559)	(173,884)	10,675	(2,162,336)	(2,070,463)	91,873
Facility EBITDA	102,556,076	106,714,578	110,316,145	114,324,767	111,963,730	39,448,969	35,757,926	39,117,875	37,073,523	2,044,352	433,911,568	426,600,137	7,311,431
As a Percent of Revenue	31.2%	31.5%	32.4%	32.9%	32.1%	33.0%	31.6%	34.1%	32.0%	2.1%	32.0%	31.7%	0.3%
Corporate Expenses													
Corporate Labor	14,872,667	14,168,236	15,160,720	14,606,013	15,568,640	5,304,404	4,949,480	4,352,128	5,184,776	832,648	58,807,636	60,767,141	1,959,505
Corporate Operating Expenses	8,109,578	8,592,508	8,703,202	8,460,710	8,627,075	3,036,894	2,617,539	2,806,277	2,826,905	20,628	33,865,998	34,444,329	578,331
Total Corporate Expenses	22,982,245	22,760,744	23,863,922	23,066,723	24,195,715	8,341,298	7,567,019	7,158,405	8,011,681	853,276	92,673,634	95,211,470	2,537,836
As a Percent of Revenue	7.0%	6.7%	7.0%	6.6%	6.9%	7.0%	6.7%	6.2%	6.9%	0.7%	6.8%	7.1%	0.3%
Corporate EBITDA	79,573,831	83,953,834	86,452,223	91,258,044	87,768,015	31,107,671	28,190,907	31,959,470	29,061,842	2,897,628	341,237,934	331,388,667	9,849,267
As a Percent of Revenue	24.2%	24.8%	25.4%	26.3%	25.1%	26.0%	24.9%	27.8%	25.1%	2.7%	25.2%	24.6%	0.6%
Earnings from Investments	(1,003,205)	(818,120)	(1,140,966)	(1,172,793)	(877,940)	(266,931)	(469,552)	(436,310)	(285,482)	150,828	(4,135,084)	(3,563,458)	571,626
Minority Interest Expenses	13,895,760	14,417,072	12,911,834	14,320,449	15,459,141	4,871,464	4,366,598	5,082,386	5,097,282	14,896	55,545,115	56,139,251	594,136
Corporate EBITDA Less MI	66,681,276	70,354,882	74,681,355	78,110,388	73,186,814	26,503,138	24,293,861	27,313,394	24,250,042	3,063,352	289,827,903	278,812,874	11,015,029
Non-Operating Expenses													
Interest Expense	34,991,681	38,193,143	38,092,303	38,502,566	34,898,784	12,850,290	12,794,366	12,857,910	11,667,338	(1,190,572)	149,779,692	139,618,001	(10,161,691)
Depreciation	22,127,936	22,700,454	22,500,470	22,053,370	20,535,954	7,317,564	7,743,144	6,992,662	6,852,093	(140,569)	89,382,231	85,280,853	(4,101,378)
Loss on Early Retirement of Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
(Gain) Loss on Sale of Assets	(194,282)	12,774	603,969	387,759	0	249,501	132,346	5,912	0	(5,912)	810,219	0	(810,219)
General Service Fee	687,500	687,500	687,500	687,500	687,500	229,167	229,167	229,167	229,167	0	2,750,000	2,750,000	0
Other Non-Cash Expense	229,660	230,708	230,708	208,749	116,385	76,304	69,758	62,687	38,795	(23,892)	899,826	465,542	(434,284)
Transaction, Settlements and Other Non Recurring Costs	2,016,860	2,184,634	11,105,636	17,227,719	1,880,761	1,567,311	1,530,859	14,129,549	623,259	(13,506,290)	32,534,849	7,167,752	(25,367,097)
Total Non-Operating Expenses	59,859,355	64,009,213	73,220,586	79,067,663	58,119,384	22,290,137	22,499,640	34,277,887	19,410,652	(14,867,235)	276,156,817	235,282,148	(40,874,669)
Net Income Before Income Taxes	6,821,921	6,345,669	1,460,769	(957,275)	15,067,430	4,213,001	1,794,221	(6,964,493)	4,839,390	(11,803,883)	13,671,086	43,530,726	(29,859,640)
Income Taxes	3,719,311	3,459,660	796,411	(4,941,456)	8,236,712	2,296,930	2,511,907	(9,750,293)	2,645,482	12,395,775	3,033,926	23,795,578	20,761,652
Net Income	3,102,610	2,886,009	664,358	3,984,181	6,830,718	1,916,071	(717,686)	2,785,800	2,193,908	591,892	10,637,160	19,735,148	(9,097,988)
MI % of Facility EBITDA	13.5%	13.5%	11.7%	12.5%	13.8%	12.3%	12.2%	13.0%	13.7%	0.7%	12.8%	13.2%	0.4%
MI % of Corporate EBITDA	17.5%	17.2%	14.9%	15.7%	17.6%	15.7%	15.5%	15.9%	17.5%	1.6%	16.3%	16.9%	0.6%

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

(Dollars in thousands, except share information)

Assets	2017	2016
Cash and cash equivalents	\$ 130,296	80,406
Accounts receivable, net of allowances of \$41,772 and \$38,491	176,678	177,333
Inventories	13,971	14,095
Other receivables	26,482	25,129
Other current assets	12,623	14,364
Total current assets	360,050	311,327
Property and equipment, net	262,284	275,855
Investments in unconsolidated affiliates	16,846	20,215
Amortizable intangibles, net	65,497	101,785
Other intangibles	15,064	15,064
Goodwill	2,331,442	2,320,925
Other long-term assets	3,078	2,880
Total assets	\$ 3,054,261	3,048,051
Liabilities and Equity		
Accounts payable	\$ 23,766	25,889
Accrued compensation and benefits	37,620	33,578
Accrued expenses	76,034	69,547
Current portion of long-term debt and capital lease obligations	19,245	18,376
Total current liabilities	156,665	147,390
Long-term debt and capital lease obligations, net of current portion	1,918,772	1,929,593
Other long-term liabilities	2,025	5,381
Deferred tax liability	42,167	70,609
Total liabilities	2,119,629	2,152,973
Commitments and contingencies		
U.S. Renal Care, Inc. equity:		
Common stock (\$.01 par value. Authorized shares, 100; issued and outstanding, 100 shares)	—	—
Additional paid-in capital	531,295	527,377
Retained earnings	98,650	65,841
Total U.S. Renal Care, Inc. stockholders' equity	629,945	593,218
Noncontrolling interests (including redeemable interests with redemption values of \$220,352 and \$194,303)	304,687	301,860
Total equity	934,632	895,078
Total liabilities and equity	\$ 3,054,261	3,048,051

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2017 and 2016

(Dollars in thousands)

	<u>2017</u>	<u>2016</u>
Net operating revenue:		
Net operating revenue before provision for doubtful accounts	\$ 1,251,992	1,179,783
Less provision for doubtful accounts	35,486	41,209
Net operating revenue	<u>1,216,506</u>	<u>1,138,574</u>
Operating expenses:		
Patient care costs	823,032	745,304
General and administrative	92,165	80,750
Transaction and legal costs	8,378	14,867
Depreciation and amortization	93,147	81,278
Equity in earnings of unconsolidated affiliates	(3,331)	(3,598)
Total operating expenses	<u>1,013,391</u>	<u>918,601</u>
Operating income	203,115	219,973
Interest expense, net	<u>130,317</u>	<u>127,069</u>
Income before income taxes	72,798	92,904
Income tax (benefit) provision	<u>(8,790)</u>	<u>19,616</u>
Net income	81,588	73,288
Less net income attributable to noncontrolling interests	<u>48,779</u>	<u>51,892</u>
Net income attributable to U.S. Renal Care, Inc.	<u>\$ 32,809</u>	<u>21,396</u>

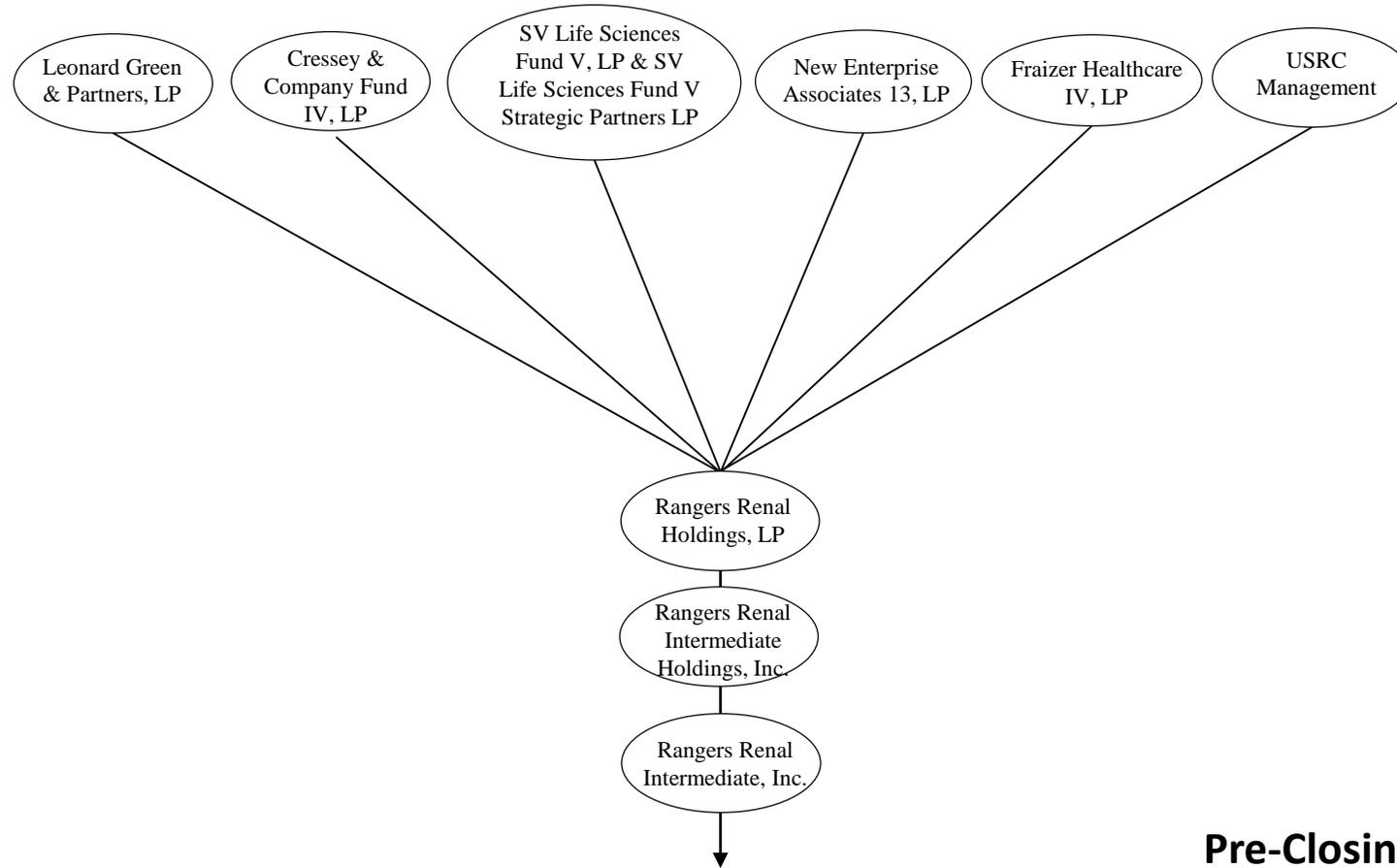
See accompanying notes to consolidated financial statements.

**CON 182140
BFA Attachment E**

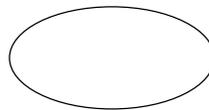
			YE Internals
<u>DSI Dutchess Dialysis. Inc.</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$2,708,170	\$3,249,791	\$4,090,513
Fixed Assets/Other Assets	<u>\$3,103,092</u>	<u>\$1,385,034</u>	<u>\$2,580,050</u>
Total Assets	\$5,811,262	\$4,634,825	\$6,670,563
Current Liabilities	\$1,133,951	\$1,144,922	\$825,873
Long Term Liabilities	<u>\$16,540,542</u>	<u>(\$22,854,347)</u>	<u>(\$31,765,553)</u>
Total Liabilities	(\$15,406,591)	(\$21,709,425)	(\$30,939,679)
Inter Company Transfer/Partner	\$21,217,853	(\$22,271,599)	(\$31,954,856)
Net Assets with USRC Transfer	\$5,811,262	\$28,326,260	\$37,610,242
Working Capital Position	\$1,574,219	\$2,104,869	\$3,264,640
Operating Revenues	\$15,816,347	\$19,328,602	\$21,713,723
Operating Expenses	<u>\$10,112,137</u>	<u>\$12,226,252</u>	<u>\$13,245,352</u>
Operating Net Income	\$5,704,210	\$7,102,350	\$8,468,371
<u>Newburgh</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$19,069	\$979,049	Not Operating
Fixed Assets/Other Assets	<u>\$22,879,393</u>	<u>\$33,755,656</u>	
Total Assets	\$1,277,349	\$2,659,484	
Current Liabilities	\$76,887	\$94,726	
Long Term Liabilities	<u>\$120,889</u>	<u>\$1,729,313</u>	
Total Liabilities	\$197,776	\$1,824,039	
Net Assets	\$1,079,573	\$835,445	
Working Capital Position	(\$57,818)	\$2,556,332	
Operating Revenues	\$0	(\$1,659,950)	
Operating Expenses	<u>\$0</u>	<u>\$896,382</u>	
Operating Net Income	(\$60,935)	\$333,730	
<u>Pelham Parkway Dialysis</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$3,937,845	\$1,474,673	\$1,992,998
Fixed Assets/Other Assets	<u>\$3,888,524</u>	<u>\$4,739,619</u>	<u>\$4,837,881</u>
Total Assets	\$7,826,369	\$6,214,292	\$6,830,879
Current Liabilities	\$362,074	\$669,274	\$723,658
Long Term Liabilities	<u>\$2,692,871</u>	<u>\$789,094</u>	<u>\$171,486</u>
Total Liabilities	\$3,054,945	\$1,458,368	\$895,144
Net Assets	\$4,771,424	\$4,755,924	\$5,935,735
Working Capital Position	\$3,575,771	\$805,399	\$1,269,340
Operating Revenues	\$5,124,051	\$5,709,059	\$7,134,535
Operating Expenses	<u>\$4,587,437</u>	<u>\$6,357,978</u>	<u>\$6,297,168</u>
Operating Net Income	\$536,614	(\$648,919)	\$468,044
<u>South Flushing</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$5,753,476	\$4,838,765	\$2,628,381
Fixed Assets/Other Assets	<u>\$4,795,137</u>	<u>\$6,264,070</u>	<u>\$5,978,244</u>
Total Assets	\$10,548,613	\$11,102,835	\$8,606,625
Current Liabilities	\$1,441,802	\$1,334,911	\$1,110,166
Long Term Liabilities	<u>\$1,768,262</u>	<u>\$460,005</u>	<u>(\$546,101)</u>
Total Liabilities	\$3,210,064	\$1,794,916	\$564,065
Net Assets	\$7,338,549	\$9,307,919	\$1,518,215
Working Capital Position	\$4,311,674	\$3,503,854	\$1,518,215
Operating Revenues	\$7,640,072	\$9,669,780	\$10,714,581
Operating Expenses	<u>\$4,674,565</u>	<u>\$6,928,440</u>	<u>\$6,469,929</u>
Operating Net Income	\$2,965,507	\$2,741,340	\$3,888,094

