

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE:)	
)	Case No. 17-10775
MOREHEAD MEMORIAL HOSPITAL,)	
)	Chapter 11
Debtor.)	
_____)	

MOTION OF DEBTOR FOR (I) INTERIM ORDER (A) AUTHORIZING DEBTOR TO USE CASH COLLATERAL, AND (B) SCHEDULING FINAL HEARING PURSUANT TO RULE 4001 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND (II) FINAL ORDER AUTHORIZING DEBTOR TO USE CASH COLLATERAL ON FINAL BASIS

NOW COMES Morehead Memorial Hospital, the above-captioned debtor and debtor-in-possession (the “Debtor”), by and through its undersigned counsel, and pursuant to Sections 105(a), 362(d), and 363 of Title 11 of the United States Code, 11 U.S.C. § 101, et seq. (the “Bankruptcy Code”) and Rules 4001(c) and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), hereby moves the Court for the entry of (i) an Interim Order, substantially in the form attached hereto as Exhibit A (the “Interim Order”), (a) authorizing the use of Cash Collateral (defined herein) and the release of funds maintained in the MRF (defined below), on an interim basis, (b) granting adequate protection to Berkadia, HUD, and First-Citizens (defined below), and (c) scheduling a hearing on final approval of the use of Cash Collateral and approving the form and matter of notice, and (ii) a Final Order (the “Final Order” and together with the Interim Order, the “Orders”) authorizing the Debtor to use cash collateral on a final basis (the “Motion”). In support of the Motion, the Debtor refers to and relies upon the Affidavit of Dana M. Weston in Support of First Day Motions and Applications (the “Weston Affidavit”), filed concurrently herewith, and respectfully represents as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.

Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The relief sought in this Motion is based upon Sections 105, 363 and 364 of the Bankruptcy Code and Rules 4001(c) and 9014 of the Bankruptcy Rules.

FACTUAL BACKGROUND

4. On July 10, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its assets as debtor-in-possession. No trustee, examiner, or official committee of unsecured creditors has been appointed.

5. The Debtor is a North Carolina non-profit corporation that owns and operates a 108-bed general acute care community hospital (the “Hospital”) on a 22-acre campus located at 117 East Kings Highway, Eden, North Carolina (the “Hospital Real Property”). Within the Hospital Real Property, the Debtor also owns and operates a 121-bed skilled nursing facility (the “Nursing Center”). In addition to the Hospital Real Property, the Debtor also owns several other parcels of real property located in Eden that are contiguous to, or in the general vicinity of, the Hospital Real Property (collectively, the “Additional Real Property”). The Additional Real Property is as follows:

<i>Property Name</i>	<i>Location</i>
Women's Health Center	522 S. Van Buren Road, Eden, North Carolina
Dayspring Building	250 W. Kings Highway, Eden, North Carolina
Thompson Street Building	515 Thompson Street, Eden, North Carolina
Smith McMichael Cancer Center	516 S. Van Buren Road, Eden, North Carolina
Medical Office Building No.1	518 S. Van Buren Road, Eden, North Carolina
Medical Office Building No.2	522 S. Van Buren Road, Eden, North Carolina
Wright Diagnostic Center	618 Pierce Street, Eden, North Carolina

6. Founded in 1924, the Debtor is a two-state healthcare system that serves patients in a twelve-zip code area encompassing Rockingham County, North Carolina and neighboring southern Virginia areas. A cornerstone in Eden and one of the top five employers in Rockingham County, the Debtor employs approximately 700 individuals that provide comprehensive medical services to the more than 31,000 people who visit the Debtor's facilities on an annual basis. The Debtor is controlled by an eleven-member board of trustees comprised of community leaders from Eden and Rockingham County (the "Board of Trustees").

7. The Hospital is one of seven hospital facilities in their local market, serving a population of approximately 200,000 people. The next closest hospital facility is located eleven miles away. The Hospital's mission is to provide quality care, with a commitment to patient safety and clinical excellence.

8. A detailed description of the Debtor's business and the facts precipitating the filing of the Debtor's Chapter 11 case is set forth in the Weston Affidavit in support of the Debtor's various First Day Motions. Those facts are incorporated herein by reference.

