

U.S. Trustee Basic Monthly Operating Report
 Form SB-1

Case Name: Specialty Hospital of Washington, LLC Date Filed: 12/14/2015

Case Number: 14-00279 SIC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE.

 ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

12/14/15
 DATE REPORT SIGNED

Edwin Clark CFO and VP Finance

 PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH THE DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required in this form. The U.S. Trustee may permit the debtor to eliminate duplicate information. No such permission is valid unless in writing.

QUESTIONNAIRE:

	YES	NO	N/A
1 IS THE BUSINESS STILL OPERATING?	X		
2 DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?		X	
3 HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?		X	
4 DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?		X	
5 DID YOU PAY ALL OF YOUR BILLS ON TIME THIS MONTH?	X		
6 DID YOU PAY YOUR EMPLOYEES ON TIME?	X		
7 HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	X		
8 DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	X		
9 DID ANY INSURANCE COMPANY CANCEL OR CHANGE YOUR POLICY THIS MONTH?		X	
10 HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?		X	
11 DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?		X	
12 DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?		X	
13 DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO A DIP ACCOUNT THIS MONTH?	X		
14 DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?		X	
15 DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	X		
16 ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	X		
17 DO YOU HAVE ANY PAST DUE TAX RETURNS OR POST PETITION TAX OBLIGATIONS?		x	

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

NOTE: (DEBTOR MUST ANSWER ALL QUESTIONS LISTED ABOVE.)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOUR RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT CARD TRANSACTIONS. (If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.)

(EXHIBIT B)

TOTAL INCOME

57

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE



1400279151221000000000002

AMOUNT. (If you use an automated system, please attach a copy of the Disbursements Journal. Otherwise, attach a copy of the Check Register.)

(EXHIBIT C) TOTAL EXPENSES 203

CASH PROFIT

TOTAL INCOME LESS TOTAL EXPENSES (EXHIBIT B MINUS EXHIBIT C) CASH PROFIT (146)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT, AND WHEN THE DEBT IS DUE.

(EXHIBIT D) TOTAL PAYABLES 703,908

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED, AND WHEN IT IS DUE.

(EXHIBIT E) TOTAL RECEIVABLES -

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? 224

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? 0

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS PERIOD? See Debtor Budget (Exhibit F)

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE? See Debtor Budget (Exhibit F)

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THE REPORTING PERIOD? See Debtor Budget (Exhibit F)

TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE? See Debtor Budget (Exhibit F)

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD? See Debtor Budget (Exhibit F)

PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE? See Debtor Budget (Exhibit F)

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO FILL OUT THE EMPLOYEE AND PROFESSIONAL FEE SECTIONS. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES, AND CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

PROJECTED INCOME FOR THE MONTH: \$ See Debtor Budget (Exhibit F)

ACTUAL INCOME FOR THE MONTH: (EXHIBIT B) \$ 57

DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME: \$ -

PROJECTED EXPENSES FOR THE MONTH: \$ See Debtor Budget (Exhibit F)

ACTUAL EXPENSES FOR THE MONTH: (EXHIBIT C) \$ 203

DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME: \$ -

PROJECTED CASH PROFIT FOR THE MONTH: \$ -

ACTUAL CASH PROFIT FOR THE MONTH: \$ _____ (146)

DIFFERNCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT: \$ _____ (146)
(TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)

(IF ACTUAL CASH PROFIT WAS 90% OR LESS THAN PROJECTED CASH PORFIT, PLEASE ATTACH A DETAILED WRITTEN EXPLANATION.)

(IF USING EXCEL TO FILL OUT ATTACHED FORMS, DEBTOR ONLY NEEDS TO COMPLETE PROJECTION FIGURES. IF COMPLETED MANUALLY, DEBTOR MUST ANSWER ALL QUESTIONS.)