**CON 182140 BFA
Attachment E - Cont.**

USRC West Cheeltowaga	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$116,422	\$578,328	\$521,149
Fixed Assets/Other Assets	<u>\$1,595,149</u>	<u>\$1,395,331</u>	<u>\$466,995</u>
Total Assets	\$1,711,571	\$1,973,659	\$988,144
Current Liabilities	\$133,651	\$266,702	\$1,095,022
Long Term Liabilities	<u>\$1,415,209</u>	<u>\$1,441,170</u>	(\$6,164,056)
Total Liabilities	\$1,548,860	\$1,707,872	\$5,069,034
Net Assets	\$162,711	\$265,787	\$6,057,178
Working Capital Position	(\$17,229)	\$311,626	(\$573,873)
Operating Revenues	\$54,804	\$2,034,146	\$4,976,017
Operating Expenses	<u>\$405,094</u>	<u>\$1,700,511</u>	<u>\$2,939,693</u>
Operating Net Income	(\$350,290)	\$333,635	\$2,036,324
USRC Williamsville			
Current Assets	\$617,723	\$841,092	\$678,113
Fixed Assets/Other Assets	<u>\$328,470</u>	<u>\$262,264</u>	<u>\$197,916</u>
Total Assets	\$946,193	\$1,103,356	\$876,029
Current Liabilities	\$1,518,344	\$1,036,681	\$181,992
Long Term Liabilities	<u>-\$1,496,599</u>	<u>-\$896,419</u>	<u>\$42,640</u>
Total Liabilities	\$21,745	\$140,262	\$139,352
Net Assets	\$924,448	\$963,094	\$736,677
Working Capital Position	-\$900,621	-\$195,589	\$496,121
Operating Revenues	\$1,408,869	\$159,427	\$2,220,395
Operating Expenses	<u>\$1,204,168</u>	<u>\$97,846</u>	<u>\$1,482,483</u>
Operating Net Income	\$204,701	\$61,581	\$737,912
USRC Cheektowaga			
Current Assets	\$1,516,202	\$578,328	\$1,850,354
Fixed Assets/Other Assets	\$666,513	\$1,419,201	\$460,835
Total Assets	<u>\$2,182,715</u>	<u>\$1,997,529</u>	<u>\$2,311,189</u>
Current Liabilities	\$438,969	\$266,703	\$920,172
Long Term Liabilities	-\$208,445	\$1,398,784	\$34,715
Total Liabilities	<u>\$230,524</u>	<u>\$1,665,487</u>	<u>\$954,887</u>
Net Assets	\$1,952,191	\$332,042	\$1,356,302
Working Capital Position	\$227,544	\$311,625	\$930,182
Operating Revenues	\$5,937,128	\$1,969,790	\$4,870,772
Operating Expenses	<u>\$3,287,097</u>	<u>\$1,580,824</u>	<u>\$3,183,937</u>
Operating Net Income	\$2,650,031	\$388,966	\$1,686,835
USRC Tonawanda			
Current Assets	\$1,472,480	\$1,863,650	\$1,305,679
Fixed Assets/Other Assets	<u>\$560,792</u>	<u>\$504,931</u>	<u>\$457,279</u>
Total Assets	\$2,033,272	\$2,368,581	\$1,762,958
Current Liabilities	\$396,025	\$500,396	\$490,441
Long Term Liabilities	<u>\$303,024</u>	<u>\$601,925</u>	<u>\$132,909</u>
Total Liabilities	\$699,049	\$1,102,321	\$623,350
Net Assets	\$1,334,223	\$1,266,260	\$1,139,608
Working Capital Position	\$1,076,455	\$1,363,254	\$815,238
Operating Revenues	\$4,215,849	\$4,594,939	\$4,567,929
Operating Expenses	<u>\$2,336,144</u>	<u>\$2,959,861</u>	<u>\$2,655,296</u>
Operating Net Income	\$1,879,705	\$1,635,078	\$1,912,633



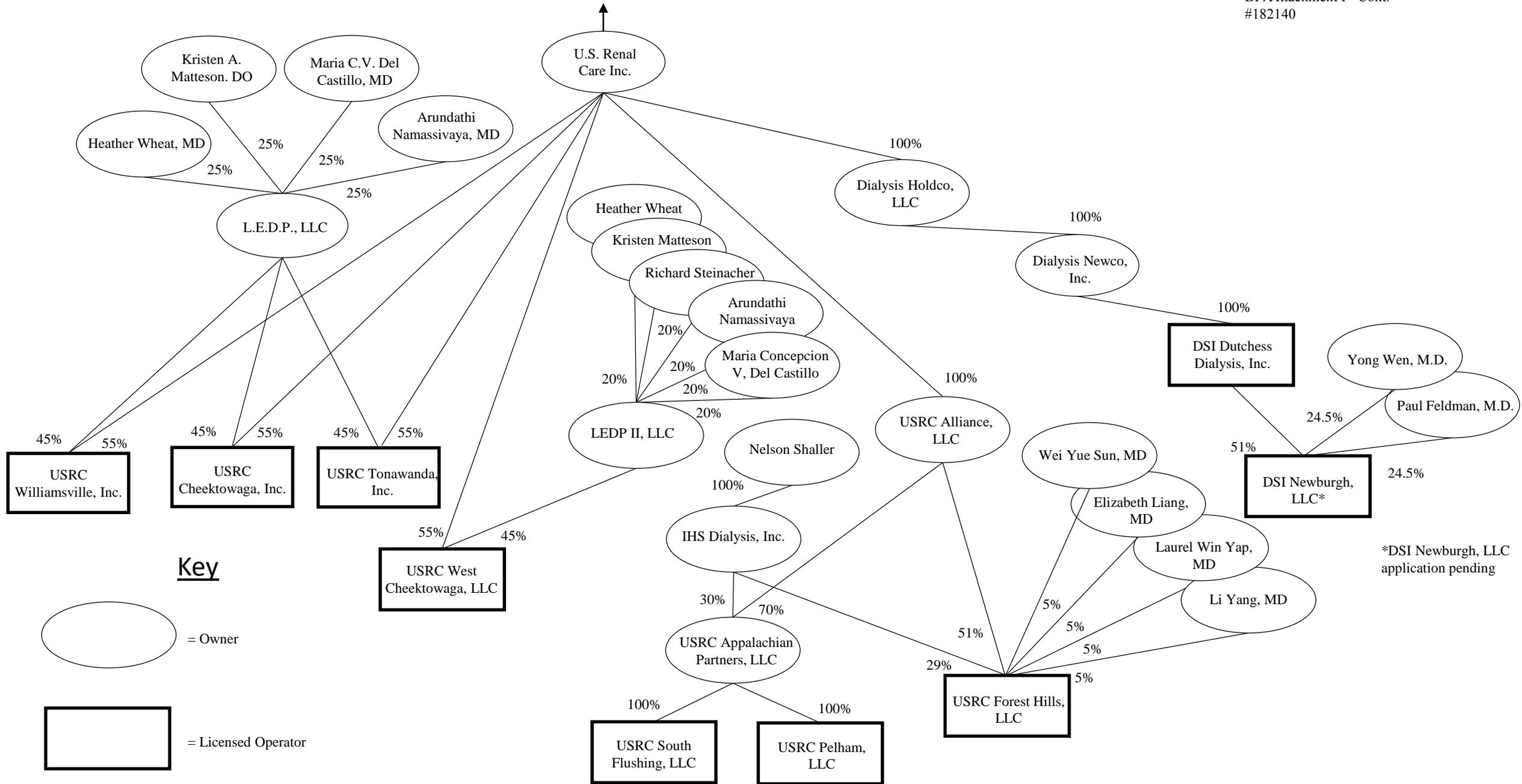
Key

 = Owner

 = Licensed Operator

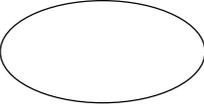
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Pre-Closing Organizational Chart



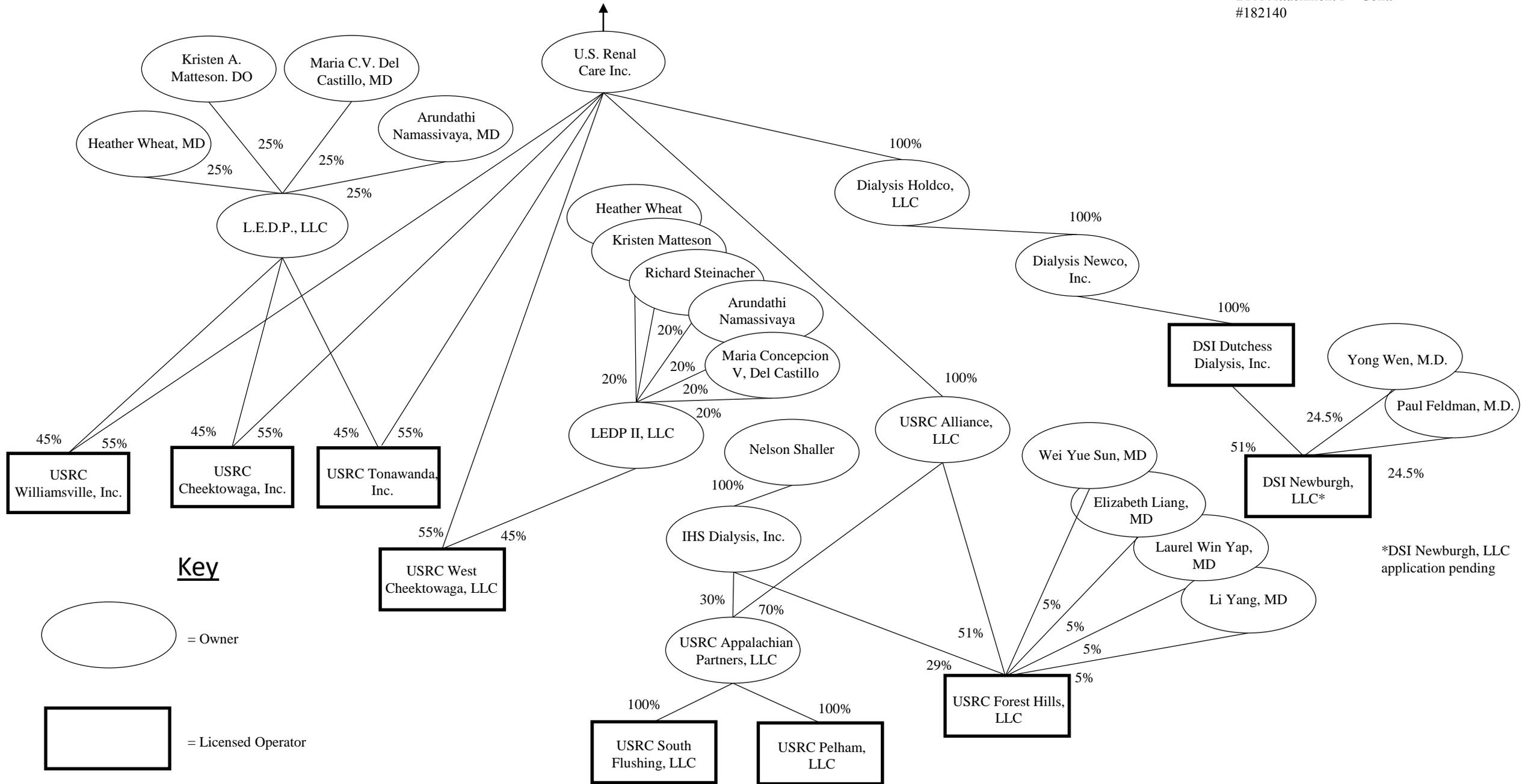


Key

 = Owner

 = Licensed Operator

Post-Closing Organizational Chart



HSP Attachment A - CON 182140 DSI Newburgh, LLC - STAR RATNGS

Facility Name	Address	Star Rating
DSI Dutchess Dialysis Inc. d/b/a DSI Dutchess Dialysis	2585 South Road Poughkeepsie, NY 12601	
DSI Dutchess Dialysis Inc. d/b/a DSI Newburgh Dialysis	39 North Plank Road Newburgh, NY 12550-2124	
USRC Cheektowaga Inc.d/b/a U.S. Renal Care Cheektowaga	2875 Union Road Suite 13 C/D Cheektowaga, NY 14225	
USRC Pelham, LLC d/b/a U.S. Renal Care Pelham Parkway Dialysis	1400 Pelham Parkway South Building 5 Bronx, NY 10461-1138	
USRC South Flushing, LLC d/b/a U.S. Renal Care South Flushing Dialysis	71-12 Park Ave Flushing, NY 11365-4105	
USRC Tonawanda, Inc d/b/a U.S. Renal Care Tonawanda Dialysis	3161 Eggert Road Tonawanda, NY 14150	
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care Amherst Dialysis	2880 Sheridan Drive Tonawanda, NY 14150-9419	Not Available
USRC West Cheektowaga, LLC d/b/a U.S. Renal Care West Cheektowaga	2681 Harlem Road Cheektowaga, NY 14225-9998	
USRC Williamsville, Inc d/b/a U.S. Renal Care Williamsville Dialysis	7964 Transit Road Suite 8-A Williamsville, NY 14421	