I. *The Debtor's Capital Structure*

a. 2005 Bond Transaction

9. On June 15, 2005, the Debtor issued FHA-insured North Carolina Medical Care Commission Mortgage Revenue Bonds, Series 2005 of \$47,675,000 (the "Series 2005 Bonds") to

fund the costs of certain capital improvements of the Hospital's healthcare facilities and to refinance certain of its then-existing debt. The Series 2005 Bonds were issued pursuant to the Health Care Facilities Finance Act, Chapter 131A of the North Carolina General Statutes, as amended, and a Trust Indenture, dated as of June 15, 2005, between the North Carolina Medical Commission (the "Commission") and Wells Fargo Bank, N.A. (as successor to Wachovia Bank, N.A.), as Trustee (the "Trustee").

10. The proceeds of the Series 2005 Bonds were loaned by the Commission to the Debtor pursuant to a Loan Agreement, dated as of June 1, 2005, between the Commission and the Debtor. The obligations of the Debtor were evidenced by a Deed of Trust Note, dated as of June 15, 2005 (the "Series 2005 Note") from the Debtor to the Trustee for the Series 2005 Bonds. The Department of Housing and Urban Development ("HUD"), acting by and through the Federal Housing Administration ("FHA"), insured the advancement of funds pursuant to Section 242 of Title II of the National Housing Act, as amended. The Debtor entered into an FHA Regulatory Agreement, a Building Loan Agreement with Trustee, and certain other documents delivered to FHA and the Trustee, as beneficiary. In September 2008, the final endorsement required by HUD was completed.

b. 2012 Refinance with Berkadia

11. In late 2012, the Debtor refinanced its Series 2005 Note obligations with a third-party commercial mortgage company, Berkadia Commercial Mortgage, LLC ("Berkadia"). The purpose of the refinance was to reduce the then-existing debt service payments.

12. On December 14, 2012, the Debtor executed a promissory note in favor of Berkadia in the amount of \$40,566,294 (the "Berkadia Note"). The proceeds of the Berkadia loan were put

into an escrow account that was used to service the existing Series 2005 Bonds until they were eligible to be redeemed in May 2015.

13. Under the terms of the Berkadia Note, the interest rate on the new loan is a fixed rate of 3.59%. Principal and interest payments are due monthly until the Berkadia Note matures in April 2032. As of the Petition Date, the amount outstanding under the Berkadia Note is approximately \$33,848,885.

14. In conjunction with its refinancing, the Debtor entered into a new Regulatory Agreement with HUD. The Debtor was required to establish a Mortgage Reserve Fund (the "MRF") with the Trustee. The MRF provides, subject to HUD approval, funds to, among other things, cure or prevent a default, engage a consultant, or implement a turnaround plan for the Debtor. The Debtor is required to make quarterly payments to the MRF which, when coupled with investment income, will equal certain required levels of debt service funds. As of the Petition Date, the MRF had a balance of \$5,526,866.

15. Berkadia asserts a perfected first priority security interest in the Hospital Real Property and, except for the Dayspring Building and the Thomson Street Building, in the Additional Real Property (collectively, the "Berkadia Real Property") by virtue of a Deed of Trust and Assignment of Rents, Profits, and Income filed on December 12, 2012 at Book 1447, Page 31, in the Registry of Deeds of Rockingham County, North Carolina (the "Berkadia Deed of Trust").

16. Berkadia and HUD assert, together, a perfected first priority security interest in, among other things, the Debtor's accounts receivable, general intangibles, and health care insurance receivables (collectively, the "Berkadia and HUD Personal Property") by virtue of that certain Security Agreement dated December 14, 2012 and a UCC Financing Statement filed with the North Carolina Secretary of State, File No. 20120114847A, on December 13, 2012. Together,

the Berkadia Real Property and the Berkadia and HUD Personal Property shall constitute the Prepetition Collateral.

