

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF TENNESSEE

In re: SRHS BANKRUPTCY, INC.) Case No.: 10-04766
)
) Judge: Marian F. Harrison
)
) Chapter 11
Debtor(s))

MONTHLY OPERATING REPORT FOR MONTH ENDING SEPTEMBER, 2010.

SRHS BANKRUPTCY, INC., Debtor-In-Possession,
submits its Monthly Operating Report for the period commencing SEPTEMBER 1, 2010
and ending SEPTEMBER 30, 2010 as shown by the report and exhibits consisting of 68
pages and containing the following, as indicated:

- Monthly Reporting Questionnaire (Attachment 1)
- Comparative Balance Sheets (Forms OPR-1 & OPR-2)
- Summary of Accounts Receivable (Form OPR-3)
- Schedule of Postpetition Liabilities (Form OPR-4)
- Statement of Income (Loss) (Form OPR-5)

I declare under penalty of perjury that this report and all attachments are true and correct to the best of my knowledge and belief.

Date: OCTOBER 21, 2010

DEBTOR-IN-POSSESSION

By: /S/ S. Waite Popejoy
(name of signer)

Title: Chief Restructuring Officer

Address: 555 Hartsville Pike

Gallatin, TN 37066

Telephone Number: 615 - 328 - 5153

Fax Number: 615 - 328 - 6698

Email Address: wpopejoy@ncacf.com

CHAPTER 11
MONTHLY OPERATING REPORT
MONTHLY REPORTING QUESTIONNAIRE

CASE NAME: SRHS BANKRUPTCY, INC.
CASE NUMBER: 10-04766
MONTH OF: SEPTEMBER 2010

1. Payroll State the amount of all executive wages paid and taxes withheld and paid.

Name and Title of Executive	Wages Paid		Taxes	
	Gross	Net	Due	Paid
William Mize, VP of Operations	\$5,306.46	\$3,772.60	\$1,551.46	\$1,551.46
David Wilhoite, Chief Financial Officer	\$10,000.00	\$7,446.90	\$2,191.99	\$2,191.99
David Young, VP of External Operations	\$6,050.40	\$4,471.17	\$1,040.34	\$1,040.34
Total Executive Payroll:	\$21,356.86	\$15,690.67	\$4,783.79	\$4,783.79

2. Insurance Is workers' compensation and other insurances in effect? YES
Are payments current? YES If any policy has lapsed, been replaced or renewed, state so in
the schedule below. Attach a copy of the new policy's binder or cover page.

Type	Name of Carrier	Coverage Amount	Policy #	Expiration Date	Premium Amounts	Date Pd. Thru
<u>Casualty</u>						
Worker's comp. [1]	Wausau Underwriters	\$500,000	WCJ-Z91-454059-010	9/5/2010	N/A	9/4/2010
	Travelers Ins Co	\$2,000,000	I6801050M032ACJ10	9/1/2010	N/A	8/31/2010
General liab. [2]	Travelers Ins Co	\$5,000,000	CUP9054Y873IND10	9/1/2010	N/A	8/31/2010
	Federal Insurance Group	\$1,000,000	73532806	9/5/2010	N/A	9/4/2010
Vehicle [3]	Travelers Ins Co	\$1,000,000	I6801050M032ACJ10	9/5/2010	N/A	9/4/2010

Other (specify):

Notes:

- 1 - Canceled Worker's Comp as no longer required due to no employees.
- 2 - Canceled General Liability and Excess/Umbrella for Executive House (Sumner Apartments) only as no longer required due to prop being sold on September 1, 2010 @ 12:01am.
- 3 - Canceled Auto policies as no longer required due to all vehicles being sold and no employees. Policy number I6801050M032ACJ10 was for Executive House (Sumner Apartments) and policy number 73532806 was for Sumner Regional Health Systems, Inc. et. al.