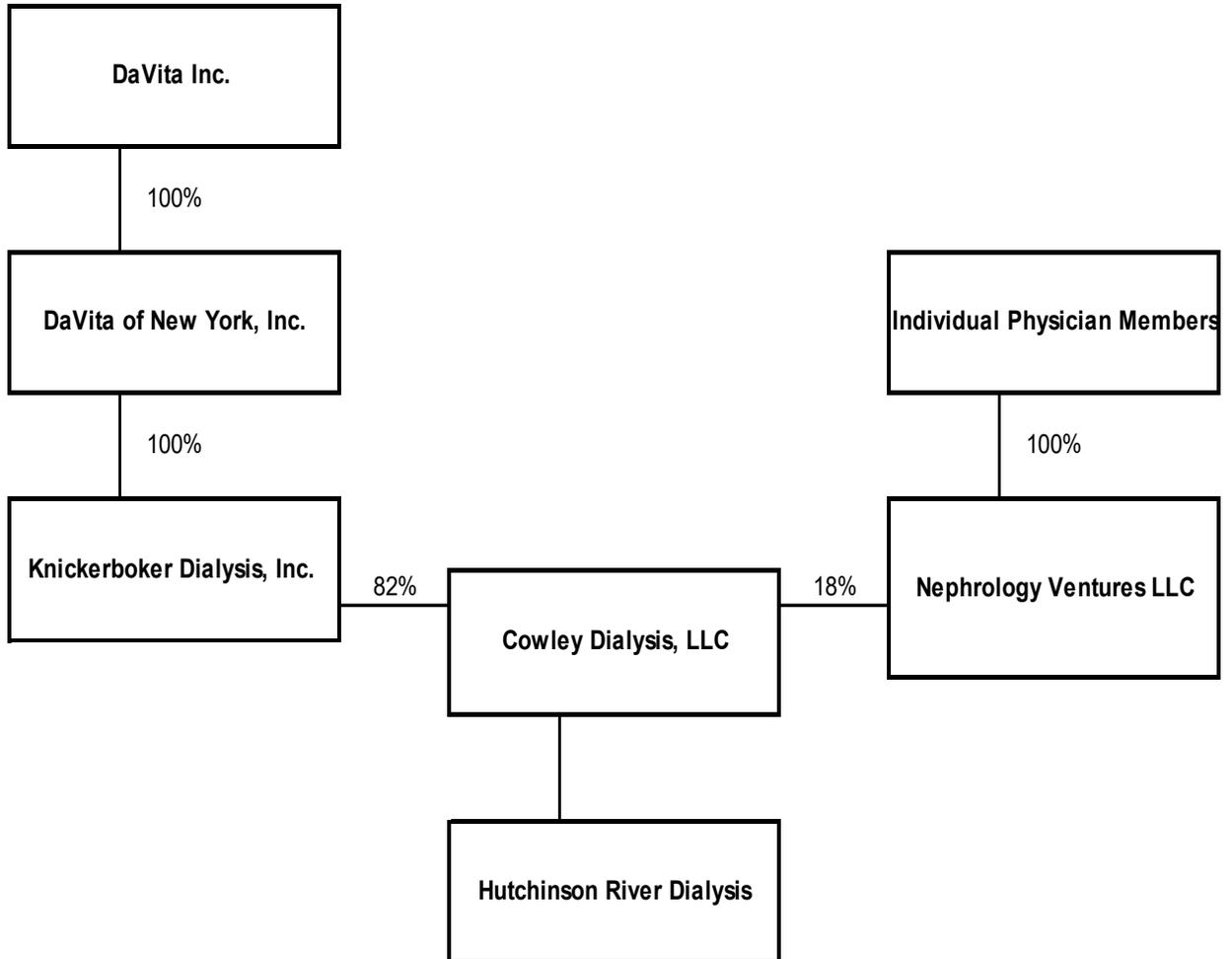
PRE-CLOSING ORGANIZATIONAL CHART

Hutchinson River Dialysis



POST-CLOSING ORGANIZATIONAL CHART

Cowley Dialysis, LLC



DAVITA INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

	Year ended December 31,		
	2018	2017	2016
Dialysis and related lab patient service revenues	\$ 10,709,981	\$ 10,093,670	\$ 9,727,360
Provision for uncollectible accounts	(49,587)	(485,364)	(431,304)
Net dialysis and related lab patient service revenues	10,660,394	9,608,306	9,296,056
Other revenues	744,457	1,268,328	1,411,411
Total revenues	11,404,851	10,876,634	10,707,467
Operating expenses and charges:			
Patient care costs and other costs	8,195,513	7,640,005	7,431,582
General and administrative	1,135,454	1,064,026	1,072,841
Depreciation and amortization	591,035	559,911	509,497
Provision for uncollectible accounts	(7,300)	(7,033)	11,677
Equity investment income	4,484	8,640	(16,874)
Investment and other asset impairments	17,338	295,234	14,993
Goodwill impairment charges	3,106	36,196	28,415
Gain on changes in ownership interest, net	(60,603)	(6,273)	(374,374)
Gain on settlement, net	—	(526,827)	—
Total operating expenses and charges	9,879,027	9,063,879	8,677,757
Operating income	1,525,824	1,812,755	2,029,710
Debt expense	(487,435)	(430,634)	(414,116)
Other income, net	10,089	17,665	7,511
Income from continuing operations before income taxes	1,048,478	1,399,786	1,623,105
Income tax expense	258,400	323,859	431,761
Net income from continuing operations	790,078	1,075,927	1,191,344
Net loss from discontinued operations, net of tax	(457,038)	(245,372)	(158,262)
Net income	333,040	830,555	1,033,082
Less: Net income attributable to noncontrolling interests	(173,646)	(166,937)	(153,208)
Net income attributable to DaVita Inc.	\$ 159,394	\$ 663,618	\$ 879,874
Earnings per share attributable to DaVita Inc.:			
Basic net income from continuing operations per share	\$ 3.66	\$ 4.78	\$ 5.12
Basic net income per share	\$ 0.93	\$ 3.52	\$ 4.36
Dilute net income from continuing operations per share	\$ 3.62	\$.71	\$ 5.0
Diluted net income per share	\$ 0.92	\$ 3.47	\$ 4.29
Weighted average shares for earnings per share:			
Basic	170,785,999	188,625,559	201,641,173
Dilute	172,365,581	191,385,533	200,900,656
Amounts attributable to DaVita Inc.:			
Net income from continuing operations	\$ 62,321	\$ 901,277	\$ 1,032,373
Net loss from discontinued operations	(464,927)	(237,659)	(152,499)
Net income attributable to DaVita Inc.	\$ 159,394	\$ 663,618	\$ 879,874

DAVITA INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 323,038	\$ 508,23
Restricted cash and equivalents	92,382	10,686
Short-term investments	2,935	32,830
Accounts receivable, net	1,858,608	1,714,750
Inventories	107,381	181,799
Other receivables	469,796	399,262
Prepaid and other current assets	111,800	112,058
Income tax receivable	68,614	49,440
Current assets held for sale, net	5,389,555	5,711,200
Total current assets	8,424,159	8,770,701
Property and equipment, net	3,393,099	3,192,213
Intangible assets, net	118,846	113,827
Equity method and other investments	22,011	25,553
Long-term investments	35,424	37,695
Other long-term assets	71,583	7,287
Goodwill	6,841,960	6,610,279
	<u>\$ 19,110,252</u>	<u>\$ 18,971,536</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 3,270	\$ 509,111
Other liabilities	595,850	579,005
Accrued compensation and benefits	58,913	1,011
Current portion of long-term debt	1,929,369	178,213
Current liabilities held for sale	1,233,759	1,185,070
Total current liabilities	4,891,161	3,067,520
Long-term debt	8,172,877	9,158,018
Other long-term liabilities	450,669	365,325
Deferred income taxes	5,253	8,277
Total liabilities	14,077,213	13,077,110
Commitments and contingencies:		
Noncontrolling interests subject to put provisions	1,124,641	1,011,360
Equity:		
Preferred stock (\$0.001 par value, 5,000,000 shares authorized; none issued)	—	—
Common stock (\$0.001 par value, 50,000,000 shares authorized; 1,387,307 and 1,822,278 shares issued and outstanding, respectively)	1	182
Additional paid-in capital	995,006	1,042,899
Retained earnings	2,733,190	3,337,130
Accumulated other comprehensive (loss) income	(34,924)	13,235
Total DaVita Inc. shareholders' equity	3,703,268	4,900,029
Noncontrolling interests not subject to put provisions	204,956	196,037
Total equity	3,908,398	5,096,066
	<u>\$ 19,110,252</u>	<u>\$ 18,974,536</u>

COWLEY DIALYSIS, LLC**PRO FORMA BALANCE SHEET****ASSETS**

Capital Improvements	\$1,814,077
Working Capital Cash	\$2,106,352
Other	\$888,105
Equipment and Telecommunications	\$826,605
Inventory	\$12,948
Prepaid Expenses	\$32,913
TOTAL ASSETS	\$5,681,000

LIABILITIES AND MEMBERS' EQUITY

Liabilities	\$3,580,000
Members' Equity	\$2,101,000
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$5,681,000

Saratoga Nursing LLC
 Balance Sheet
 As of December 31, 2018

As of Date:

12/31/2018

Location:

Saratoga Nursing LLC

Month Ending
 12/31/2018

Assets

Current Assets

Cash and Equivelents	520,214.81
Accounts Receivable	3,518,413.63
Prepaid Expenses	66,315.56

Total Current Assets	<u>4,104,944.00</u>
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Fixed Assets

Furniture Fixtures and Equipment	125,793.22
Accumulated Depreciation and Amortization	(5,719.14)

Total Fixed Assets	<u>120,074.08</u>
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Total Assets	<u><u>4,225,018.08</u></u>
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Liabilites and Equity

Current Liabilities

Accounts Payable	1,608,376.49
Accrued Wages and Related	532,928.04
Accrued Expenses	1,474,327.21
Other Current Payables	408,811.45

Total Current Liabilities	<u>4,024,443.19</u>
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Equity

Retained Earnings	334,797.00
Current Year Loss	(134,222.11)

Total Equity	<u>200,574.89</u>
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Total Liabilites and Equity	<u><u>4,225,018.08</u></u>
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Created on:

Saratoga Nursing LLC
Profit and Loss

As of Date:
Location:

12/31/2018
Saratoga Nursing LLC

	Month Ending 12/31/2018		Month Ending 11/30/2018		Month Ending 10/31/2018		Month Ending 09/30/2018		Month Ending 08/31/2018		Year To Date 12/31/2018	
	PPD		PPD		PPD		Actual	PPD		PPD	Actual	PPD
Revenue												
Inhouse Revenue												
Medicare Revenue	209,501.04	418.17	200,088.23	445.63	211,871.36	435.05	184,371.28	448.59	254,508.20	446.51	2,059,019.35	431.66
Medicaid Revenue	536,416.41	211.27	545,086.99	219.88	523,241.68	217.20	509,657.47	220.25	503,108.10	220.47	6,315,773.28	234.42
Medicaid Managed Care Revenue	0.00	0.00	521,545.68	220.25	534,451.95	220.30	669,808.69	296.64	428,373.57	210.09	4,974,292.24	217.40
Commercial Insurance Revenue	664,110.86	229.96	140,909.21	294.17	164,792.88	352.88	216,055.93	367.44	274,992.38	334.13	2,570,684.35	271.34
Hospice Revenue	0.00	0.00	6,618.60	220.62	18,870.69	245.07	7,001.61	250.06	27,396.30	260.92	244,474.40	233.28
Private Pay Revenue	134,670.00	351.62	117,801.45	402.05	119,292.82	377.51	123,570.00	358.17	114,110.00	351.11	1,159,504.09	210.21
Total Inhouse Revenue	1,544,698.31	244.76	1,532,050.16	251.24	1,572,521.18	254.37	1,710,465.98	287.76	1,602,486.55	260.82	17,323,747.71	245.27
Ancillary Revenue	28,523.34	4.52	29,272.51	4.60	32,601.74	5.27	46,519.98	7.83	22,868.29	3.72	381,248.29	5.40
Other Revenue	13,446.64	2.13	6,452.98	1.06	4,160.58	0.67	11,064.77	1.86	0.00	0.00	56,710.84	0.80
Total Revenue	1,586,668.29	251.41	1,567,775.65	257.10	1,609,283.50	260.32	1,768,050.73	297.45	1,625,354.84	264.54	17,761,706.84	251.47
Expenses												
Nursing Expenses												
Nursing Wages	571,651.75	90.58	597,546.69	97.99	596,864.26	96.55	610,323.68	102.68	871,076.84	141.78	5,905,151.26	83.61
Nursing Admin Wages	65,799.49	10.43	68,843.99	11.29	69,677.83	14.51	94,375.97	15.88	85,318.30	13.89	989,256.44	14.01
Nursing Contracted Services	51,808.69	8.21	60,107.43	9.86	49,880.16	8.07	1,500.00	0.26	1,500.00	0.24	182,165.28	2.58
Nursing Supplies	32,865.90	5.21	25,761.68	4.22	31,154.89	5.04	22,382.67	3.77	24,939.70	4.06	317,309.44	4.49
Nursing Equipment Rental	2,808.30	0.44	6,063.69	0.99	7,959.73	1.29	9,651.03	1.63	11,557.07	1.88	79,974.55	1.13
Other Nursing Expenses	5,834.43	0.92	13,342.38	2.19	9,760.43	1.58	12,011.14	2.02	11,785.05	1.92	125,054.47	1.77
Total Nursing Expenses	730,768.56	115.79	771,665.76	126.54	785,297.30	127.03	750,254.49	126.22	1,006,176.95	163.77	7,598,911.44	107.59
Ancillary Expenses												
OT Wages	19,743.27	3.13	20,485.83	3.36	22,411.61	3.63	18,289.86	3.08	19,812.21	3.22	131,598.75	1.86
PT Wages	42,021.52	6.66	35,544.47	5.63	38,130.11	6.17	36,275.35	6.10	46,650.51	7.59	349,897.30	4.90
ST Wages	8,265.70	1.31	7,562.55	1.24	9,717.33	1.57	9,994.54	1.68	10,607.61	1.73	61,264.92	0.87
Pharmacy Expense	31,596.58	5.01	38,983.14	6.39	44,951.65	7.27	35,768.76	6.02	47,904.21	7.80	458,090.12	6.63
Lab Expense	289.59	0.05	654.28	0.11	500.00	0.08	700.00	0.12	15,712.11	2.56	32,717.65	0.46
X-Ray Expense	840.00	0.13	420.00	0.07	1,090.00	0.18	1,010.00	0.17	1,740.00	0.28	11,930.00	0.17
Oxygen Expense	6,411.28	1.02	6,411.28	1.05	6,411.28	1.04	6,411.28	1.08	5,459.16	1.05	76,465.85	1.08
Total Ancillary Expenses	109,167.94	17.30	110,061.55	18.05	123,211.98	19.93	108,448.79	18.25	148,885.81	24.23	1,127,964.59	15.97
Dietary Expenses												
Dietary Wages	69,454.59	11.01	65,101.54	10.68	70,725.70	11.44	71,039.23	11.95	78,244.12	12.74	871,676.26	12.34
Dietary Supplies and Service	54,454.45	8.63	48,567.29	7.96	55,755.03	9.02	59,026.50	9.93	69,757.94	11.35	696,075.53	9.86
Total Dietary Expenses	123,909.04	19.63	113,668.83	18.64	126,480.73	20.46	130,065.73	21.88	148,002.06	24.09	1,567,751.79	22.20
Housekeeping Expenses												
Housekeeping Wages	37,756.73	5.98	34,401.20	5.64	33,614.27	5.44	35,005.37	5.89	41,664.04	6.78	436,303.03	6.18
Housekeeping Supplies and Service	2,992.57	0.47	3,133.58	0.51	3,425.27	0.55	2,556.39	0.43	3,829.44	0.62	39,250.54	0.56
Laundry Supplies and Service	14,671.35	2.32	18,368.62	3.01	16,766.42	2.71	16,810.96	2.83	20,265.47	3.30	214,455.70	3.04
Total Housekeeping Expenses	55,420.65	8.78	55,903.28	9.17	53,805.96	8.70	54,372.72	9.15	65,758.95	10.70	690,009.27	9.77