17. The Berkadia Note is insured by the FHA, an organizational unit of HUD, pursuant to a commitment of insurance for refinancing under the provisions of Sections 242/241 and 223(a)(7) of Title II of the National Housing Act, issued to InnoVative Capital, LLC by Roger E. Miller, Agent of the Federal Housing Commissioner, dated November 20, 2012, and assigned to Berkadia, as amended by that certain letter from Roger E. Miller, Agent for the Federal Housing Commissioner, to InnoVative Capital, LLC dated December 12, 2012 (the “FHA Commitment”). The FHA insurance endorsement is subject to compliance with the requirements and regulations and terms and conditions of a Regulatory Agreement dated December 14, 2012.

18. The Debtor owes approximately \$1.3 million to First-Citizens Bank & Trust Company (“First-Citizens”) pursuant to a promissory note (the “First-Citizens Note”), and that debt is purportedly secured by a first priority security interest on the Dayspring Building and the Thomson Street Building by virtue of a Deed of Trust filed on November 1, 2007 at Book 1335, Page 2151, in the Registry of Deeds of Rockingham County, North Carolina.

19. The Debtor is not aware of any other asserted liens or security interests against its real property, accounts receivable, general intangibles, health care insurance receivables, or rents, the proceeds of which would constitute “cash collateral” as that term is defined in the Bankruptcy Code (“Cash Collateral”).

c. Necessity of the Debtor’s Use of Cash Collateral

20. The Debtor does not have available sources of working capital to carry on the operation of its business without the use of Cash Collateral. The Debtor is dependent upon use of Cash Collateral to pay the on-going costs of operating its business, paying its employees, and

insuring, preserving, repairing, and protecting all its tangible assets, and thus it has an immediate need for the use of Cash Collateral.

21. If not permitted to use Cash Collateral to pay these expenses, the going concern value of the Debtor's business will be lost, and the fair market value of the estate's assets will be significantly reduced, resulting in financial loss to all parties in interest. To that end, the Debtor requests the Court to authorize the use of Cash Collateral.

d. Consent to Use Cash Collateral

22. The Debtor has requested that Berkadia, HUD, and First-Citizens agree to the Debtor's use of Cash Collateral in a manner that is consistent with the Budget (as defined below) and future agreed-upon monthly budgets for the purpose of ensuring that the Debtor is able to continue to provide healthcare services to the Eden community. First-Citizens has agreed to the terms proposed by the Debtor, but thus far Berkadia and HUD have not agreed.

23. Further, the Debtor has requested that HUD release funds from the MRF comprised of (1) one release in the amount of \$532,453.88 to cure the prepetition payment defaults under the Berkadia Note (the "Initial Release") and (2) monthly releases, each in the approximate amount of \$266,226.94 from the MRF to make monthly payments on the Berkadia Note on behalf of the Debtor (the "Monthly Releases"). HUD has not approved or disapproved this request.

RELIEF REQUESTED

24. By this Motion, the Debtor seeks (i) the entry of the Interim Order (a) authorizing the use of Cash Collateral and the requested Initial Release and the Monthly Releases from the MRF upon HUD approval, on an interim basis, (b) granting adequate protection to Berkadia, HUD, and First-Citizens, and (c) scheduling a hearing on final approval of the use of Cash

Collateral and approving the form and matter of notice, and (ii) the entry of the Final Order approving the use of Cash Collateral.

25. Section 363(c)(2) of the Bankruptcy Code, which governs the ability of a debtor-in-possession to use cash collateral, provides, in pertinent part:

The [debtor-in-possession] may not use, sell or lease cash collateral . . . unless –

- (A) each entity that has an interest in such cash collateral consents; or
- (B) the court, after notice and a hearing, authorizes such use, sale or lease in accordance with the provisions of this section.

11 U.S.C. § 363(c)(2).

26. The Debtor requests that this Court grant it the authority to use Cash Collateral in the ordinary course of its business pursuant to Section 363 of the Bankruptcy Code. The reasons supporting the Debtor's need to use Cash Collateral during the course of this proceeding is most compelling. As stated above, the use of Cash Collateral is required to fund the day-to-day operations of the Debtor, including meeting the needs of its patients. Unless this Court authorizes its use, the Debtor may be unable to meet such needs and make other ordinary course business expenditures, such as payroll, that are necessary to preserve and maintain the viability of its ongoing operations and provide patient care.