RECONCILIATION OF CASH DISBURSEMENTS

CASH DISBURSEMENTS PER FORM 4A-2	202.76
CASH DISBURSEMENTS PER SUM OF FORM 4A-3	0.00
CASH DISBURSEMENTS PER FORM 4D	202.76

DEBTOR: Specialty Hospital of Washington, LLC

CASE NO: 14-00279

CASH RECEIPTS AND DISBURSEMENTS STATEMENT FORM SB-2

For Period: 11/01/15 to 42,338

CASH FLOW SUMMARY

	<u>Current Month</u>	<u>Accumulated</u>
1. Beginning Cash Balance	\$ <u>30,827</u> (1)	\$ <u>(55,255)</u> (1)
2. Cash Receipts		
Operations	-	7,243,468
Sale of Assets NOTE: See (B) Below:	-	-
Loans/advances/transfers	<u>57</u>	<u>31,932,599</u>
Other	-	<u>482,096</u>
Total Cash Receipts	\$ <u><u>57</u></u>	\$ <u><u>39,658,163</u></u>
3. Cash Disbursements		
Operations	\$ <u>203</u>	\$ <u>33,090,531</u>
Debt Service/Secured loan payment/Transfers	-	<u>6,481,695</u>
Professional fees/U.S. Trustee fees	-	-
Payments made from asset sale: NOTE: See (C) Below.	-	-
Other	-	-
Total Cash Disbursements	\$ <u><u>203</u></u>	\$ <u><u>39,572,226</u></u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	\$ <u>(146)</u>	\$ <u>85,937</u>
5 Ending Cash Balance	\$ <u><u>30,682</u></u> (2)	\$ <u><u>30,682</u></u> (2)

CASH BALANCE SUMMARY See Note (A) below.

	<u>Book</u>
Petty Cash	\$ <u>-</u>
DIP Operating Account	\$ <u>-</u>
DIP State Tax Account	\$ <u>-</u>
DIP Payroll Account	\$ <u>29,030</u>
Other Operating Account	\$ <u>1,652</u>
Other Interest-bearing Account	\$ <u>-</u>
TOTAL (must agree with Ending Cash Balance above)	\$ <u><u>30,682</u></u> (2)
Variance between Ending Cash Balance and Ending Book Balances:	

- (A) The term "cash" includes all forms of currency i.e., checks, cash, money orders, etc.
 (B) This figure should include the gross amount the seller receives from the sale. On a HUD-1, this would be line 420.
 (C) This figure should include all reductions paid by the debtor for the sale of asset(s). On a HUD-1, this would be line 520.
 (1) Accumulated beginning cash balance is the cash available at the commencement of the case.
 Current month beginning cash balance should equal the previous month's ending balance.
 (2) All cash balances should be the same.

DEBTOR: Specialty Hospital of Washington, LLC CASE NO: 14-00279

Form SB-5
COMPARATIVE BALANCE SHEET
For Period Ended: 11/30/15

	Current Month	Petition Date (1)
ASSETS		
Current Assets:		
Cash and Cash Equivalents (from Form 2-B, line 5)	\$ 30,682	\$ 98,286
Accounts Receivable (from Form 2-E)	-	(718,677)
Receivable from Officers, Employees, Affiliates	-	-
Inventory	-	363,083
Other Current Assets :(List)	-	832,104
Total Current Assets	\$ 30,682	\$ 574,797
Fixed Assets:		
Land	-	-
Building	-	-
Equipment, Furniture and Fixtures	-	4,566,455
Total Fixed Assets	\$ -	\$ 4,566,455
Less: Accumulated Depreciation	(-)	(2,019,132)
Net Fixed Assets	\$ -	\$ 2,547,323
Other Assets (List):		
<u>Intercompany</u>	(21,134,906)	-
<u>Goodwill</u>	13,722,389	-
TOTAL ASSETS	\$ (7,381,835)	\$ 3,122,120
LIABILITIES		
Post Petition Liabilities:		
Post-petition Accounts Payable (from Form 2-E)	\$ 389,165	\$ -
Post-petition Accrued Professional Fees (from Form 2-E)	-	-
Post-petition Taxes Payable (from Form 2-E)	-	-
Post-petition Notes Payable	-	-
Other Post-petition Payable(List):		
<u>Payroll exp</u>	64,743	-
<u>Other</u>	250,000	-
Total Post Petition Liabilities	\$ 703,908	\$ -
Pre Petition Liabilities: (Exhibit G)		
Secured Debt	-	50,419,868
Priority Debt	-	7,860
Unsecured Debt	25,675,407	46,293,646
Total Pre Petition Liabilities	\$ 25,675,407	\$ 96,721,374
TOTAL LIABILITIES	\$ 26,379,315	\$ 96,721,374
OWNERS' EQUITY		
Owner's/Stockholder's Equity	\$ 100,000	\$ 100,000
Retained Earnings - Prepetition	(27,032,927)	(93,699,254)
Retained Earnings - Post-petition	(6,828,223)	-
TOTAL OWNERS' EQUITY	\$ (33,761,150)	\$ (93,599,254)
TOTAL LIABILITIES AND OWNERS' EQUITY	\$ (7,381,835)	\$ 3,122,120
VARIANCE (ASSETS - LIABILITIES +/- CAPITAL) MUST BE \$0	\$ 0.00	\$ 0.00