Maintenance Expenses													
Maintenance Wages	5,075.70	0.80	6,120.65	1.00	12,198.17	1.97	10,142.57	1.71	11,453.78	1.86	145,673.75	2.06	
Maintenance Supplies and Service	9,585.51	1.52	11,389.15	1.87	20,740.66	3.36	12,201.00	2.05	18,275.34	2.97	201,020.01	2.85	
Total Maintenance Expenses	14,661.21	2.32	17,509.80	2.87	32,938.83	5.33	22,343.57	3.76	29,729.12	4.84	346,693.76	4.91	
Property Expenses													
Utility Expense	33,566.52	5.32	31,001.86	5.08	30,596.95	4.97	30,144.85	5.07	29,851.81	4.86	369,549.65	5.23	
Property Insurance	3,835.67	0.61	4,036.67	0.66	3,836.67	0.62	3,836.67	0.65	3,836.67	0.62	44,893.36	0.64	
Total Property Expenses	37,403.19	5.93	35,038.53	5.75	34,533.62	5.59	33,981.52	5.72	33,688.48	5.48	414,443.01	5.87	
Social Services Expenses													
Social Services Wages	15,999.97	2.54	15,888.38	2.61	14,415.34	2.33	13,642.40	2.30	19,072.18	3.10	197,788.46	2.80	
Total Social Services Expenses	15,999.97	2.54	15,888.38	2.61	14,415.34	2.33	13,642.40	2.30	19,072.18	3.10	197,788.46	2.80	
Recreation Expenses													
Recreation Wages	19,623.33	3.11	16,987.20	2.79	19,249.50	3.11	15,887.34	2.67	19,083.83	3.11	210,569.85	2.98	
Recreation Contracted Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	625.00	0.10	875.00	0.01	
Recreation Supplies and Services	434.32	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	434.32	0.01	
Total Recreation Expenses	20,057.65	3.18	16,987.20	2.79	19,249.50	3.11	15,887.34	2.67	19,708.83	3.21	211,879.17	3.00	
Admin Expenses													
Admin Wages	74,936.65	11.87	73,629.21	12.07	82,703.21	13.38	53,132.40	8.94	60,585.04	9.86	897,353.03	12.70	
Admin Contracted Services	16,500.00	2.61	16,500.00	2.71	0.00	0.00	0.00	0.00	963.00	0.16	34,188.00	0.48	
Admin Supplies and Services	5,150.48	0.82	10,503.25	1.72	22,630.09	3.66	6,198.84	1.04	7,617.36	1.24	99,083.14	1.40	
General Insurance	17,287.49	2.74	17,287.49	2.83	17,287.49	2.80	17,287.49	2.91	17,287.49	2.81	213,267.39	3.02	
Professional Fees	6,618.60	1.05	18,473.50	3.03	42,848.52	6.93	5,107.80	0.86	6,584.65	1.07	344,265.94	4.67	
Telephone Expense	3,438.88	0.54	3,524.27	0.58	5,630.62	0.91	3,439.46	0.58	2,629.77	0.43	40,432.48	0.57	
Marketing and Advertising	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	230.00	0.04	2,421.00	0.03	
Travel	3,381.38	0.53	1,570.00	0.26	10,220.40	1.65	500.00	0.08	4,634.32	0.75	44,340.56	0.63	
Bad Debt	5,000.00	0.79	5,000.00	0.82	5,000.00	0.81	5,000.00	0.84	5,000.00	0.81	60,000.21	0.85	
Misc Admin Expenses	138,715.63	21.98	122,410.68	20.07	110,620.49	17.89	143,438.74	24.13	199,872.78	32.53	1,564,906.30	22.16	
Total Admin Expenses	271,009.31	42.94	268,898.40	44.10	296,941.02	48.03	234,734.73	39.49	305,404.41	49.71	3,300,279.05	46.73	
Total Expenses	1,378,397.52	218.41	1,405,621.73	230.51	1,486,874.28	240.52	1,363,732.29	229.43	1,776,426.80	289.13	15,455,720.54	218.82	
Total EBITDARM	208,270.77	33.00	162,153.92	26.59	122,409.22	19.80	404,318.44	68.02	(151,071.96)	(24.59)	2,305,965.30	32.65	
Administrative Fees	75,000.00	11.88	75,000.00	12.30	75,000.00	12.13	75,000.00	12.62	75,000.00	12.21	525,000.00	7.43	
Total EBITDAR	133,270.77	21.12	87,153.92	14.29	47,409.22	7.67	329,318.44	55.40	(226,071.96)	(36.80)	1,780,965.30	25.22	
Rent	125,125.00	19.83	125,001.14	20.50	124,551.12	20.15	125,125.01	21.05	125,125.00	20.37	1,500,302.29	21.24	
Prior Owners/Prior Consultants Exp. & Levies	90,510.73	14.34	12,093.78	1.98	63,533.88	10.28	5,000.00	0.84	238,048.59	38.74	409,185.98	5.79	
Total EBITDA	(82,364.96)	(13.05)	(49,941.00)	(8.19)	(140,575.78)	(22.76)	199,193.43	33.51	(589,245.55)	(95.91)	(128,502.97)	(1.82)	
Depreciation and Amortization Expense	1,684.89	0.27	1,195.97	0.20	933.84	0.15	654.82	0.11	631.89	0.10	5,719.14	0.08	
Total Net Income	(84,049.85)	(13.32)	(51,136.97)	(8.39)	(141,609.62)	(22.91)	198,538.61	33.40	(589,877.44)	(96.01)	(134,222.11)	(1.90)	

SARATOGA CENTER FOR CARE LLC
D/B/A SARATOGA CENTER FOR REHAB AND SKILLED NURSING CARE
(a limited liability company)
BALANCE SHEET
DECEMBER 31, 2017

ASSETS**Current assets**

Cash and cash equivalents	\$ -
Cash - restricted (patient funds)	-
Accounts receivable - less allowance of \$250,000	2,341,294
Prepaid expenses and other	156,004
Total current assets	<u>2,497,298</u>

Property and equipment - net	1,587,516
Intangible assets - net	119,740
Security deposits	11,405
TOTAL ASSETS	<u>\$ 4,215,959</u>

LIABILITIES AND MEMBERS' EQUITY**Current liabilities**

Cash overdraft	\$ 140,475
Accounts payable	2,789,757
Accrued expenses and taxes	893,048
Capital lease payable - net	23,535
Total current liabilities	<u>3,846,815</u>

Capital lease payable - ne	34,347
Total liabilities	<u>3,881,162</u>

Members' equity	<u>334,797</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 4,215,959</u>
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SARATOGA CENTER FOR CARE LLC
D/B/A SARATOGA CENTER FOR REHAB AND SKILLED NURSING CARE
(a limited liability company)
STATEMENT OF EARNINGS AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31 2017

Revenues	\$ 18,961,188
Operating expenses	<u>19,310,403</u>
Loss from operations	(349,215)
Non-operating income (expenses)	
Interest income	99,387
Interest expense	(1,731)
Bad debt - management company	(288,407)
Miscellaneous income	<u>10,957,906</u>
NET EARNINGS	10,417,940
Members' deficiency - December 31, 2016	<u>(10,083,143)</u>
MEMBERS' EQUITY - DECEMBER 31, 2017	<u><u>\$ 334,797</u></u>

SARATOGA CENTER FOR CARE LLC
D/B/A SARATOGA CENTER FOR REHAB AND SKILLED NURSING CARE
(a limited liability company)
BALANCE SHEETS

	At December 31	
	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 261,715	\$ 869,069
Cash - restricted (patient funds)	134,702	237,020
Accounts receivable - less allowance of \$115,000 and \$71,000	3,388,597	2,141,862
Prepaid expenses and other	195,312	188,979
Total current assets	3,980,326	3,436,930
Property and equipment - net	1,700,181	937,906
Intangible assets - net	177,215	234,690
Due from related entities	-	1,011,596
Security deposits	11,405	11,405
TOTAL ASSETS	\$ 5,869,127	\$ 5,632,527
 LIABILITIES AND MEMBERS' DEFICIENCY		
Current liabilities		
Accounts payable	\$ 8,157,396	\$ 3,941,568
Accrued expenses and taxes	595,598	557,629
Capital lease payable - net	22,964	22,407
Patients' funds and deposits payable	359,384	374,511
Due to prior owner	349,056	245,972
Total current liabilities	9,484,398	5,142,087
Due to members/notes payable	3,465,773	2,571,088
Capital lease payable - net	57,882	80,845
Deferred liability	2,944,217	1,789,259
Total liabilities	15,952,270	9,583,279
Members' deficiency	(10,083,143)	(3,950,752)
TOTAL LIABILITIES AND MEMBERS' DEFICIENCY	\$ 5,869,127	\$ 5,632,527

SARATOGA CENTER FOR CARE LLC
D/B/A SARATOGA CENTER FOR REHAB AND SKILLED NURSING CARE
 (a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBERS' DEFICIENCY
YEAR ENDED DECEMBER 31 2016
AND FROM FEBRUARY 1, 2015 (DATE COMMENCED OPERATIONS)
THROUGH DECEMBER 31, 2015

	2016	2015
Revenues	\$ 20,773,460	\$ 17,673,972
Operating expenses	<u>26,377,042</u>	<u>21,616,102</u>
Loss from operations	(5,603,582)	(3,942,130)
Non-operating expenses		
Interest income	475	13
Interest expense	<u>(529,284)</u>	<u>(8,635)</u>
NET LOSS	(6,132,391)	(3,950,752)
Members' deficiency beginning of period	<u>(3,950,752)</u>	<u>-</u>
MEMBERS' DEFICIENCY - END OF YEAR	\$ <u>(10,083,143)</u>	\$ <u>(3,950,752)</u>

Saratoga Care and Rehabilitation Center LLC
 Department of Health – Certificate of Need Application - 3/4/2019
 257 Bed Residential Healthcare Facility

Schedule 5 - Proforma Balance Sheet - Attachment 3

Purchase Agreement Details:

NOTE: This is an asset sale of \$1 including the assumption of the receivables and payable per the Asset Purchase Agreement's Schedule 1.
 For more details, please see the Asset Purchase Agreement, Schedule 4

The Pro Forma balance sheet reflects these transactions, coupled with the 12/31/2018 Balance Sheet Info.

For more details, please see the attached Internally prepared 12/31/2018 Internal Year End Balance Sheet and P&L.

Pro Forma Balance Sheet - Saratoga Care and Rehabilitation Center LLC

	<u>PRO FORMA</u>	
Cash	\$ 3,293,813	Reflects the Working Capital Needs, Schedule 5 - Equity Analysis Per the 12/31/2018 Draft Year End Financial Per the 12/31/2018 Draft Year End Financial
Accounts Receivable - Net	\$ 3,518,414	
Prepays	\$ 66,316	
Resident Funds	\$ -	
Deferred Patient Revenue	\$ -	
Total Current Assets	<u>\$ 6,878,542</u>	
Equipment - Net	<u>\$ 120,074</u>	Per the 12/31/2018 Draft Year End Financial
Other Assets		
Goodwill	\$ (523,597)	
Other Assets (Deposits)	\$ -	
Total Other Assets	<u>\$ (523,597)</u>	
Total Assets	<u>\$ 6,475,019</u>	

Liabilities and Equity

Current Liabilities

Accounts Payable	\$ 1,608,376	Per the 12/31/2018 Draft Year End Financial
Accrued payroll and related liabilities	\$ 532,928	Per the 12/31/2018 Draft Year End Financial
Accrued Expenses	\$ 1,474,327	Per the 12/31/2018 Draft Year End Financial
Other Current Payables	\$ 408,811	Per the 12/31/2018 Draft Year End Financial
CMLTD	\$ 239,840	See HHC Term Sheet - Attachment 7
Total Current Liabilities	\$ 4,264,283	
Long Term Debt		
LTD	<u>\$ 2,010,160</u>	See HHC Term Sheet - Attachment 7
Total Liabilities	<u>\$ 6,274,443</u>	
Member Equity		
Member Equity	\$ 1	
Additional Paid in Capital	\$ -	
Retained earnings	\$ 200,575	Per the 12/31/2018 Draft Year End Financial
Current Earnings	\$ 61,377	Please see Schedule 13, Year 1
Total Member Equity	<u>\$ 200,576</u>	
<u>Total Liabilities and Equity</u>	<u>\$ 6,475,019</u>	

Saratoga Care and Rehabilitation Center LLC
 Department of Health – Certificate of Need Application - 3/4/2019
 257 Bed Residential Healthcare Facility

Schedule 5 - Proforma Balance Sheet - Attachment 3

Pro Forma Balance Sheet - Saratoga Realty Holdings LLC

	<u>PRO FORMA</u>	
Cash	\$ -	
Accounts Receivable - Net	\$ -	
Total Current Assets	<u>\$ -</u>	
FF& E - Net	<u>\$ 26,000,000</u>	Per the Real Estate Purchase Contract
Other Assets		
Goodwill	\$ -	
Total Other Assets	<u>\$ -</u>	
Total Assets	\$ 26,000,000	
<u>Liabilities and Equity</u>		
Current Liabilities		
Accounts Payable	\$ -	
Accrued payroll and related liabilities	\$ -	
CMLTD	\$ 214,680	
Total Current Liabilities	<u>\$ 214,680</u>	
Long Term Liabilities		
Mortgage	\$ 20,585,320	See HHC Term Sheet - Attachment 7
Total Other Liabilities	<u>\$ 20,585,320</u>	
Total Liabilities	\$ 20,800,000	
Member Equity		
Member Equity	\$ 5,200,000	
Additional Paid in Capital	\$ -	
Retained earnings	\$ -	
Total Member Equity	<u>\$ 5,200,000</u>	
<u>Total Liabilities and Equity</u>	\$ 26,000,000	

194 Washington Ave
Suite 420
Albany, NY
12210
P: 518-650-7289

April 25, 2019

VIA NYSE – CON Electronic Filing
Carol Oksa, Bureau of Licensure and Certification
New York State Department of Health

Re: Project # 181151 - Saratoga Center for Rehab and Skilled Nursing Care -
Establish Saratoga Care and Rehabilitation Center LLC as the new operator of the 257-bed residential
health care facility located at 149 Ballston Avenue, Ballston Spa currently operated as Saratoga Center for
Rehabilitation and Skilled Nursing Care

Dear Ms. Oksa:

Pursuant to your letter dated March 27, 2019, and following our meeting with Shelly Glock,
Tracy Raleigh and others in the Department on April 16, 2019, below are the revised responses
to the questions posed in your letter.