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CHAPTER 11
 MONTHLY OPERATING REPORT
 MONTHLY REPORTING QUESTIONNAIRE

CASE NAME: SRHS BANKRUPTCY, INC.
 CASE NUMBER: 10-04766
 MONTH OF: SEPTEMBER 2010

3. Bank Accounts

	Account Type				Total
	Operating	Tax	Payroll	Other	
Bank name	PLEASE REFER TO PAGE 3 FOR SUMMARY OF BANK ACCOUNTS				
Account #					
Beginning book balance					
Plus: Deposits (Attach detail listing)					
Less: Disbursements (Attach detail listing)					
Other: Transfers In (Out)					
Ending book balance					

4. Postpetition Payments List any postpetition payments to professionals and payments on prepetition debts in the schedule below (attached separate sheet if necessary).

<u>Payments To/On</u>	<u>Amount</u>	<u>Date</u>	<u>Check #</u>	<u>Order Date</u>
Professionals (attorneys, accountants, etc.):				
NONE				
Prepetition debts:				
SEE ATTACHED				

CHAPTER 11
MONTHLY OPERATING REPORT
MONTHLY REPORTING QUESTIONNAIRE

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 20103. Bank Accounts

Bank	Account Type	Account Number	Status	Beginning Book			Interaccount Transfers	Ending Book
				Balance Sept. 1, 2010	Receipts	Disbursements		Balance Sept. 30, 2010
Commerce Union Bank	Main Operating Account	2501617	SOLD TO LP	\$44,731.81	(\$3,624.26)	\$0.00	(\$41,107.55)	\$0.00
Commerce Union Bank	Main Operating Account	2503142	Opened 8/25/10	\$13,500,341.08	\$42,168.42	(\$844,384.58)	(\$2,053,702.68)	\$10,644,422.24
Commerce Union Bank	401-K	2501633	Open	\$0.00	\$0.00	(\$121,915.48)	\$121,915.48	\$0.00
Commerce Union Bank	Flexible Spending Accounts	2501641	Open	\$0.00	\$0.00	(\$15,372.94)	\$29,541.13	\$14,168.19
Commerce Union Bank	Worker's Compensation	2501658	Open	\$30,079.55	\$0.00	(\$6,389.63)	\$5,330.25	\$29,020.17
Commerce Union Bank	Payroll	2501682	Open	(\$4,008.27)	\$0.00	(\$2,118,713.44)	\$2,122,721.71	\$0.00
Commerce Union Bank	SRHS Summer Café Debit/Credit Cards	2502433	CLOSED 10/19/10	\$2,180.58	\$0.00	(\$614.12)	(\$66.46)	\$1,500.00
Commerce Union Bank	SRHS Apartments - Rental Deposit	2502813	CLOSED 9/30/10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commerce Union Bank	SRHS Apartments - Security Deposit	2502821	CLOSED 9/30/10	\$3,250.00	\$0.00	\$0.00	(\$3,250.00)	\$0.00
Commerce Union Bank	Utility Order Escrow Account	2502789	CLOSED 9/30/10	\$135,339.64	\$10.38	\$0.00	(\$135,350.02)	\$0.00
JPMorgan Chase, N.A.	General Reserve Account	887401263	OPENED AUG 2010	\$15,855,591.11	\$667.30	\$0.00	(\$855,612.67)	\$15,000,645.74
JPMorgan Chase, N.A.	General Checking Account	887401255	OPENED AUG 2010	\$0.00	\$0.00	\$0.00	\$855,612.67	\$855,612.67
Citizens	Westmoreland Pharmacy Depository Account	7801780	SOLD TO LP	\$1,212.14	(\$1,212.14)	\$0.00	\$0.00	\$0.00
Trousdale Bank & Trust	TMC - Local Depository	554081	CLOSED 9/30/10	\$12,328.72	\$351.92	(\$20.00)	(\$12,660.64)	\$0.00
Community Bank of Smith County	RRMC-S & RRMC-N - Local Depository	1475516	CLOSED 9/30/10	\$23,101.37	\$3,385.44	(\$20.00)	(\$26,466.81)	\$0.00
Total Cash and Cash Equivalents				\$29,604,147.73	\$41,747.06	(\$3,107,430.19)	\$6,904.41	\$26,545,369.01
Bank of America, N.A.	Investment Accounts	10-16-000-1448968	CLOSED 9/2/10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank of America, N.A.	Investment Accounts	10-16-000-5849727	CLOSED 9/2/10	\$88.14	\$6,816.27	\$0.00	(\$6,904.41)	\$0.00
Bank of America, N.A.	Investment Accounts	10-02-002-5849728	CLOSED 9/2/10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank of America, N.A.	Investment Accounts	10-16-000-5849729	CLOSED 9/2/10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bank of America, N.A.	Investment Accounts	10-16-000-5849730	CLOSED 9/2/10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Marketable Securities				\$88.14	\$6,816.27	\$0.00	(\$6,904.41)	\$0.00
Commerce Union Bank	Certificate of Deposit	65468	Open	\$256,116.98	\$1,229.46	\$0.00	\$0.00	\$257,346.44
Commerce Union Bank	Certificate of Deposit	65703	Open	\$452,513.36	\$2,172.25	\$0.00	\$0.00	\$454,685.61
Total Certificate of Deposit				\$708,630.34	\$3,401.71	\$0.00	\$0.00	\$712,032.05
TOTAL				\$30,312,866.21	\$51,965.04	(\$3,107,430.19)	\$0.00	\$27,257,401.06