(1) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

NOTE: IF USING EXCEL, EACH LINE MUST CONTAIN A NUMBER.

DEBTOR: Specialty Hospital of Washington, LLC

CASE NO: 14-00279

**Form SB-6
PROFIT AND LOSS STATEMENT**

For Period 11/01/15 to 42,338

	<u>Current Month</u>	<u>Accumulated Total (1)</u>
Gross Operating Revenue	\$ -	\$ 23,000,839
Less: Discounts, Returns and Allowances	(-)	(11,590,147)
Net Operating Revenue	\$ -	\$ 11,410,692
Cost of Goods Sold	-	-
Gross Profit	\$ -	\$ 11,410,692
Gross Profit Margin	#DIV/0!	100%
Operating Expenses		
Officer Compensation	\$ -	\$ -
Selling, General and Administrative	-	13,772,103
Rents and Leases	-	-
Depreciation, Depletion and Amortization	-	788,397
Other (list): <u>Bank fees</u>	<u>146</u>	<u>1,155</u>
Total Operating Expenses	\$ 146	\$ 14,561,656
Operating Income (Loss)	\$ (146)	\$ (3,150,964)
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ -	\$ -
Gains (Losses) on Sale of Assets	-	-
Interest Income	-	-
Interest Expense	-	717,533
Other Non-Operating Income	-	-
Net Non-Operating Income or (Expenses)	\$ -	\$ (717,533)
Reorganization Expenses		
Legal and Professional Fees	\$ -	\$ -
Other Reorganization Expense Sale of Assets	-	2,959,725
Total Reorganization Expenses	\$ -	\$ 2,959,725
Net Income (Loss) Before Income Taxes	\$ (146)	\$ (6,828,223)
Federal and State Income Tax Expense (Benefit)	-	-
NET INCOME (LOSS)	\$ (146)	\$ (6,828,223)

(1) Accumulated Totals include all revenue and expenses since the petition date.

NOTE: IF USING EXCEL, ALL LINES MUST CONTAIN A NUMBER.

DEBTOR: Specialty Hospital of Washington, LLC

CASE NO: 14-00279

**Form SB-7
DISBURSEMENT SUMMARY
For the Month Ended: 11/30/15**

Total Disbursements from Operating Account (Note 1)	\$ <u>203</u>
Total Disbursements from Payroll Account (Note 2)	\$ <u>0</u>
Total Disbursements from Tax Escrow Account (Note 3)	\$ <u>0</u>
Total Disbursements from and other Account (Note 4)	\$ <u>0</u>
Grand Total disbursements from all accounts	\$ <u><u>203</u></u>

NOTE 1 - Include in this amount all checks written, wire transfers made from, or any other withdrawal from the general operating account. Exclude only transfers to the debtor in possession payroll account, the debtor in possession tax escrow account or other debtor in possession account where the disbursements will be listed on this report.

NOTE 2 - Include in this amount all checks written, wire transfers made from, or any other withdrawal from the payroll account. Exclude only transfers to the debtor in possession operating account, the debtor in possession tax escrow account or other debtor in possession account where the disbursements will be listed on this report.