1. As per your telephone conversation with Shelly Glock on March 26, 2019 please provide
detailed information regarding the subject facility:
 - a. Has an Assessment been conducted to identify and prioritize the operational and
physical plant needs? If so, what are the results and how will they be addressed?
 - b. What measures will be implemented post ownership that will be aimed at increasing
the overall star rating?

Response:

The Applicant has developed a detailed plan to ensure the highest quality care and living
conditions for the residents of this facility. Integral to the plan is the involvement of the skilled
nursing consulting and management company owned by Mr. Chaim (Mutt) Scheinbaum, Alliance
Healthcare.

Alliance Healthcare is nursing home operator and management company that oversees 1,602
skilled nursing facility beds in three states. Several of them have had significant operational
challenges that Alliance was able to efficiently and successfully overcome. For example, among
its facilities is a special focus facility in New Jersey that Alliance took over in February 2019.
Almost immediately after that, the facility had a successful survey and worked with NJ DOH and
CMS to successfully graduate from the SFF list, which it did within weeks. Another facility facing
significant challenges that Alliance now successfully operates is Andover 11, which is under a
corporate integrity agreement from the OIG from previous ownership. Since Alliance's



involvement, this facility has had two successful years to date working with independent federal monitors to ensure continued compliance.

Attached to this letter is the organizational chart of Alliance Healthcare, which demonstrates the breadth and depth of knowledge and skill set readily available. Mr. Scheinbaum has 11 years of SNF experience, starting out as an LNHA in NJ, where he continued on to become a regional administrator and eventually ended up in his current role as Alliance's CEO. Sam Goldberger serves as Alliance's COO along with Phil Bak as VP of Operations. Both Sam and Phil have over 14 plus combined years in SNF operational experience. Phil worked in Marquis Healthcare when they successfully graduated a NJ SNF from the SFF list.

The plan developed by the Applicant for Saratoga Center has contemplated that Alliance Healthcare will work on a consulting basis with facility staff, so as to bring the knowledge and experience gained by thousands of hours in other similar facilities, to Saratoga Center. The budgets presented in the Applicant's CON application have budgeted for consulting. As both Alliance and the Applicant will have overlapping ownership, Alliance has committed to spending as much time as will be needed, particularly in the critical first years of the Applicant's operation, in order to bring the facility not just in compliance with the Department's regulations, but up to a standard of excellence in the provision of care.

Below are details of the plan. In addition and also critically, a plan is in place to ensure the facility becomes fiscally stable to provide continuous quality care to its residents. Highlights are as follows:

Labor Management: The facility's biggest challenge is having enough nursing staff to provide quality care; and the cost for agency care was approximately \$2 million during 2016. Further, the facility experienced large expenditures approximating \$1.7 million for outsourced services, e.g. Dietary and Laundry/Housekeeping (please also see Contract Negotiations below).

Additionally, the Facility's Administration, with financial support from the Applicants, who have used their personal financial resources to support these payments, is often in a position to have to offer bonuses to employees to work extra shifts. This adds to the overall stress of management and workers, while adding to the labor expenses.

The Applicant and Alliance, working as consultants to the facility, will and are working with the nurses' union to discuss rates, ensuring that the facility's wages are competitive with other employers in the area. Additionally, the Applicant is poised to hold job fairs to increase employment opportunities and broaden the reach.

The Applicant will make a thorough analysis of bringing the outsourced services in house or continuing to outsource them. As stated above, the areas affected are: Dietary, Housekeeping/Laundry and Nursing. If outsourced, the Applicant will utilize providers that the Applicant has long term relationships with through Alliance. The network that the Applicant has



established through his tenure with Alliance has allowed him to access resources not otherwise readily available to a sole operator.

Alliance Healthcare intends to hire a regional manager to support the operations of Saratoga Center, as well as another skilled nursing facility in the area that Mr. Scheinbaum is in the midst of acquiring. This will fit into the current structure used by the Applicant and Mr. Scheinbaum in particular with other facilities, to great success.

It is anticipated that this will effect a cost savings of approximately \$1.7 million per year overall, with \$.7 million projected in the nursing staff savings alone.

Capital Expenditure: The Applicant has already been paying from its own resources, the expenses of the facility, to a total of approximately \$1 million dollars since undertaking the proposed purchase of Saratoga Center, through direct payment of facility expenses and via work provided by Alliance to the facility as a consultant since May 2018. Additionally, when the facility went through a renovation of 20 beds of the facility, the Administration utilized the expertise of the Applicant and Alliance to oversee this renovation. These beds are now operational and are fully occupied.

Upon taking control of the facility, the Applicant will begin a capital expenditure plan after the first quarter of operational control, primarily focused on the sub-acute unit (40 beds) and dining area, and specifically geared to enhance the quality of stay. This is estimated to cost \$350,000 and take 3 months to complete. Upon completion of phase 1, the Applicant will commence phase 2 of Capital Expenditures which will include renovating all carpeted corridors, specifically, replacing carpets, ceiling tiles and lighting also estimated at \$350,000; a total initial renovation of \$700,000.

As the Applicant further stabilizes the facility's operations and the financial condition of the facility improves, the Applicant is committed to further renovations in the facility. The Applicant's strategy is expected to greatly assist with stabilization and potential year 2 census growth.

Quality Measures: Through the hard work of the Administration, supported by the consulting services provided by Alliance, the facility currently carries a 5-star rating in quality measures. The Administration, with recommendations and support from the Applicant and Alliance, brought on board a full time MDS specialist that is doing monthly summary reviews of each trigger and looking for continued ways to maintain and improve measures. Upon DOH approval, the Applicant will continue this process.

Currently, results of audits and oversight by the facility's Administration, with support from the Applicant and Alliance, have been used to create systemic changes, as needed. Root cause analysis of the aforementioned audits has already uncovered several key areas of focus:

- Wounds/ pressure ulcers;
- Accidents and incidents;



- Abuse training and reporting;
- Hydration;
- Medication administration procedures.

Again, upon receiving DOH approval of the ownership transfer, these areas will continue to be a primary focus for the Applicant.

The facility's Administration, again with the support of the Applicant and Alliance, have made additional investigations into several QM issues. It was found that there was a lack of supportive documentation related to the residents' care that was provided. A plan was developed for weekly reporting and plans of care and correction have been established. The longer-term plan already initiated by the Administration, with support from Alliance and the Applicant, and to continue after the Applicant begins operating the facility, will include educating and following-up to ensure that the facility is capturing information correctly. Alliance's quality improvement committee will be focusing to ensure all triggers are corrected with proper measures and will review all areas that may possibly need improvement.

The Applicant and Alliance are currently interviewing for a Regional Manager for Alliance, to be appointed specifically to oversee Saratoga Center. The regional manager's job description will include but not limited to, staffing levels and recruitment and retention to ensure the safety of the residents, oversee facility administration, manage the contractors during the facility construction and ensure all quality improvement goals are being met. The Regional Manager will report directly to Mr. Scheinbaum.

The Applicant will oversee Alliance's regional team, and as stated above, the facility's Administration has been and will continue to audit all QM, inclusive of the education and training for staff. The specific goal is to have the staff fully comprehending the importance of this area and the impact of it to the residents. Additionally, the Applicant with the assistance from Alliance, is looking/will continue to look at other areas that may be a trigger within the QM.

The Applicant, using Alliance as a resource, has already performed an overall review of the facility, taking individual projects and addressing specific and identifiable areas of concern. Upon DOH approval, the Applicant will oversee the facility process and re-audit through the QAPI process until the root cause has been eliminated and will communicate findings to management and key staff members. The facility's (QAPI) Quality Assurance Performance and Improvement Plan will be reviewed and revised by the Applicant, Medical Director, Director of Nursing, and Administrator. The Administrator will report recommendations for changes to the Applicant prior to implementation. The facility's QAPI/Regulatory Compliance Program will be applied facility wide by including all staff to improve and monitor systems and outcomes. The QAPI program will provide a proactive approach of excellent quality resident care while meeting or exceeding the needs and expectations of the resident population. Under the Applicant, the QAPI plan will include policies and procedures to identify and use data to monitor performance, establish goals and thresholds for performance measurement; utilize resident, staff, and family input, identify and



prioritize opportunities for improvement, systematically analyze underlying root causes of systemic problems and adverse events, and develop corrective action for performance improvement activities.

Business development: Gradual census increases have occurred since Alliance began consulting at the facility. The facility had a census of 180 during 3/2018. Currently it is 206, a growth of 14.4% or 80% occupancy.

At the suggestion of Alliance and with the support of the Applicant, the Administration has already hired a Facility Customer Service Liaison that spends time with the facility residents and family members enhancing their stay and satisfaction. The Applicant will continue this process as well as expand opportunities by utilizing its business development methods of building strong relationships with area and hospital physicians and discharge planners. This would include monthly events with senior community groups establishing local ties.

With the support of the Applicant and assistance from Alliance, in addition to better community interaction and communication, the Administration is already working to accept a wider variety of patients, as the staff develop their clinical strengths. This will continue with the Applicant as operator. The facility's staff is currently focused on doing the basics of rehabilitation and nursing to prevent readmissions and other potential client issues. However, with support from Alliance and the Applicant, the facility has begun, and can continue in earnest, to expand its patient population to include:

- IV,
- basic respiratory, and
- wound care.

As the facility's staff becomes more adept at handling these cases, the Applicant will expand to Tracheotomy care and weaning patients with greater physical needs and comorbidity.

The Applicant has provided all of the foregoing initiatives as ideas to the facility already and will be following through in earnest with all of the above Business Development strategies upon DOH approval.

Procurement savings: The Purchasing department is already utilizing Alliance's GPO relationships to bring down costs of supplies, including but not limited to, medical supplies, maintenance supplies and over the counter medications. The Applicant will be utilizing recommendations from Alliance coupled with its own experience and relationships to determine the best method to control costs while not giving up quality.

Contract negotiations: As noted above in the Labor Management section, there are outsourced services that have cost the facility over \$3.7 million as of the 2016 Cost Report. The Applicant will analyze the benefit of outsourcing versus bringing the service back in-house; however, the



Applicant has long-term contracted services in place with industry leaders in the following areas: Dietary, housekeeping, therapy and pharmacy companies. Saratoga Center has a high pharmacy contract and can benefit from negotiated dietary and therapy rates.

Projected savings utilizing cost comparisons from their pricing in other facilities are projected to result in a \$1.0 million annual expense savings in this area. Once approved by DOH, new contracts will be in place by closing so that the facility can take advantage of the savings from day one.

Insurance Management: The Applicant has contacts with multiple GPO and self-insuring insurance carriers. As a result, and to insure best pricing and best coverages, multiple quotes are received and analyzed to cover employee health, liability, workers compensation and property insurances.

2. Describe the current or previous relationship between Alliance Healthcare and the subject facility. Please also describe any future plans for staffing agency usage and/or consulting and services agreements for the subject facility.

Response: Alliance Healthcare has served as a consultant to the facility since March 2018. As Alliance Healthcare has overlapping ownership with the Applicant, these services have been provided and will continue to be provided after the change of ownership. Alliance has assisted the facility to achieve a sustainable operation including the renovation of 20 of its 257 beds which began May 2018. Moreover, the Applicant has supported the facility to cash flow positive by making personal loans of over \$1 million to the facility to support capital improvements, repairs, and to cover operational costs of the facility.

Since Alliance's presence in the facility, Saratoga Center has experienced one survey on 4/25/2018, where it received only C to E Deficiencies. Prior to the arrival of Alliance, and since the February 2015 when the current operators started operating the facility, the facility has experienced 4 surveys which included fines of \$150k+ due to Deficiencies ranging from D to L. The current operators have been absent with little to no involvement in the day to day operations of the facility for some time.

As stated above in Question 1, the Applicant intends to use as little agency staffing as possible. The Applicant believes that the residents will have a better experience with staff nurses that are invested in the residents and their jobs. Additionally, the Applicant feels that with facility nurses, the quality of care is more predictable and more easily controlled and standardized; thus, the overall Quality of Care for the residents is improved.

The Applicant's approach is always to address the facility's needs as they arise, ensuring quality care and cash flow management. To that end, the Applicant will:

- Continue to work to establish good relationships with the Administrator and other executive team members; and with the assistance of Alliance, will solve problems while being easily accessible to address issues that arise.
- Assist and support in the review and bidding contracts.
- Assist in analyzing methods to create greater quality of care for the residents while creating more stability for the employees and establishing a better overall environment for all.
- And, finally, the Applicant with the support of Alliance's resources will evaluate methods and strategies to upgrade and renovate the facilities and services while tailoring these components to the unique community that the facility serves.

The Applicant feels that the above plan will ensure a great residential setting delivering dependable and continued quality of care.

3. The New Jersey Department of Health Website indicates Mr. Scheinbaum has affiliation with both Green Hill, which is listed as a Residential Health Care Facility and Green Knoll Center which is listed as a Long-Term Care Facility. These two facilities are not mentioned on Mr. Scheinbaum's most recent 2a (or any of the ones previously submitted). Please explain his affiliation with these facilities, and if he has ownership, explain why they were not disclosed on his 2a.

Response: The facilities noted above are one facility. Mr. Scheinbaum had a very short affiliation/ownership with Green Knoll Center from Sept. 2018 to Feb. 2019. Because he had verbally agreed to transfer his 10% membership interests in late 2018 to the other owners, he felt that adding this to his Schedule 2A was not appropriate.

The actual transfer document was not executed until Feb. 1, 2019 as the managing member, Shalom Stein, was in control of this documentation and the related CHOW request to NJ DOH for proper approvals. These documents are attached for your review. Presently, Mr. Scheinbaum is waiting for NJ DOH to update their data base. And, he attests that there have been no deficiencies at a Level G or higher.

To describe the specifics of the transaction, the following was taken from the attached Affidavit which was executed to address Question 5:

"From September 25, 2018, I was a 10% member of Green Knoll Care, LLC, EIN Number: 83-2052461, 875 Route 202-206 North, Bridgewater, New Jersey; the Applicant of Project #061806 pending before the New Jersey Department of Health for transfer of ownership of a facility known as Complete Care at Green Knoll. On February 1, 2019, prior to closing on this project, a Membership Interest Purchase Agreement was executed which assigned my interests to the other members in Green Knoll Care LLC. The New Jersey Department of Health has been notified and I am waiting for NJ DOH to update their data base."