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2503142

Detail of Receipts:

<u>Date</u>	<u>Received From</u>	<u>Explanation</u>	<u>Amount</u>
09/14/10	Employee Insurance		\$170.46
09/15/10	Employee Insurance		\$294.70
09/17/10	US Treasury-Cobra		\$21,861.09
09/17/10	Repayment of PR Advance	4/30	\$44.58
09/21/10	Comcast Refund		\$276.41
09/22/10	Cobraserv-Employee Insurance		\$6,127.47
09/23/10	CPR Class		\$380.00
09/23/10	CPR Cards		\$312.00
09/24/10	Stryker-Refund		\$2,244.53
09/24/10	Abbott Laboratories-Premier Rebate		\$2,030.40
09/24/10	North Central Telephone-Refund		\$102.75
09/28/10	Gallatin Dept of Electricity-Refund		\$8,112.92
09/29/10	Federal Express-Refund		\$60.25
09/29/10	Employee Security Badge Replacement		\$30.00
09/29/10	Dekalb Telephone Coop-Refund		\$20.86
09/30/10	Repayment of Payroll Advance	4/30 - IN TRANSIT	\$100.00

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 2503142

Detail of Receipts:

<u>Date</u>	<u>Received From</u>	<u>Explanation</u>	<u>Amount</u>
<u>09/30/10</u>	<u>TennCare Cost Report fof</u>	<u>TMC</u>	<u>\$301,236.92</u>
<u>09/30/10</u>	<u>Reclass to book receivable</u>	<u>from Lifepoint</u>	<u>(\$301,236.92)</u>
<u>09/30/10</u>	<u>TennCare Cost Report fof</u>	<u>TMC</u>	<u>\$199,030.71</u>
<u>09/30/10</u>	<u>Reclass to book receivable</u>	<u>from Lifepoint</u>	<u>(\$199,030.71)</u>
<u>Total Receipts</u>			<u>\$42,168.42</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2503142

