

Regional Care Services Corporation**Monthly Cash Flow**

Debtors are submitting their own form, which is prepared in accordance with Generally Accepted Accounting Principles.

(\$s)

	Fiscal Period Ended May 31, 2014	Total Since Filing*
Cash Flow from Operating Activities		
Change in net assets	\$ (2,176)	\$ (2,176)
Adjustments to reconcile net income (loss)		
to net cash provided by operating activities:		
Depreciation and amortization	2,176	8,706
Amortization of deferred loan fees and bond issuance costs	-	-
Provisions for doubtful accounts	-	-
Amortization of deferred prepaid swap interest	-	-
Realized/Unrealized loss (gain) on assets limited as to use	-	-
Decrease (increase) in fair value of derivative liability	-	-
Increase in incurred but not reported reserve	-	-
Equity in earnings of joint venture	-	-
(Gain) Loss on disposal of equipment	-	-
Write-off of long-term asset and other	-	-
Gain on extinguishment of derivative instruments	-	-
Changes in working capital components:		
Patient accounts receivable (net)	-	-
Other receivables	-	-
Assets limited to use	-	-
Third party settlement	-	-
Supplies and prepaid expenses	-	-
Accounts payable - Trade	-	-
Accrued payroll and related expenses	(5,545)	14,272
Accrued legal settlement	-	-
Deposits	-	-
Other accrued expense	-	-
Self insurance claims payable	-	-
Change in Net Intercompany Receivables (Payables)	5,545	(20,801)
Net cash provided (used) by operating activities	-	-
Cash Flows from Investing Activities		
Purchase of property and equipment	-	-
Proceeds from sale of property and equipment	-	-
Purchase of investments held by trustee	-	-
Proceeds from sale of collateral held by counterparty	-	-
Proceeds from sale of investments held by trustee	-	-
Proceeds from sale of gift annuity investments	-	-
Dividends received from joint venture	-	-
Proceeds from partial sale of equity investment in joint venture	-	-
Net cash provided (used) in investing activities	-	-
Cash Flows from Financing Activities		
Proceeds from restricted contributions and grants	-	-
Principal payments on bonds	-	-
Principal payments on notes payable	-	-
Proceeds for additional borrowing on Vendor Note Payable	-	-
Proceeds for additional borrowing on Banner Note Payable	-	-
Principal payments on financed insurance premiums	-	-
Principal payments on capital lease obligations	-	-
Debt issuance costs	-	-
Net cash provided (used) in financing activities	-	-
Cash Flows from Reorganization Activities		
Professional Fees	-	-
Interest Income	-	-
Gain (Loss) on Debt Extinguishment	-	-
Net cash provided (used) in reorganization activities	-	-
Increase/Decrease in Cash and Cash Equivalents	-	-
Cash and cash equivalents at the beginning of month	-	-
Cash and cash equivalents at the end of the month	-	-

Note:

TOTAL DISBURSEMENTS	81,852
LESS: TRANSFERS TO OTHER DIP ACCOUNTS	0
TOTAL DISB. FOR CALCULATING QUARTERLY FEES	81,852
Q2 TOTAL DISB. FOR CALCULATING QUARTERLY FEES	123,164

*Total Since Filing Includes February 1, 2014 - February 4, 2014, which were pre-petition.

Case No: 4:14-bk-01383-EWH
Regional Care Services Corp
Statements of Operations
Year to Date Ending May 31, 2014

Unaudited

	<u>5/31/2014</u>	<u>YTD 5/31/2014</u>	<u>2/5/2014 - 5/31/2014</u>
Operating Revenues			
Inpatient - Routine	\$ -	\$ -	\$ -
Inpatient - Ancillary	\$ -	\$ -	\$ -
Outpatient	\$ -	\$ -	\$ -
Observation	\$ -	\$ -	\$ -
Total Patient Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deductions From Revenue			
Charity	\$ -	\$ -	\$ -
Other Allowances	\$ -	\$ -	\$ -
Medicare Allowances	\$ -	\$ -	\$ -
AHCCCS Allowances	\$ -	\$ -	\$ -
Total Deductions From Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Patient Service Revenue	\$ -	\$ -	\$ -
Provision for Uncollectible Accounts	\$ -	\$ -	\$ -
Net Patient Revenue	\$ -	\$ -	\$ -
Other Revenue	<u>\$ 153,712</u>	<u>\$ 756,715</u>	<u>\$ 385,505</u>
Total Operating Revenues	\$ 153,712	\$ 756,715	\$ 385,505
Operating Expenses			
Salaries and Wages	\$ 150,874	\$ 936,174	\$ 367,540
Employee Benefits	\$ 2,833	\$ 28,055	\$ 11,722
Purchased Services	\$ 5	\$ 43	\$ 19
Other Operating Expenses	\$ -	\$ 6,017	\$ -
Depreciation and Amortization	\$ 2,176	\$ 53,386	\$ 8,401
Interest	\$ -	\$ 66,822	\$ -
Total Operating Expenses	<u>\$ 155,888</u>	<u>\$ 1,090,497</u>	<u>\$ 387,681</u>
Operating Income (Loss)	\$ (2,176)	\$ (333,782)	\$ (2,176)
Gain / (Loss) on Disposal of Equipment	\$ -	\$ 331,605	\$ -
Investment Income	\$ -	\$ -	\$ -
Other Non-Operating Income & Expense	\$ -	\$ -	\$ -
Excess of Revenues over Expenses	\$ (2,176)	\$ (2,176)	\$ (2,176)
Unrealized Derivative Interest Rate Swap Gain / (Loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reorganization Expenses	\$ -	\$ -	\$ -
Increase (Decrease)in Net Assets	<u>\$ (2,176)</u>	<u>\$ (2,176)</u>	<u>\$ (2,176)</u>