4. Mr. Scheinbaum indicates on this resume that Alliance Healthcare has a relationship with Gold Choice Deltona and Gold Choice Ormond which are assisted living facilities in Florida. Does Mr. Scheinbaum own these facilities, if not what is the relationship? If he has ownership, explain why they were not disclosed on his 2a.

Response: These properties are Assisted Living Facilities; Mr. Scheinbaum has no operational ownership in either Gold Choice Ormond or Gold Choice Deltona. He only has 33% ownership in the real property and is not on the facilities' operating licenses. These two Florida real estate interests are listed on Mr. Scheinbaum's Schedule 2B – page 2, as Normandy Holdings LLC and Vocusia Holdings LLC.

5. If Mr. Scheinbaum does have ownership in any of the facilities mentioned in #3 or 4, please provide ownership start dates and:

A signed affidavit attesting that for any of the above nursing homes and assisted living facilities that he owns, there have been:

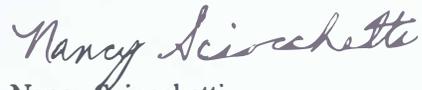
- No survey deficiencies of "G" level or higher;
- No survey deficiencies which resulted in an enforcement action or fine;
- No survey deficiencies which resulted in a declaration of immediate jeopardy.

For any answers other than no, complete information regarding the enforcement fines or CMP's imposed must be provided to include; dates of survey, citation(s) cited and the level of the deficiency, amount of fine and payment status for each.

Response: The Affidavit of Chaim Scheinbaum related to the NJ facility was attached to the previous submission of this letter.

Thank you for your continuing courtesies.

Very truly yours,



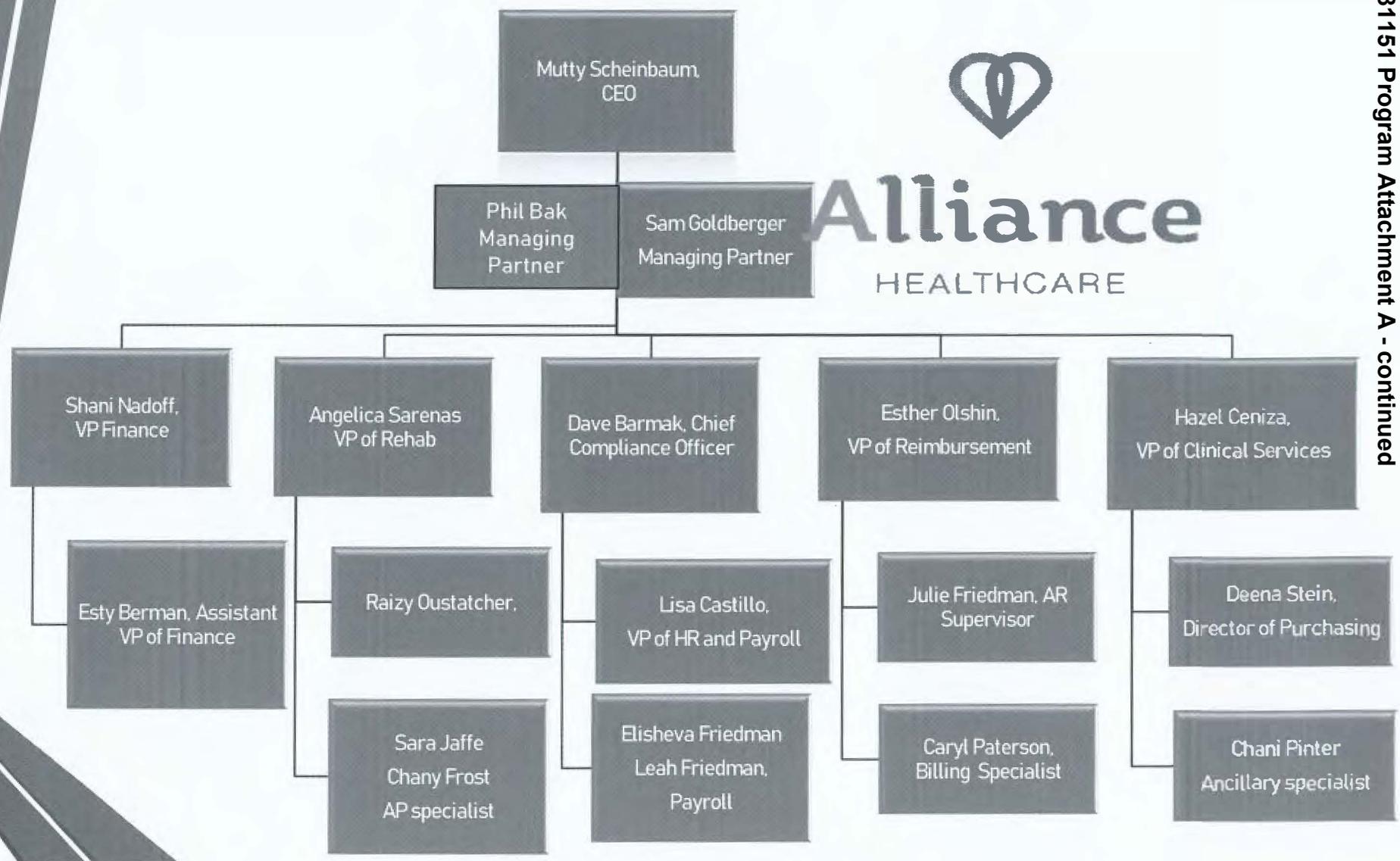
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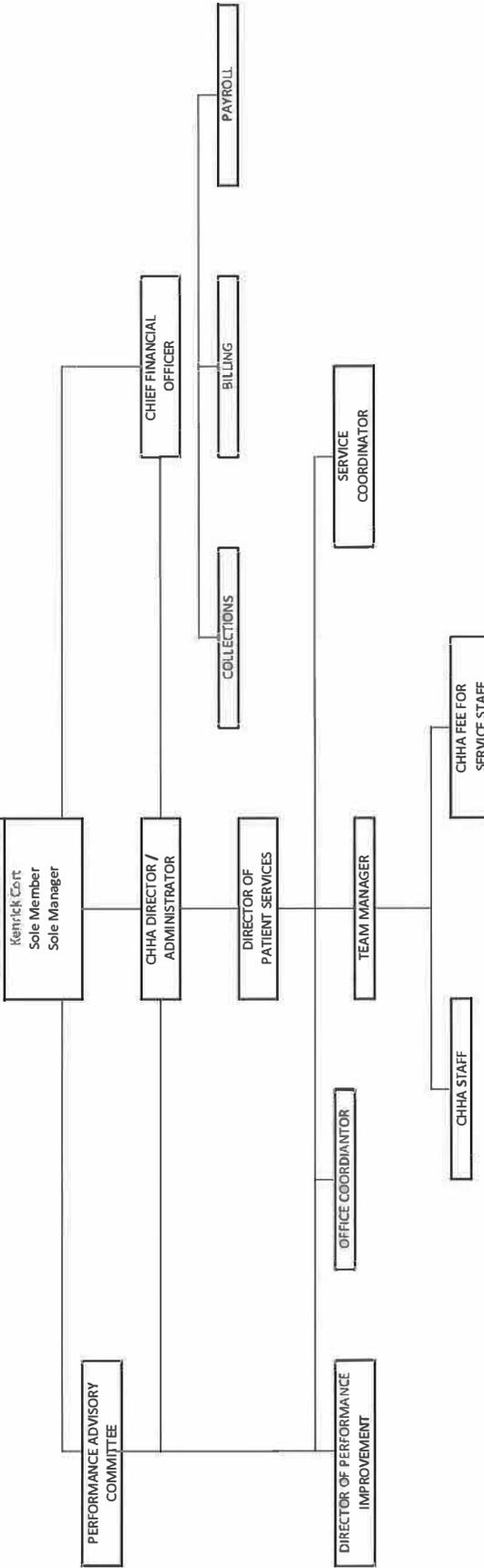
Alliance

HEALTHCARE



TRI-BOROUGH CERTIFIED HEALTH SYSTEMS OF THE HUDSON VALLEY, LLC

MEMBER OF THE ORGANIZATION



**Pro-Forma Balance Sheet
DATAHR CHHA**

Assets

DESCRIPTION	Date of Opening
CURRENT ASSETS	
Cash - on Hand or in Bank	\$327,076
Short Term Investments	
Premiums Receivable - Net	\$1,810,680
Prepaid Expenses	\$2,302
Accounts Receivable, Net of Allowance	\$0
Total Current Assets	\$2,140,058
Other Assets	
Total Other Assets	\$0
Property and Equipment	
Land	
Building & Building Improvements - Net	
Construction in Progress	
Furniture & Equipment - Net	\$15,000
Construction in Progress	
Due from Affiliates, Net	\$285,319
Total Other Assets	\$300,319
Total Assets	\$2,440,377

Liabilities and Net Worth

DESCRIPTION	Date of Opening
CURRENT LIABILITIES	
Accounts Payable	\$32,441
Due to Medicaid- OMIG Liability	\$1,234,019
Total Current Liabilities	\$1,266,460
Non-Current Liabilities	
Notes and Loans Payable	\$0
Amounts Due to Affiliates	\$0
Total Non-Current Liabilities	\$0
Total Liabilities	\$1,266,460
NET ASSETS	
Capital	\$1,173,917
Total Net Worth	\$1,173,917
Total Liabilities and Net Worth	\$2,440,377

**DATAHR HOME CARE
BALANCE SHEET
AS AT DECEMBER 31, 2017**

ASSETS

Current Assets	
Cash	327,076
Account Receivable	1,810,680
Due from Affiliates:	
FCCS	1,979,371
Total Due from Affiliates	\$1,979,371
Other Receivables	
Prepaid Expense	2,302
Total Current Assets	4,119,429
Fixed Assets	
At Cost	
Less: Accumulated Depreciation	
Total Assets	
Total Assets	4,119,429

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities	
Accounts Payable	23,200
Accrued Expense	
Accrued Payroll Liabilities	9,241
Due to Affiliates:	
FCCS	1,694,052
Total Due to Affiliates	\$1,694,052
Equipment Loan Payable	
Total Current Liabilities	1,726,493
<u>Stock Holder's Equity</u>	
Capital Stock	
Retained Earnings (Beg)	2,345,997
Retained Earnings (Current)	46,939
<u>Total Stock Holder's Equity</u>	2,392,936
<u>Total Liabilities and Stockholder's Equity</u>	4,119,429

Marvin Koenigsberg
Certified Public Accountant

DATAHR HOME CARE
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDE

<u>Net Sales</u>	973,250
<u>Operating Expenses</u>	
Salaries	197,245
Benefits	22,385
Insurance	11,711
Telephone	7,506
Professional Fees	71,089
Payroll Taxes	17,055
Office Expense	548
Rent	42,441
Postages	1,435
Interest Expenses	322
Depreciation	
Bank Charges	2,625
Due & Subscriptions	200
Outside services	124,759
Medical Supplies	516
Information Technology Expenses	14,714
Health Assessment Tax	3,544
Management Fees	400,000
Travel & Entertainment	8,216
Medicaid Reduction	
Total Operating Expenses	926,311
Income (Loss) before Corporate Taxes	46,939
Prior Period Adjustment	
Corporate Taxes	
Total	46,939
Add (Less): Distribution	
Net Income (Loss)	46,939
Retained Earnings - January 1, 2017	2,345,997
Retained Earnings - Dec 31, 2017	2,392,936

TRI-BOROUGH HOME CARE, LTD

BALANCE SHEET

AS AT DECEMBER 31, 2015

ASSETS

Current Assets

Cash	(58,337)
Account Receivable	5,054,879
Due from Affiliates:	
Nassau	1,988,799
Brooklyn	2,369,311
Datahr	459,631
Cort & Medas	768,892
Total Due from Affiliates	5,586,633
Other Receivables	3,417

Total Current Assets **10,586,592**

Fixed Assets

At Cost	1,002,831
Less: Accumulated Depreciation	(767,263)

Total Assets **235,568**

Other Assets

Investments	1,010,198
-------------	-----------

Total Other Assets **1,010,198**

Total Assets **11,832,358**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable	38,559
Accrued Payroll Liabilities	2,271,393
Loans Payable - Bank	3,042,202
Loans Payable - Others	123,000
Equipment Loan Payable	11,707

Total Current Liabilities **5,486,861**

Stock Holder's Equity

Capital Stock	1,000
Retained Earnings (Beg)	4,033,422
Retained Earnings (Current)	2,311,075

Total Stock Holder's Equity **6,345,497**

Total Liabilities and Stockholder's Equity **11,832,358**

TRI-BOROUGH HOME CARE, LTD
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Net Sales</u>		24,297,138
<u>Operating Expenses</u>		
Salaries	16,135,349	
Benefits	1,165,554	
Insurance	813,644	
Telephone	94,279	
Security	457	
Professional Fees	380,664	
Storage	11,758	
Advertising	2,253	
Payroll Taxes	1,447,350	
Office Expense	48,504	
Printing & Reproduction	45,316	
Rent	502,272	
Postages	22,727	
Interest Expenses	488,887	
Finance Charges	6,146	
Depreciation	114,326	
Bank Charges	18,250	
Due & Subscriptions	97,215	
Utilities	49,143	
Administrative Expenses	34,794	
Auto Expense	91,100	
Recruiting and Training	26,735	
Information Technology Expenses	223,824	
Repairs & Maintenance Expense	34,499	
Travel & Entertainment	37,588	
Professional Development	23,960	
Medicaid Reduction	46,574	
<u>Total Operating Expenses</u>		<u>21,963,168</u>
Income (Loss) before Corporate Taxes		2,333,970
Corporate Taxes		(2,812)
<u>Total</u>		<u>2,331,158</u>
Less: Distribution		(20,083)
Net Income (Loss)		2,311,075
Retained Earnings - January 1, 2015		4,033,422
<u>Retained Earnings - Dec 31, 2015</u>		<u>6,344,497</u>

Marvin Koenigsberg
Certified Public Accountant

TRI-BOROUGH HOME CARE, LTD

BALANCE SHEET

AS AT DECEMBER 31, 2016

**Project # 181319
BFA Attachment E (Cont.)**

ASSETS

Current Assets

Cash	(168,900)
Account Receivable	4,359,613
Due from Affiliates:	
FCCS	6,958,184
Datahr	750,331
Cort & Medas	874,962
Total Due from Affiliates	\$8,583,477
Other Receivables	3,417
Prepaid Expense	