27. Section 363(e) of the Bankruptcy Code provides, in essence, that on request of an entity that has an interest in property used or proposed to be used by the debtor-in-possession, the court shall prohibit or condition such use as is necessary to provide adequate protection of such interest. Examples of adequate protection are provided in section 361 of the Bankruptcy Code and include, but are not limited to, (a) lump sum or periodic cash payments to the entity holding the interest in property to be used to the extent that such use will result in a decrease in value of such entity's interest in the property, (b) provisions for an additional or replacement lien to the extent

that the use of the property will cause a decrease in the value of such entity's interest in the property, and (c) such other relief as will result in the realization by such entity of the "indubitable equivalent" of such entity's interest in the property.

28. In order to provide Berkadia, HUD, and First-Citizens adequate protection, the Debtor proposes that it be permitted to use the Cash Collateral upon the following terms and conditions:

- (a) The Debtor will continue to make interest and all other payments on the Berkadia Note as and when they are due until further order of the Court, pursuant to and as a result of the Initial Release and the Monthly Releases;
- (b) The Debtor will continue to make interest and all other post-petition payments on the First-Citizens Note as and when they are due until further order of the Court;
- (c) The Debtor will use the Cash Collateral only in the ordinary course of its business and subject to an agreed upon budget, subject to further order of the Court;
- (d) The Debtor shall provide Berkadia, HUD, and First-Citizens with a continuing post-petition lien and security interest (the "Post-Petition Liens") in all property and categories of property of the Debtor in which, and of the same priority as, said creditor held a similar, unavoidable lien as of the Petition Date, and the proceeds thereof, whether acquired pre-petition or post-petition (the "Post-Petition Collateral"), equivalent to a lien granted under Sections 364(c)(2) and (3) of the Bankruptcy Code, but only to the extent of Cash Collateral used. The validity, enforceability, and perfection of the aforesaid post-petition liens on the Post-Petition Collateral shall not depend upon filing, recordation, or any other act required under applicable state or federal law, rule, or regulation; and
- (e) The Debtor agrees that such Post-Petition Liens shall be senior, first-priority, validly perfected liens, subordinate only to (i) payment of fees to the United States Trustee pursuant to 28 U.S.C. § 1930 and (ii) the fees and expenses of the professionals retained by the Debtor and the Committee that are allowed by the Bankruptcy Court prior to any termination of the use of Cash Collateral and after termination of the use of Cash Collateral, if so terminated, any unpaid fees and expenses of such professionals that are allowed by the Bankruptcy Court in an amount not to exceed \$300,000.00 per month.

29. Pending a final hearing, the Debtor requires immediate use of Cash Collateral for, among other things, the purchase of new supplies, the funding of payroll obligations, the operation of its healthcare facilities, and other working capital needs. The Debtor's cash needs are significant, yet the Debtor's emergency request represents the minimum amount of cash necessary to operate during the period prior to the final hearing on this Motion.

30. Annexed to the Interim Order is an interim cash-flow forecast and revenue and expenses projection (the "Budget") covering the next five (5) week period and setting forth the essential payments expected to be made to sustain the Debtor's operations. The Debtor seeks authority to use Cash Collateral for the 30 days following the Petition Date in accordance with the Budget. Although the Debtor believes that the projections set forth in the Budget are reasonable, the Debtor's expected revenues and expenses are subject to uncertainties occasioned by this Chapter 11 Case. For example, certain vendors may impose stringent repayment terms. Moreover, the Debtor's cash needs are cyclical in nature, with increased cash needed in payroll weeks. Accordingly, in order for the Debtor to maintain an adequate cash position at the outset of this Chapter 11 Case, this interim relief is urgently required to prevent immediate and irreparable harm to the Debtor's operations.

31. Rule 4001(b) of the Federal Rules of Bankruptcy Procedure permits a court to approve a debtor's request for use of cash collateral during the 15-day period following the filing of a motion requesting authorization to use cash collateral "only to the extent necessary to avoid immediate and irreparable harm to the estate pending a final hearing." Fed. R. Bankr. P. 4001(b)(2). In examining requests for relief under this rule:

(1) [t]he court must establish the value of the secured creditor's interest; (2) [t]he court must identify risk to the secured creditor's value resulting from the debtor's

request for use of cash collateral; and (3) [t]he court must determine whether the debtor's adequate protection proposal protects value as nearly as possible against risks to that value consistent with the concept of indubitable equivalence.