NOTE 3 - Include in this amount all checks written, wire transfers made from, or any other withdrawal from the tax escrow account. Exclude only transfers to the debtor in possession operating account, the debtor in possession payroll account or other debtor in possession account where the disbursements will be listed on this report.

NOTE 4 - Include in this amount any other disbursements made by the debtor including (but not limited to) cash paid from a petty cash fund or cash register, amounts paid from any other debtor in possession account, and amounts paid from the accounts of others on the debtors behalf (for example, disbursements made from a law firm's escrow account as a result of a sale of property.)

FEE SCHEDULE

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999..	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999..	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999..	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,99	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more.....	\$30,000

Interest will be assessed on Chapter 11 quarterly fees not paid by the end of the month following the end of the calendar quarter pursuant to 31 U.S.C. Sec. 3717. The interest rate assessed is the rate in effect as determined by the Treasury Department at the time the account becomes past due.

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

DEBTOR: Specialty Hospital of Washington, LLC

CASE NO: 14-00279

Form SB-8
NARRATIVE
FOR THE PERIOD 11/1 to 11/30

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

SEE ATTACHED

Form SB-8

On April 23, 2014, an involuntary petition for relief under chapter 11 of the U.S. Bankruptcy Code was filed against Specialty Hospital of Washington, LLC ("SHDC") in the U.S. Bankruptcy Court for the District of Delaware. On May 9, 2014, however, the case was transferred to the U.S. Bankruptcy Court for the District of Columbia (the "Bankruptcy Court") upon the request of various parties, including the petitioning creditors, the District of Columbia, other federal agencies and SHDC. On May 21, 2014, SHDC consented to the entry of an order for relief (which was entered), and the other Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

Prior to May 21, 2014, the Debtors negotiated the terms of a \$15 million debtor-in-possession credit facility (the "DIP Facility") with DCA Acquisitions, LLC ("DCA"). After lengthy contested hearings conducted on May 23, May 29 and May 30, 2014, the Bankruptcy Court approved the DIP Facility on an interim basis pursuant to an order entered on June 2, 2014. After further negotiations with creditors and parties in interest, and a hearing on June 18, 2014, the Bankruptcy Court entered an order on June 25, 2014, approving the DIP Facility on a final basis. The availability under the DIP Facility and its maturity date were extended on two occasions to provide the Debtors with funding through the extension of the closing of the sale of substantially of the Debtors' assets and business/healthcare operations discussed below.

In January 2014, the Debtors began formal marketing for the sale of substantially all of their assets and business/healthcare operations. By May 21, 2014, the Debtors selected DCA as the "stalking horse" bidder. After a lengthy contested hearing conducted on May 30, 2014, the Bankruptcy Court approved the Debtors' bidding procedures (the "Bidding Procedures") and the Debtors' designation of DCA as the stalking horse purchaser, as well as accompanying bidding provisions, including a break-up fee, pursuant to an order entered on June 2, 2014. The Bidding Procedures established a process pursuant to which potential bidders could conduct due diligence and submit a competing bid to acquire the Debtors' assets. No competing bids were received by the June 20, 2014 deadline, and as a result, the Debtors did not hold the previously-scheduled auction on June 23, 2014.

A hearing to approve the Debtors' request to sell substantially all of their assets and business/healthcare operations to DCA was conducted on June 25, 2014. Several objections and responses to the Debtors' request were filed by creditors and parties in interest. Extensive negotiations over the form and substance of an order (the "Sale Order") authorizing the sale (the "Sale") occurred prior to commencement of the June 25 hearing. By the conclusion of that hearing, the Debtors and other parties had reached agreement in principle on the substance of a Sale Order, and the Bankruptcy Court approved the Sale, subject to settlement and presentment of the Sale Order. Between June 25 and June 27, 2014, the Debtors continued to negotiate with certain parties regarding language necessary to settle the Sale Order. A final form of the Sale Order was endorsed by the principal parties and submitted for court approval on June 27, 2014. The Bankruptcy Court entered the Sale Order on June 30, 2014.