Regional Care Services Corp

Balance Sheet

Fiscal Periods Ended April 30, 2014 and May 31, 2014

Unaudited

Assets	Post-Petition 4/30/2014	Post-Petition 5/31/2014
Cash and Equivalents	\$ -	\$ -
Patients Receivables (Net)	\$ -	\$ -
Other Receivables	\$ -	\$ -
Assets Limited as to Use - Current Portion	\$ -	\$ -
Inventory	\$ -	\$ -
Due from Affiliates	\$ -	\$ -
Prepaid Expenses	\$ -	\$ -
Total Current Assets	\$ -	\$ -
Assets Limited as to Use in Total	\$ -	\$ -
Less: Current Portion of LUA	\$ -	\$ -
Limited Use Assets, net of current portion	\$ -	\$ -
Property and Equipment	\$ 652,915	\$ 652,915
Less: Accum Depreciation	\$ 178,463	\$ 180,640
Net Fixed Assets	\$ 474,452	\$ 472,276
Equity Method Investment in Affiliate	\$ -	\$ -
Notes Receivable	\$ -	\$ -
Deferred Financing Costs (Net)	\$ -	\$ -
Total Other Assets	\$ -	\$ -
Total Assets	\$ 474,452	\$ 472,276
Liabilities and Net Assets		
Accounts Payable - Trade	\$ -	\$ -
Current Maturities of LT Debt	\$ -	\$ -
Note Payable Banner	\$ -	\$ -
Payroll Liabilities	184,391	178,846
Deferred Income MS	\$ -	\$ -
Amounts Due to Third-Party Payors	\$ -	\$ -
Other Current Liabilities	\$ 290,061	\$ 295,606
Total Current Liabilities	\$ 474,452	\$ 474,452
Estimated Self-Insurance Liabilities	\$ -	\$ -
Other Long -Term Deposits	\$ -	\$ -
Long-Term Debt net of Current Portion	\$ -	\$ -
Total Long-Term Debt	\$ -	\$ -
Accounts Payable - Trade	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -
Other Long -Term Deposits	\$ -	\$ -
Long-Term Debt net of Current Portion	\$ -	\$ -
Liabilities Subject to Compromise	\$ -	\$ -
Net Assets	\$ -	\$ (2,176)
Total Liabilities and Net Assets	\$ 474,452	\$ 472,276

Regional Care Services CorporationAP Aging
(\$s)

	Pre-Petition	Post-Petition				Total	Total
		0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	Post-Petition	Pre- and Post-Petition
Total AP, excluding professional fees	-	-	-	-	-	-	-
Total Professional Fees AP	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Regional Care Services Corporation

Monthly Inventory Rollforward, Fixed Asset Rollforward, Payments to Insiders, and Payments to Professionals
(\$s)

	4/30/2014	5/31/2014
Inventory		
Beginning Balance	-	-
Plus: Purchases	-	-
Less: Cost of Goods Sold	-	-
Ending Balance	-	-

	4/30/2014	5/31/2014
Net Fixed Assets		
Beginning Balance	476,628	474,452
Plus: Additions	-	0
Less: Disposals	-	-
Less: Depreciation	(2,176)	(2,176)
Ending Balance	474,452	472,276

Payments to Insiders	Reason	Date	Amount	Amount Paid to Date
RONA CURPHY	Gross Wages	5/2/2014	14,992.80	99,431.80
KAREN FRANCIS	Gross Wages	5/2/2014	11,533.60	80,735.20
RONA CURPHY	Gross Wages	5/16/2014	40,438.90	139,870.70
KAREN FRANCIS	Gross Wages	5/16/2014	26,530.40	107,265.60
RONA CURPHY	Gross Wages	5/30/2014	14,972.00	154,842.70
KAREN FRANCIS	Gross Wages	5/30/2014	20,613.85	127,879.45
Total			129,081.55	282,722.15

Payments to Professionals	Reason	Date	Amount	Amount Paid to Date
None				

Case Number: 4:14-bk-01383-EWH

CASE STATUS

QUESTIONNAIRE

	YES	NO
Have any funds been disbursed from any accounts other than a Debtor-in-Possession account?		NO
Are any post-petition receivables (accounts, notes or loans) due from related parties?		NO
Are any wages past due?		NO
Are any U. S. Trustee quarterly fees delinquent?		NO

Provide a detailed explanation of any "YES" answers to the above questions: (attach additional sheets if needed)

Current number of employees: 3

INSURANCE

Carrier & Policy Number	Type of Policy	Period Covered	Payment Amount & Frequency
N/A			

What steps have been taken to remedy the problems which brought on the chapter 11 filing?

See filed Plan of Reorganization and Disclosure Statment

Identify any matters that are delaying the filing of a plan of reorganization:

N/A