Total Current Assets 12,777,607

Fixed Assets

At Cost	1,002,831
Less: Accumulated Depreciation	<u>(800,640)</u>

Total Assets 202,191

Other Assets

Investments	1,010,511
-------------	-----------

Total Other Assets 1,010,511

Total Assets 13,990,309

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable	49,957
Accrued Expense	141,240
Accrued Payroll Liabilities	5,286,815
Loans Payable - Bank	1,279,955
Loans Payable - Others	123,835

Total Current Liabilities 6,881,802

Stock Holder's Equity

Capital Stock	1,000
Retained Earnings (Beg)	6,344,497
Retained Earnings (Current)	763,010

Total Stock Holder's Equity 7,108,507

Total Liabilities and Stockholder's Equity 13,990,309

TRI-BOROUGH HOME CARE, LTD
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Net Sales</u>	19,498,990
<u>Operating Expenses</u>	
Salaries	13,500,225
Benefits	1,106,828
Insurance	556,782
Telephone	85,275
Professional Fees	262,161
Storage	13,653
Advertising & Marketing	8,207
Payroll Taxes	1,619,411
Office Expense	6,736
Printing & Reproduction	37,976
Rent	472,727
Postages	20,710
Interest Expenses	348,051
Finance Charges	1,321
Depreciation	33,378
Bank Charges	17,363
Equipment Lease	42,817
Due & Subscriptions	118,093
Utilities	30,540
Administrative Expenses	67,026
Auto Expense	96,322
Recruiting and Training	25,321
Information Technology Expenses	219,962
Repairs, Cleaning & Maintenance	30,301
Travel & Entertainment	34,179
Professional Development	9,508
Medicaid Reduction	4,346
<u>Total Operating Expenses</u>	<u>18,769,220</u>
Income (Loss) before Corporate Taxes	729,770
Prior Period Adjustment	
Corporate Taxes	
<u>Total</u>	<u>729,770</u>
Add: Distribution	51,982
Net Income (Loss)	781,752
Retained Earnings - January 1, 2016	6,345,497
<u>Retained Earnings - Dec 31, 2016</u>	<u>7,127,249</u>

Marvin Koenigsberg
Certified Public Accountant

TRI-BOROUGH HOME CARE, LTD

**Project # 181319
BFA Attachment E (Cont.)**

BALANCE SHEET

AS AT DECEMBER 31, 2017

ASSETS

Current Assets

Cash	(75,240)
Account Receivable	4,135,179
Due from Affiliates:	
FCCS	6,911,610
Datahr	831,331
Cort & Medas	1,320,562
Total Due from Affiliates	\$9,063,503
Other Receivables	1,320
Prepaid Expense	

Total Current Assets **13,124,762**

Fixed Assets

At Cost	1,002,831
Less: Accumulated Depreciation	(834,018)

Total Assets **168,813**

Other Assets

Investments	1,010,511
-------------	-----------

Total Other Assets **1,010,511**

Total Assets **14,304,086**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable	44,873
Accrued Payroll Liabilities	5,709,580
Loans Payable - Bank	806,240
Loans Payable - Others	206,585

Total Current Liabilities **6,767,278**

Stock Holder's Equity

Capital Stock	1,000
Retained Earnings (Beg)	7,107,507
Retained Earnings (Current)	428,301

Total Stock Holder's Equity **7,536,808**

Total Liabilities and Stockholder's Equity **14,304,086**

Marvin Koenigsberg
Certified Public Accountant

TRI-BOROUGH HOME CARE, LTD
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Net Sales</u>	18,904,465
<u>Operating Expenses</u>	
Salaries	14,226,333
Benefits	90,765
Insurance	773,374
Telephone	96,629
Professional Fees	300,175
Storage	10,210
Advertising & Marketing	5,853
Payroll Taxes	1,055,656
Office Expense	48,403
Printing & Reproduction	32,544
Rent	527,348
Postages	15,563
Interest Expenses	295,005
Depreciation	33,378
Bank Charges	11,110
Equipment Lease	71,855
Due & Subscriptions	110,097
Utilities	37,162
Administrative Expenses	68,770
Auto Expense	67,409
Recruiting and Training	32,790
Information Technology Expenses	180,321
Repairs, Cleaning & Maintenance	65,373
Travel & Entertainment	78,198
Professional Development	17,263
Legal & Accounting Expense	114,999
<u>Total Operating Expenses</u>	<u>18,366,583</u>
Income (Loss) before Corporate Taxes	537,882
Prior Period Adjustment	
Corporate Taxes	<u>(4,427)</u>
<u>Total</u>	533,455
Add: Distribution	<u>(105,154)</u>
Net Income (Loss)	428,301
Retained Earnings - January 1, 2017	7,107,507
<u>Retained Earnings - Dec 31, 2017</u>	<u>7,535,808</u>

Marvin Koenigsberg
Certified Public Accountant

Balance Sheet
As of 12/31/2018

Project # 181319
 BFA Attachment E (Cont.)

Tri-borough Home Care, Ltd (TTT)

Assets

Current Assets

1000-05-000	THC Chase Checking New A/c	\$	-1,651,550.50	
1000-11-000	MUFG UNION BANK CONTROLLED CHECKING A/c	\$	-14,238.41	
1000-50-000	Cash on Hand	\$	1,000.00	
1100-00-689	Accounts Receivable - THC	\$	3,539,033.60	
1100-00-690	Accounts Receivable - MET	\$	98,232.81	
1100-00-691	Accounts Receivable - MHS	\$	3,869.87	
1100-00-694	Account Receivable - PED	\$	1,424,194.51	
1100-10-000	Staff Loans	\$	-45.00	
1100-10-002	Staff Loans-Personal-Amanda Barker	\$	45.00	
1100-12-000	Staff Loan - Personal -Car- Joycelyn France-Wills	\$	26,649.36	
1100-17-000	Staff Loan-Personal-LOU AURICCHIO-FCHHA	\$	1,000.00	
1500-12-000	Cort and Medas Associates	\$	1,727,148.05	
1500-14-000	Family Care CHHA - Nassau	\$	2,433,078.08	
1500-15-000	Family Care CHHA - Brooklyn	\$	4,864,532.29	
1500-16-000	DATAHR Home Healthcare Inc-A/R	\$	497,340.44	
	Total Current Assets:			\$ 12,950,290.10

Fixed Assets

1700-01-000	Software License	\$	91,636.26	
1700-02-000	Furniture & Equipment	\$	231,135.75	
1700-02-001	Equipment - Computers	\$	33,901.92	
1700-02-002	Equipment - Mitel Telephone System	\$	296,955.60	
1700-03-000	Amortization Account	\$	-486,324.10	
1700-05-000	Motor Vehicles - BMW	\$	26,961.01	
1700-06-000	Motor Vehicles-Blue SIENNA SUV - 0226234609	\$	20,008.68	
1700-07-000	Motor Vehicles-Silver SIENNA SUV - 0226234860	\$	18,240.00	
1700-10-000	Leasehold Improvements-1414 Utica Ave. Office Bldg	\$	212,436.99	
1700-13-000	Motor Vehicles-NEW Blue Sienna SUV	\$	45,905.31	
1700-39-000	Accumulated Depreciation-MV BMW	\$	-22,455.00	
1700-40-000	Accumulated Depreciation-MV Blue SIENNA SUV	\$	-19,402.00	
1700-41-000	Accumulated Depreciation-MV Silver SIENNA SUV	\$	-22,392.00	
1700-45-000	Accumulated Depreciation-Leasehold Improvements	\$	-243,397.00	
1700-46-000	Accumulated Depreciation-MV NEW Blue Sienna SUV	\$	-19,125.00	
	Total Fixed Assets:			\$ 164,086.42

Other Assets

1800-01-000	Investments - Family Aides dba Family Peds Inc	\$	350,000.00	
1800-02-000	Investments - Metro CareGivers, Inc	\$	225,314.63	
1800-03-000	Investments - Family Peds / Family Aides-Rockland	\$	24,704.85	
1800-04-000	Investments-Family Aides of Nassau CHHA	\$	150,000.00	
1800-05-000	Investments - DATAHR	\$	10,000.00	
1800-06-000	Investments-Family Care CHHA - Brooklyn	\$	100,000.00	
1800-08-000	Investments - Acquisition Cost	\$	150,491.85	
	Total Other Assets:			\$ 1,010,511.33

Total Assets: \$ 14,124,887.85

Liabilities

Current Liabilities

2000-03-689	Accrued Expenses - THC	\$	20,083.03	
2000-04-000	Chase Overdraft - Short Term	\$	21,639.46	
2000-05-689	Funds Held in Trust - THC	\$	13,097.35	
2000-05-690	Funds Held in Trust - MET	\$	1,125.00	
2000-05-694	Funds Held in Trust - PED	\$	1,537.00	
2100-00-000	Payroll Liabilities-401K Pension Plan-All Coys	\$	81,648.79	

Current Liabilities

2100-00-689	NY State WHT - THC	\$	337,802.12	
2100-00-690	NY State WHT - MET	\$	-6,374.52	
2100-00-694	NY State WHT - PED	\$	-34,581.18	

(Continued)

2100-01-689	Federal Withholding Tax - THC	\$	826,102.32
2100-01-690	Federal Withholding Tax - MET	\$	-15,417.26
2100-01-694	Federal Withholding Tax - PED	\$	-82,231.67
2100-02-000	Payroll - Misc / Metlife / AllState /Aflac Ded.	\$	9,095.35
2100-02-012	Payroll Liabilities-Tax 12	\$	-20,346.97
2100-02-013	Payroll Liabilities- NY Disability	\$	6,754.53
2100-02-689	FICA - Employees - THC	\$	1,543,127.64
2100-02-690	FICA -Employees - MET	\$	-14,439.88
2100-02-694	FICA - Employees - PED	\$	-66,073.37
2100-03-000	Accrued Payroll Liabilities	\$	-64,188.41
2100-03-689	Payroll Misc-Metlife/AllState Deductions - THC	\$	46,442.04
2100-03-690	Payroll Misc-Metlife/AllState Deductions - MET	\$	1,011.66
2100-03-694	Payroll Misc-Metlife/AllState Deductions - PED	\$	54,606.54
2100-04-689	Medicare - Employees - THC	\$	374,270.06
2100-04-690	Medicare - Employees - MET	\$	-3,377.74
2100-04-694	Medicare - Employees - PED	\$	-15,452.88
2100-05-689	Medicare - Employer - THC	\$	383,234.61
2100-05-690	Medicare - Employer - MET	\$	-3,377.74
2100-05-694	Medicare - Employer - PED	\$	-15,452.88
2100-06-689	Fed Unemployment Tax FUTA - THC	\$	28,889.89
2100-07-689	FICA - Employer - THC	\$	1,496,989.66
2100-07-690	FICA - Employer - MET	\$	-14,439.88
2100-07-694	FICA - Employer - PED	\$	-66,073.37
2100-08-689	NY City Withholding Tax - THC	\$	620,036.29
2100-08-690	NY City Withholding Tax - MET	\$	-5,690.26
2100-08-694	NY City Withholding Tax - PED	\$	-13,338.66
2100-09-689	NYS Unemployment Insurance-THC	\$	-30,085.72
2100-10-000	Payroll Liabilities-NYC Transit Benefits	\$	40,163.64
2100-10-689	Accrued Payroll Liabilities - THC	\$	-453,828.26
2100-11-689	NYS Re-employment Svc Fund-THC	\$	3.30
2100-12-689	Accrued Employee Benefits-THC	\$	273,290.55
2100-12-690	Accrued Employee Benefits-MET	\$	22,920.91
2100-12-694	Accrued Employee Benefits-PED	\$	278,789.87
2100-13-689	UnitedHealthcare - Visi/Dent Deductions-THC	\$	18,838.18
2100-13-690	UnitedHealthcare - Visi/Dent Deductions - MET	\$	3,294.35
2100-13-694	UnitedHealthcare - Visi/Dent Deductions - PED	\$	5,388.67
2100-14-689	Payroll Liabilities -NYS Disability - THC	\$	29,206.22
2100-15-689	AETNA Medical Insurance Deduction - THC	\$	200,216.88
2100-15-690	AETNA Medical Insurance Deduction - MET	\$	15,598.47
2100-15-694	AETNA Medical Insurance Deduction - PED	\$	-558.69
2100-16-689	Payroll Liabilities -401k Plan - THC	\$	-110,657.63
2100-16-694	Payroll Liabilities - 401k Plan - PED	\$	33,757.01
2100-17-689	Payroll Liabilities-Net Payroll Deductions	\$	76,407.43
2100-17-690	Payroll Liabilities-Net Payroll Deductions-MET	\$	900.00
2100-19-689	NYC Paid Family Leave	\$	14,512.55
2100-20-689	Accrued HHA Benefits - THC	\$	1,507,213.06
2100-20-690	Accrued HHA Benefits - MET	\$	62,568.75
2100-20-691	Payroll Liabilities-Metro Home Services	\$	409.37
2100-21-689	Payroll Misc-MassMutual Liab Deductions-THC	\$	3,470.49

Total Current Liabilities: \$ 7,418,456.07

Long-Term Liabilities

2500-04-000	Loan Payable - KENRICK CORT	\$	145,855.00
2500-09-000	Loan Payable - KAYLA CORT	\$	109,000.00
Long-Term Liabilities (Continued)			
2500-11-000	Loan Payable - INGRID E. KING	\$	54,935.00
2500-13-000	LOAN Payable - CHANTALE MICHEL	\$	31,750.00
2500-15-000	Loan Payable - KARA CORT	\$	10,900.00
2500-16-000	XYNERGY CAPITAL LOC A/c	\$	-308,503.21
2500-17-000	LOAN PAYABLE-Amanda Barker	\$	7,000.00
2500-18-000	LOAN PAYABLE-Randolph Melville	\$	24,000.00

Total Long-Term Liabilities: \$ 74,936.79

Total Liabilities: \$ 7,493,392.86

Equity

3100-00-000	Distribution - KEN	\$	-184,204.04
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3200-00-000	Retained Earnings	\$	7,290,785.83	
3200-00-000	Retained Earnings-Current Year	\$	-476,086.80	
3300-01-000	Common Stock	\$	1,000.00	
	Total Equity:			\$ 6,631,494.99
	Total Liabilities & Equity:			<u>\$ 14,124,887.85</u>

Income Statement
For The 12 Periods Ended 12/31/2018

Tri-borough Home Care, Ltd (TTT)