On November 14, 2014, DCA extended the time to close on the Sale (the "Closing") to November 30, 2014 and on December 12, 2014, DCA further extended the Closing to December 19, 2014. The Closing was subject to various conditions precedent identified in the Sale Order and the Asset Purchase Agreement, including the Debtors and DCA reaching acceptable settlements and other arrangements with various federal and local regulatory authorities. The relevant settlements and other arrangements were achieved and the Closing occurred on December 18, 2014. In connection with the Closing and the transaction, DCA agreed to continue to fund all pre-Closing operational and other expenses and costs pursuant to the Second Extension Order (Doc. 730).

From and after the Closing, the Debtors (though their Board of Directors and other individuals, including their chief financial officer, Edwin Clark, who will continue to provide services for the Debtors and be compensated for the same) have continued to manage their remaining assets, pay pre-Closing administrative expenses, and address other matters. On January 6, 2015, the Court entered an order approving the retention of Sills Cummins & Gross P.C. as special counsel to the Debtors and the Committee [REDACTED] to investigate potential causes of action (the "Sills Investigation"). The Sills Investigation is completed. The Debtors are consulting with the Committee and other constituents regarding appropriate steps to conclude administration of the cases.

Additional Narrative Regarding Assets and Liabilities

This Monthly Operating Report reflects historical book values for assets, which does not reflect the fair market value of such assets. The reader is directed to the bankruptcy schedules and amendments thereto, filed with the Court, for an understanding of the fair market value of assets (including interests in real property and receivables), and issues relating thereto. The debtors' assessment of asset valuation was supported by the results of the Court-approved sale process and the purchase and sale transaction approved pursuant to Court order dated June 30, 2014.

DEBTOR: Specialty Hospital of Washington, LLC

INITIAL FINANCIAL REPORT
FORM PC - 1
CHAPTER 11
COVER SHEET

CASE NUMBER: 14-00279

11/30/15
Date of Report

THIS REPORT IS DUE 15 DAYS AFTER THE PETITION FILING DATE

Mark One Box for Each
Required Document:

Document Attached	Previously Submitted	Explanation Attached	REQUIRED DOCUMENTS
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Latest Fiscal Year Financial Statements or Tax Returns
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet as of Month End Immediately Preceding Filing
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement for Month and Year Immediately Preceding Filing
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Proof of Insurance Coverage:
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. General Liability Insurance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Property (Fire, Theft, etc.) Insurance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Workers' Compensation Insurance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. Vehicle Insurance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	e. Other:
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Projected Revenue, Expenses and Cash Flow for First 180 Days of Post Petition Operations
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Name and Address of Financial Institution, Account Number and Sample Voided Check for Each Debtor in Possession Bank Account
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	a. General Account
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	c. Tax Account (if required)

I declare under penalty of perjury that the following Initial Financial Report, and any attachments are true and correct to the best of my knowledge and belief.

Executed on: 12/14/15

Debtor(s): 

By: Edwin Clark

Position: CFO and VP Finance

NOTE: Signature of Debtor(s) is required.



410-09-01-00 12209 0 C 001 30 55 003
SPECIALTY HOSPITAL OF WASHINGTON
CAPITOL HILL
OPERATING ACCT
8 FORDHAM CT
MILLERSVILLE MD 21108-1264

Your account statement

For 11/30/2015

Contact us



BBT.com



(800) BANK-BBT or
(800) 226-5228

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Protecting your customers and your business has never been more important. BB&T Merchant Services is one of the first to offer terminals that accept both EMV-secured chip cards and contactless payments. Provide your customers with the latest in processing technology while offering a more secure payment method to help prevent card fraud.

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Merchant Services are subject to business type and credit approval.
¹ \$200 off not applicable to the wireless or Bluetooth terminal.