In re Hari Ram, Inc., 507 B.R. 114, 125 (Bankr. M.D. Penn. 2014) (citing Martin v. United States (In re Martin), 761 F.2d 472, 476–77 (8th Cir. 1985)). Under this standard, and given the Debtor's urgent and immediate cash needs and the irreparable harm that would result from the denial of the Debtor's use of Cash Collateral, the Debtor submits that (i) entry of the Interim Order (a) approving of the Debtor's use of Cash Collateral and (b) scheduling a final hearing on approval of the Debtor's use of Cash Collateral and (ii) entry of the Final Order approving the Debtor's use of Cash Collateral requested herein are appropriate. For the reasons stated above, the Debtor respectfully requests that the Court grant the relief requested herein.

Wherefore, the Debtor respectfully requests that the Court:

A. Enter an Interim Order in the form attached hereto as Exhibit A after notice and hearing (i) authorizing the Debtor to use Cash Collateral in an amount to be determined at the Interim Hearing based upon the Budget attached to the proposed Interim Order, and (ii) providing Berkadia, HUD, and First-Citizens with adequate protection as set forth herein;

B. Schedule a further hearing regarding this Motion, the Interim Order, and the Debtor's request for a Final Order, after providing such notice as is required by Rule 4001 of the Federal Rules of Bankruptcy Procedure; and

C. Grant such other relief as the Court may deem necessary and proper.

Respectfully submitted, this the 10th day of July, 2017.

WALDREP LLP

/s/ Thomas W. Waldrep, Jr.

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Proposed Attorneys for the Debtor

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION**

IN RE:)	
)	Case No. 17-10775
MOREHEAD MEMORIAL HOSPITAL,)	
)	Chapter 11
Debtor.)	
_____)	

**INTERIM ORDER GRANTING AUTHORITY TO USE CASH
COLLATERAL AND PROVIDING NOTICE OF FINAL HEARING**

This matter came before the Court for hearing at 9:30 a.m. on July 14, 2017 in Greensboro, North Carolina (the “Hearing”), upon the Motion of Debtor for (I) Interim Order (A) Authorizing Debtor to Use Cash Collateral, and (B) Scheduling Final Hearing Pursuant to Rule 4001 of Federal Rules of Bankruptcy Procedure and (II) Final Order Authorizing Debtor to Use Cash Collateral on Final Basis [Dkt. No. __] (the “Motion”). Appearing at the hearing were _____.

After due consideration of the Motion, the evidence presented at the Hearing, the record in this case, and the arguments of parties wishing to be heard at the Hearing, the Court makes the following findings and conclusions of law:

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The relief sought in this Motion is based upon Sections 105 and 363 of the Bankruptcy Code and Rules 4001(c) and 9014 of the Bankruptcy Rules.

4. On July 10, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its assets as debtor-in-possession. No trustee, examiner, or official committee of unsecured creditors has been appointed.

5. Pending a final hearing on the Motion, the Debtor requires immediate use of Cash Collateral¹ for, among other things, the purchase of new supplies, the funding of payroll obligations, the operation of its healthcare facilities, and other working capital needs. The Debtor’s cash needs are significant, yet the Debtor’s emergency request represents the minimum amount of cash necessary to operate during the period prior to the final hearing on this Motion.

6. Annexed to this Order is an interim cash-flow forecast and revenue and expenses projection (the “Budget”) covering the next five (5) week period and setting forth the essential payments expected to be made to sustain the Debtor’s operations. The Debtor seeks authority to use Cash Collateral for the 30 days following the Petition Date in accordance with the Budget.

7. In order for the Debtor to maintain an adequate cash position at the outset of this Chapter 11 Case, this interim relief is urgently required to prevent immediate and irreparable harm to the Debtor’s operations.

8. Based on the foregoing findings, the Court concludes that an order granting interim relief, followed by a final hearing after due notice, would not prejudice the rights of any creditor

¹ The capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

in this case, and the use of cash collateral is necessary to continue operations of the estate without interruption and preserve the value of the estate for creditors.