		Year to Date	% of Revenue
Revenue			
4125-00-689	Interest Income-THC	1,816.44	0.01
4125-00-690	Interest Income-MET	3.20	0.00
4125-00-694	Interest Income-PED	5,771.63	0.03
4125-00-695	Interest Income-Trng Schl	100.00	0.00
4125-01-689	FLSA Payment - Triborough	2,551.00	0.02
4125-01-694	FLSA Payment - Family Pediatric Home Care	135.24	0.00
4125-02-689	Recruitment & Retention Payment - THC	1,887.48	0.01
4125-03-689	Wage Parity Payment - TBHC	44,370.75	0.26
4125-07-689	Fingerprinting Refund-NYS Health C A -THC	-297.00	-0.00
4125-08-689	Refund-Photocopies for outside Party-THC	794.15	0.00
4125-09-695	Fees-HHA-Trng Schl-883 Flatbush Ave.	2,500.00	0.01
4150-01-689	Sales-HHA-THC	44,863.05	0.27
4150-01-690	Sales - HHA - MET	157,550.86	0.94
4150-02-689	Sales-PCW-THC	5,500,588.27	32.74
4150-02-690	Sales - PCW - MET	273,139.04	1.63
4150-02-691	Sales - PCW - Metro Home Services	4,452.00	0.03
4150-02-694	Sales - PCW - PED	7,401.07	0.04
4150-04-689	Sales-RN-THC	84,545.15	0.50
4150-04-694	Sales - RN -PED - Visits	4,900.00	0.03
4150-05-694	Sales - PT - PED	18,505.00	0.11
4150-07-694	Sales - LPN - PED - Visits	38,120.00	0.23
4150-08-689	Sales-Live in - THC	1,240,958.65	7.39
4150-09-694	Sales - ST - PED	16,170.00	0.10
4150-10-689	Sales-Med Social Worker-THC	69,322.13	0.41
4150-11-689	Sales-PCA-THC	6,349,698.19	37.80
4150-11-694	Sales - PCA - PED	61,098.43	0.36
4150-13-694	Sales - Management Contracts - PED	-22,622.09	-0.13
4150-14-689	Sales-FamCHHA ex THC	302,049.23	1.80
4150-14-694	Sales - RN - PED - Hourly	1,030,909.37	6.14
4150-15-694	Sales-CO PAYS from Clients/Customers-PED	2,469.00	0.01
4150-17-694	Sales - LPN - PED - Hourly	1,887,246.14	11.23
4150-25-689	Sales Adjustments	-331,386.36	-1.97
Total Revenue:		17,599,610.02	100.00
Cost Of Sales			
5000-01-689	COS - Payroll Expense - THC	9,156,398.98	54.50
5000-01-690	COS - Payroll Expense - Metro	354,619.84	2.11
5000-01-691	Cost of Sales-Metro Home Services	8,799.39	0.05
5000-01-694	COS - Payroll Expense - PED	1,800,686.81	10.72
5000-02-689	COS - Wages - THC	500.00	0.00
5000-03-689	COS - FICA Employer - THC	686,965.03	4.09
5000-03-690	COS - FICA Employer - Metro	31,803.50	0.19
5000-03-691	Cost of Sales-Metro Home Services	545.56	0.00
5000-03-694	COS - FICA Employer - PED	141,809.21	0.84
5000-04-689	COS - Medicare Employer - THC	161,631.63	0.96
5000-04-690	COS - Medicare Employer - Metro	7,437.97	0.04
5000-04-691	Cost of Sales-Metro Home Services	52.79	0.00
5000-04-694	COS - Medicare Employer - PED	33,165.45	0.20
5000-08-689	COS - Professional Fees - Nursing - THC	55,400.00	0.33
5000-09-689	COS - Fed. Unemployment Insurance - THC	18,345.83	0.11
5000-09-690	COS - Fed. Unemployment Insurance - Metro	1,023.21	0.01
5000-09-691	Cost of Sales-Metro Home Services	127.60	0.00
5000-09-694	COS - Fed. Unemployment Insurance - PED	3,979.04	0.02
Total Cost Of Sales:		12,463,291.84	70.82%
Gross Profit:		5,136,318.18	29.18%
Expenses			
6000-00-689	Fed Unemployment Insurance - THC	4,173.12	0.02
6000-01-689	Salaries - Brooklyn - THC	1,527,565.98	9.09
6000-01-690	Salaries - New York City - MET	164,564.19	0.98
6000-01-694	Salaries - Long Island - PED	486,158.97	2.89
6000-02-689	Wages - Brooklyn - THC	11,117.51	0.07

6000-02-690	Wages - New York City - MET	1,176.00	0.01
6000-02-694	Wages - Long Island - PED	11,412.00	0.07
6000-06-689	NYS Disability - Brooklyn - THC	5,244.75	0.03
6000-07-689	Worker's Compensation - THC	405,951.74	2.42
6000-07-691	Worker's Compensation - Queens	5.35	0.00
6000-08-689	Medical Insurance - Brooklyn - THC	35,788.98	0.21
6000-09-689	Payroll Expense -Benefits-Vac/Pers/Sick Dys-THC	125,429.94	0.75
6000-09-690	Payroll Expense-Benefits-Vac/Pers/Sick Dys-MET	11,482.40	0.07
6000-09-694	Payroll Expense-Benefits-Vac/Pers/Sick Dys-PED	59,098.29	0.35
6000-20-689	HHA Benefits Expense- THC	1,016,857.47	6.05
6000-20-690	HHA Benefits Expense- MET	37,719.95	0.22
6000-20-691	Payroll Expense-Metro Home Services	409.37	0.00
6050-01-689	Nursing - Brooklyn - THC	618.40	0.00
6050-01-690	Nursing - New York City - MET	272.00	0.00
6050-01-694	Nursing - Long Island - PED	62,000.12	0.37
6050-02-694	Physical Therapy - Long Island-PED	19,446.07	0.12
6050-06-689	A/R & Marketing - Brooklyn -THC	3,613.63	0.02
6050-07-689	Information Technology - Brooklyn-THC	80,731.30	0.48
6050-08-689	Legal Fees - Brooklyn- THC	18,172.79	0.11
6050-09-689	Accounting Fees - Brooklyn- THC	10,800.00	0.06
6050-10-689	Professional Fees -Others-THC	97,070.21	0.58
6100-02-015	Tax Expenses-Tax 15	1,837.85	0.01
6120-00-689	Credit Allowance for Customers' Overpayments-THC	14,451.21	0.09
6120-00-690	Credit Allowance for Customers Overpayments-MET	807.45	0.00
6120-00-694	Credit Allowance for Customers Overpayments-PED	4,967.71	0.03
6125-00-689	Insurance Expenses-Medical-THC	6,755.44	0.04
6126-00-689	Liability Insurance - THC	32,338.49	0.19
6130-01-695	Training Expenses-Trng Schl-883 Flatbush Ave.	500.00	0.00
6130-04-690	Training Expense - MET	600.00	0.00
6135-00-689	Professional Development Exp-THC	35,140.10	0.21
6200-00-689	Administrative Expenses - THC	12,048.86	0.07
6200-04-690	Administrative Expenses - MET	146.81	0.00
6202-00-689	Travel & Entertainment - THC	3,728.72	0.02
6202-06-694	Travel & Entertainment - PED	4,977.69	0.03
6204-00-689	General Bus. Taxes THC	1,469.30	0.01
6206-00-689	General Exp-Parking Tickets - THC	3,801.70	0.02
6207-00-689	General Exp-Others - THC	92.54	0.00
6301-00-689	Auto Exp - Insurance - THC	38,174.53	0.23
6303-00-689	Auto Expense - Gas - THC	44,409.17	0.26
6304-00-689	Auto Expense - Repairs & Maintenance - THC	16,612.21	0.10
6312-00-689	Dues & Subscriptions - THC	68,694.50	0.41
6314-00-689	Contributn/Donations - THC	6,930.00	0.04
6329-04-689	Equipment Rentals-Triborough Home Care, Brooklyn	67,726.11	0.40
6329-06-694	Equipment Rentals - PED	5,167.95	0.03
6339-00-689	Postages&Deliveries - THC	4,592.39	0.03
6339-06-694	Postages&Deliveries - PED	4,797.98	0.03
6344-00-689	Printing & Reproduction - THC	29,109.64	0.17
6344-06-694	Printing & Reproduction - PED	52.34	0.00
6401-00-689	Finance Charges - THC	39,480.00	0.24
6402-00-689	Loan Interest - THC	49,779.41	0.30
6403-00-689	Mortgage Expenses - THC	23,333.33	0.14
6405-00-689	Bank Svc Chrgs - THC	17,243.06	0.10
6405-04-690	Bank Svc Chrgs - MET	12.00	0.00
6405-06-694	Bank Svc Chrgs - PED	695.00	0.00
6420-00-689	Security Exp-Others - THC	685.13	0.00
6451-00-689	Storage Expenses - THC	6,821.00	0.04
6451-06-694	Storage Expenses - PED	-454.00	0.00
6501-00-689	Office Expenses - THC	1,849.13	0.01
6501-00-690	Office Expenses-Metro Care Givers	1,360.32	0.01
6502-00-689	Stationery & Supplies - THC	36,852.69	0.22
6550-00-689	Repairs & Maintenance	44,260.68	0.26
6552-00-689	Janitorial & Cleaning - THC	7,815.00	0.05
6552-06-694	Janitorial & Cleaning - PED	2,043.60	0.01
6601-00-689	Communication Exp-Office Telephone - THC	27,639.27	0.16
6602-00-689	Commun. Exp-Modem&Internet-THC	11,729.37	0.07
6602-04-690	Commun. Exp-Modem&Internet-MET	8,204.02	0.05
6602-06-694	Commun. Exp-Modem&Internet-PED	15,088.91	0.09
6603-00-689	Commun.Exp -Cellphones - THC	16,443.74	0.10
6604-00-689	Commun. Exp-WebHosting - THC	4,514.39	0.03
6607-00-689	Timekeeping Expenses - THC	315.88	0.00
6653-00-689	Computer Exp-Repairs & Maintenance-THC	457.28	0.00
6655-00-689	Computer Exp-Software - THC	92,373.75	0.55

6700-01-694	Rent - Long Island	27,478.49	0.16
6700-02-689	Building Repairs - Brooklyn	4,157.77	0.02
6700-07-689	Rent-Corporate Office Bldg-1414 Utica Ave.Brooklyn	259,300.00	1.54
6701-00-689	Utilities - Water - THC	476.68	0.00
6701-04-690	Utilities - Water - MET	223.94	0.00
6701-06-694	Utilities - Water - PED	405.74	0.00
6702-00-689	Utilities-Gas&Electricity - THC	30,663.69	0.18
6702-04-690	Utilities-Gas&Electricity - MET	3,908.09	0.02
6703-04-690	Rent - MET	73,792.80	0.44
6704-00-689	Rent - Others - THC	8,734.14	0.05
6704-00-694	Rent - Others-Family Pediatric Home Care	98,083.76	0.58
6704-00-695	Rent - Others-MHS-Training School	63,367.34	0.38
6825-00-000	Cash Discount	-462.41	0.00
6902-00-689	Miscellaneous Expenses -Amex- THC	160,257.10	0.95
6999-02-689	Miscellaneous Exp-CAPITALONE Charge card	12,900.74	0.08

Total Expenses:	5,758,642.05	32.72%
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Net Income From Operations:	-622,323.87	-3.54%
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Other Income and Expense

4999-00-689	Other Income - THC	146,237.07	0.83%
Total Other Income and		146,237.07	0.83%
Earnings Before Income Tax:		-476,086.80	-2.71%
Net Income (Loss):		-476,086.80	-2.71%

Programmatic Attachment A: Record of Legal Actions
Project #181319 - Tri-Borough Certified Health Systems of the Hudson Valley, LLC d/b/a Family Care Certified Services, a division Tri-Borough Certified Health Systems of the Hudson Valley

Attachment A – Record of Legal Actions

Date of Action: 7/8/11
Type of action: Civil Action
Location of Action: State of New York Supreme Court, Albany County
Status of Action: Settled - approved by Court on 01/10/2018

Persons and/or Facilities involved: New York State Workers' Compensation Board, in its capacity as the governmental entity charges with the administration of the Workers' Compensation Law and attendant regulations, and its capacity as successor in interest to the Health Care Providers Self-Insurance Trust v. Health Care Providers Self-Insurance Trust and its Trustees; Program Risk Management, Inc.; PRM Claim Services; HCP Resources, Inc., et al including Kenrick Cort as Trustee of the Health Care Providers Self-Insurance Trust. New York State Workers' Compensation Board alleged that the Trustees breached their fiduciary duty by failing to perform, or negligently and improperly perform the Trust Services in addition to other claims against the Trust, other companies and individuals.

Tri-Borough Home Care, Ltd., a former retention member of the Health Care Providers Self-Insurance Trust, has signed a Memorandum of Understanding with the New York State Workers' Compensation Board regarding its pro rata share arising out of its participation in the retention plan.

Date of Action: 12/13/2016
Type of Action: Civil Action-Contract
Location of Action: Supreme Court of State of New York, Kings County
Date of Disposition: 01/12/2018

Facilities involved: Family Aides Certified Services of Nassau, Suffolk, Inc., (prior owner of Family Care Certified Services); Tri-Borough Home Care Ltd. (which acquired Family Care Certified Services); Tri-Borough Certified Health Systems of New York, LLC

Date of Action: 04/11/2016
Type of Action: Civil Action - Fair Labor Standards and the New York Labor Law
Location of Action: United States District Court Eastern District of New York
Date of Disposition: 02/13/2017
Facilities involved: Tri-Borough Home Care Ltd.

Date of Action: 07/13/2016
Type of Action: Civil Action-Contract
Location of Action: District Court, Nassau County
Date of Disposition: 10/28/2016

Programmatic Attachment A: Record of Legal Actions
Project #181319 - Tri-Borough Certified Health Systems of the Hudson Valley, LLC d/b/a
Family Care Certified Services, a division Tri-Borough Certified Health Systems of the
Hudson Valley

Facilities involved: Family Aides, Inc.; Family Aides Certified Services of Nassau, Suffolk, Inc., prior owner of Family Care Certified Services; Tri-Borough Certified Health Systems of New York, LLC (dba Family Care Certified Services (which acquired Family Care Certified Services))

Date of Action: 12/13/2017

Type of Action: Civil Action-Contract

Location of Action: Supreme Court of the State of New York, Kings County

Date of Disposition: In settlement process

Facilities involved: Family Aides Certified Services of Nassau, Inc. dba Family Care Certified Services of Nassau (prior owner of Family Care Certified Services); Tri-Borough Home Care Ltd. (which acquired Family Care Certified Services)

Date of Action: 3/7/2018

Type of Action: Civil Action - Fair Labor Standards and the New York Labor Law

Location of Action: Supreme Court of State of New York, New York County

Date of Disposition: Active

Person and/or Facilities involved: Tri-Borough Home Care, Ltd. dba Metrocare Givers; Tri-Borough Health Careers LLC dba Metrocare Home Service; Tri-Borough Certified Health Systems of New York, LLC dba Family Care Certified Services