■ BUSINESS ANALYZED CHECKING [REDACTED] 34228

Account summary

Your previous balance as of 10/30/2015	\$0.00
Checks	- 0.00
Other withdrawals, debits and service charges	- 93.19
Deposits, credits and interest	+ 57.19
Your new balance as of 11/30/2015	= \$-36.00

Other withdrawals, debits and service charges

DATE	DESCRIPTION	AMOUNT(\$)
11/17	RETURNED ITEM FEE (\$36/ITEM)	36.00
11/17	AUTOMATIC ACCOUNT TRANSFER ACCOUNT NUMBER [REDACTED] 4341	21.19
11/24	RETURNED ITEM FEE (\$36/ITEM)	36.00
Total other withdrawals, debits and service charges		= \$93.19

Deposits, credits and interest

DATE	DESCRIPTION	AMOUNT(\$)
11/16	AUTOMATIC ACCOUNT TRANSFER ACCOUNT NUMBER [REDACTED] 4341	57.19
Total deposits, credits and interest		= \$57.19

Questions, comments or errors?

Member FDIC

For general questions/comments or to report errors about your statement or account, please call BB&T Phone24 at 1-800-BANK BBT (1-800-226-5228) 24 hours a day, 7 days a week. BB&T Phone24 Client Service Associates are available to assist you from 6 a.m. until midnight ET. You may also contact your local BB&T financial center. To locate a BB&T financial center in your area, please visit BBT.com.

Electronic fund transfers

In case of errors or questions about your electronic fund transfers, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt, contact us as soon as possible. You may write to us at the following address:

BB&T Liability Risk Management
P.O. Box 996
Wilson, NC 27894-0996

You may also call BB&T Phone24 at 1-800-BANK BBT or visit your local BB&T financial center. We must hear from you no later than sixty (60) days after we sent you the FIRST statement on which the error or problem appeared. Please provide the following information:

- Your name and account number
- Describe the error or transfer you are unsure about, and explain in detail why you believe this is an error or why you need more information
- The dollar amount of the suspected error

We will investigate your complaint/concern and promptly take corrective action. If we take more than ten (10) business days to complete our investigation, your account will be credited for the amount you think is in error, minus a maximum of \$50 if we have a reasonable basis to believe that an unauthorized electronic fund transfer has occurred. This will provide you with access to your funds during the time it takes us to complete our investigation. You may have no liability for unauthorized Check Card purchases, subject to the terms and conditions in the current BB&T Electronic Fund Transfer Agreement and Disclosures. If you have arranged for direct deposit(s) to your account, please call BB&T Phone24 at 1-800-BANK BBT to verify that a deposit has been made.

If your periodic statement shows transfers that you did not make, tell us at once. If you do not inform us within sixty (60) days after the statement was mailed to you, you may not get back any money you lost after sixty (60) days. This will occur if we can prove that we could have stopped someone from taking the money if you had informed us in time. If a good reason kept you from informing us, we will extend the time periods.

Important information about your Constant Credit Account

Once advances are made from your Constant Credit Account, an INTEREST CHARGE

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Your account statement

For 11/30/2015

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Merchant Services are subject to business type and credit approval.

¹ \$200 off not applicable to the wireless or Bluetooth terminal.

■ BUSINESS VALUE 500 CHECKING [REDACTED] 2231

Account summary

Your previous balance as of 10/30/2015	\$1,728.11
Checks	- 0.00
Other withdrawals, debits and service charges	- 40.20
Deposits, credits and Interest	+ 0.00
Your new balance as of 11/30/2015	= \$1,687.91

Other withdrawals, debits and service charges

DATE	DESCRIPTION	AMOUNT(\$)
11/23	SERVICE CHARGES - PRIOR PERIOD	40.20
Total other withdrawals, debits and service charges		= \$40.20

Questions, comments or errors? Document Page 19 of 27

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P.O. Box 996
Wilson, NC 27894-0996

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■ BUSINESS ANALYZED CHECKING [REDACTED] 20183

Account summary

Your previous balance as of 10/30/2015	\$6,494.12
Checks	- 0.00
Other withdrawals, debits and service charges	- 0.00
Deposits, credits and interest	+ 0.00
Your new balance as of 11/30/2015	= \$6,494.12

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■ BUSINESS ANALYZED CHECKING 0005122211928

Account summary

Your previous balance as of 10/30/2015	\$22,605.10
Checks	- 0.00
Other withdrawals, debits and service charges	- 69.37
Deposits, credits and interest	+ 0.00
Your new balance as of 11/30/2015	= \$22,535.73