NOW, THEREFORE, IT IS ORDERED that:

1. The Motion is granted on an interim basis. Subject to the terms and conditions contained in this Order, the Debtor is authorized to use Cash Collateral in accordance with Section 363 for the period through and including _____, 2017, in the amounts and for the purposes set forth in the Budget for such period, not to exceed 115% on a line-item cumulative basis, pending further orders of the Court after notice and hearing.

2. The findings, conclusions, and decretal provisions herein are made on an interim basis, shall not constitute a final decision on any legal or factual issue, and are without prejudice to the right of any party to raise, contest, or seek the same or a different outcome at any subsequent hearing; and

3. Berkadia, HUD, and First-Citizens shall be provided interim adequate protection in the following manner:

- a. The Debtor will continue to make interest and all other payments on the Berkadia Note as and when they are due until further order of the Court, pursuant to and as a result of the Initial Release and the Monthly Releases;
- b. The Debtor will continue to make interest and all other post-petition payments on the First-Citizens Note as and when they are due until further order of the Court;
- c. The Debtor will use the Cash Collateral only in the ordinary course of its business and subject to the Budget, subject to further order of the Court;
- d. The Debtor shall provide Berkadia, HUD, and First-Citizens with a continuing post-petition lien and security interest (the "Post-Petition Liens") in all property and categories of property of the Debtor in which, and of the same priority as, said creditor held a similar, unavoidable lien as of the Petition Date, and the proceeds thereof, whether acquired pre-petition or post-petition (the "Post-Petition Collateral"), equivalent to a lien granted under Sections 364(c)(2) and (3) of the Bankruptcy Code, but only to the extent of Cash Collateral used. The validity,

enforceability, and perfection of the aforesaid post-petition liens on the Post-Petition Collateral shall not depend upon filing, recordation, or any other act required under applicable state or federal law, rule, or regulation; and

- e. The Debtor agrees that such Post-Petition Liens shall be senior, first-priority, validly perfected liens, subordinate only to (i) payment of fees to the United States Trustee pursuant to 28 U.S.C. § 1930 and (ii) the fees and expenses of the professionals retained by the Debtor and any Committee that are allowed by the Bankruptcy Court prior to any termination of the use of Cash Collateral and after termination of the use of Cash Collateral, if so terminated, any unpaid fees and expenses of such professionals that are allowed by the Bankruptcy Court in an amount not to exceed \$300,000.00 per month.

- 4. A final hearing on this Motion shall be held at __:__ on _____, 2017, in the United States Bankruptcy Court, Greensboro, North Carolina.

- END OF DOCUMENT -

Morehead Memorial Hospital**Management's Cash Flow Forecast**

(\$s)

	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Week:	1	2	3	4	5
Week Ending:	7/14/17	7/21/17	7/28/17	8/4/17	8/11/17
<u>Cash Receipts</u>					
<i>Total Cash Receipts</i>	1,147,378	1,303,751	1,131,659	1,320,466	1,184,495
<u>Cash Disbursements</u>					
Payroll-Related Disbursements	(259,482)	(1,204,865)	(184,200)	(1,257,642)	(184,200)
Contract Services & Labor	(95,175)	(13,000)	(1,014,311)	(369,026)	(204,940)
Supplies, Utilities, Leases & Operating Insurance	(236,689)	(22,610)	(603,313)	(276,094)	(262,425)
Other	(70,690)	(10,000)	(3,000)	(32,690)	(3,000)
Contingency / Capex	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Professional Fees	(153,389)	-	-	-	-
Debt Service	-	-	-	-	-
<i>Total Cash Disbursements</i>	(830,424)	(1,265,475)	(1,819,824)	(1,950,451)	(669,565)
<i>Operating Cash Flow</i>	316,954	38,277	(688,165)	(629,985)	514,930
Beginning Cash Balance	4,534,828	4,851,782	4,890,059	4,201,894	3,571,908
Cash Flow Prior to Add'l Financing	316,954	38,277	(688,165)	(629,985)	514,930
<i>Ending Cash Balance</i>	4,851,782	4,890,059	4,201,894	3,571,908	4,086,838