Other withdrawals, debits and service charges

DATE	DESCRIPTION	AMOUNT(\$)
11/23	SERVICE CHARGES - PRIOR PERIOD	69.37
Total other withdrawals, debits and service charges		= \$69.37

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Exhibit D

Specialty Hospital of Washington LLC
 Unpaid Bills
 11/30/2015

Payee Description	Date Incurred	Due Dates	Purpose of Obligation	Obligation
Trade payables				
	Various	Various	Hospital Operations	\$ 389,165
Other Accrued Expense				
Other Accrued Costs	Various	Various	Hospital Operations	250,000
Accrued Payroll Costs and taxes , including vacation	Various	Various	Employee Payroll	64,743
Total Accrued Expenses				<u>314,743</u>
Total Unpaid Bills				<u>\$ 703,908</u>

Exhibit E

Specialty Hospital of Washington, LLC
 Net Patient Accounts Receivable
 30-Nov-15

Specialty Hospital of Washington Nursing Center, LLC	Medicare	Medicaid	Commercial	Bad Debt	Total
Gross Accounts Receivable	\$ -	-	-	-	\$ -
<i>Adjustments</i>					
Contractual Allowance	-	-	-	-	-
Bad Debts	-	-	-	-	-
Total Adjustments					
Net Accounts Receivable	\$ -	-	-	-	\$ -

All Accounts Receivable was transferred at close

Exhibit G

Specialty Hospital of Washington LLC
 Current Liabilities Reconciliation
 11/30/2015

Account Description	Total Current Liabilities	Post Petition Current Liabilities	Pre - Petition Current Liabilities	Secured	Priority	Unsecured *	Total Pre - Petition Accrued Expenses
Accounts Payable	\$ 12,294,822	389,465	11,905,657			11,905,657	11,905,657
Accrued Expenses							
Other Accrued Costs	446,956	250,000	196,956			196,956	196,956
Accrued Interest	(359,246)	-	(359,246)			(359,246)	(359,246)
Licensed Bed Tax	833,580	-	833,580			833,580	833,580
Accrued Personal Property Taxes	102,953	-	102,953			102,953	102,953
FIN 47	87,336	-	87,336			87,336	87,336
Accrued Ballpark fees	66,000	-	66,000			66,000	66,000
Federal/ Fica taxes/FUTA/SUTA	7,695,229	-	7,695,229			7,695,229	7,695,229
State taxes - Maryland	1,939,668	-	1,939,668			1,939,668	1,939,668
State taxes - DC	159,165	-	159,165			159,165	159,165
State taxes - Virginia	-	-	-			-	-
Employee Deductions, including 401k	470,277	-	470,277			470,277	470,277
CMS - Civil Penalty (SNIF)	133,150	-	133,150			133,150	133,150
Tax Penalties - IRS	1,146,020	-	1,146,020			1,146,020	1,146,020
Tax Penalties - Maryland	223,886	-	223,886			223,886	223,886
Tax Penalties - Virginia	19,607	-	19,607			19,607	19,607
Tax Penalties - DC	534,395	-	534,395			534,395	534,395
Accrued Payroll Costs, including vacation	593,174	64,743	528,431			528,431	528,431
Other	192,477	-	192,477			192,477	192,477
Total Accrued expenses	14,284,626	314,743	13,969,884			13,969,884	13,969,884
Amounts Due to Government Authorities							
Due to Department of Health Care Finance - LTACH Medicaid Appeals (2007 -2010)	3,865,085	-	3,865,085			3,865,085	3,865,085
Due from Department of Health Care Finance - 2011 - 2014	(4,060,328)	-	(4,060,328)			(4,060,328)	(4,060,328)
Total Due to Government Authorities	(195,243)	-	(195,243)			(195,243)	(195,243)
Total Current Liabilities	26,384,205	703,908	25,680,297			25,680,297	25,680,297

* Some portion of total number contained in each shaded line item may constitute a priority claim under the Bankruptcy Code. However, the debtors and their legal counsel have not conducted the factual and legal analysis to determine precisely which of these claims (if any) constitute a priority claim, the relative priority to be afforded any claims that do constitute a priority claim and the amounts to be afforded priority status.