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/03/10	306458	SIEMENS HEALTHCARE DIAGNOSTICS / Voided Check	\$2,113.20
09/08/10	305	Porte Advertising / Restructure Advertising-Other	(\$1,611.66)
09/08/10	306	Colonial Supplemental Insurance / PR Payable-Colonial Life	(\$9,918.46)
09/08/10	307	Insurance / PR Payable- LTD,STD,Term Life	(\$40,566.14)
09/09/10	304	Kentucky State Treasurer / State Income Tax Payable	(\$2,412.97)
09/15/10	300	Frost Brown Todd / AP-Accrued	(\$45,121.41)
09/15/10	301	Alston & Bird LLP / Restructure Legal Services	(\$82,796.80)
09/15/10	303	Proskauer Rose LLP / AP-Accrued	(\$489,253.89)
09/16/10	306438	SA-SO / Voided Check	\$116.06
09/20/10	297	Tennessee Department of Revenue / AP-Sales Tax	(\$526.00)
09/20/10	298	Tennessee Department of Revenue / AP-Sales Tax	(\$176.00)
09/20/10	299	Tennessee Department of Revenue / AP-Sales Tax	(\$3,305.00)
09/21/10	294	Microsoft Licensing, GP / AP-Pre Petition	(\$10,635.24)
09/21/10	295	Premium Financing Specialists Inc / Admin PL/GL Ins Premium	(\$60,400.95)
09/21/10	296	Kentucky State Treasurer / State Income Tax Payable	(\$2,435.91)
09/21/10	302	Alston & Bird LLP / Restructure Legal Services	(\$5,163.83)

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MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2503142

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/21/10	308	Microsoft Licensing, GP / AP-Pre Petition	(\$8,575.68)
09/27/10	306177	BLUE CROSS OF TENNESSEE / Voided Check	\$335.17
09/29/10	310	Deloitte Financial Advisory / AP- Accrued	(\$82,686.91)
09/30/10	309	LifePoint Hospitals, Inc. / Restructure Consulting	(\$500.00)
09/30/10		Heartland / Credit Card Merchant Fees	(\$9.67)
09/30/10		Commerce Union / Account Maintenance Fee	(\$852.49)
09/30/10		Heartland / Credit Card Fees	(\$9.67)
09/30/10		Heartland / To Correct Posting Error	\$9.67
09/30/10		working capital - posted in error to be reversed next month.	(\$1,204.75)
09/30/10		Wage Works / To Correct Posting Error	\$1,204.75
Total Disbursements			(\$844,384.58)

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2503142

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/01/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$263.25)
09/01/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$4,008.27)
09/01/10	Wire	Inter-Account Transfer From Acct. #2502433	\$317.40
09/02/10	Wire	Inter-Account Transfer From Acct. #2502433	\$242.13
09/03/10	Wire	Inter-Account Transfer From Acct. #2502433	\$109.28
09/07/10	Wire	Inter-Account Transfer To Acct. #2502433	(\$602.35)
09/08/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$814.70)
09/09/10	Wire	Inter-Account Transfer To Acct. #2501633	(\$121,915.48)
09/10/10	Wire	Inter-Account Transfer To Acct. #2501641	(\$14,168.19)
09/10/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$1,571,737.20)
09/10/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$342.50)
09/13/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$543,630.68)
09/13/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$172.53)
09/14/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$1,672.92)
09/15/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$91.41)
09/17/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$25.93)
09/20/10	Wire	Inter-Account Transfer To Acct. #2501641	(\$1,204.75)

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MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2503142

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/20/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$322.94)
09/21/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$1,785.46)
09/22/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$1,053.64)
09/23/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$192.00)
09/24/10	Wire	Inter-Account Transfer To Acct. #2501641	(\$14,168.19)
09/28/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$64.17)
09/29/10	Wire	Inter-Account Transfer To Acct. #2501682	(\$1,232.36)
09/29/10	Wire	Inter-Account Transfer From Acct. #2502789	\$3,250.00
09/30/10	Wire	Inter-Account Transfer To Acct. #2501658	(\$642.00)
09/30/10	Wire	Inter-Account Transfer From Acct. #2502789	\$135,350.02
09/30/10	Wire	Inter-Account Transfer From Acct. #554081	\$12,660.64
09/30/10	Wire	Inter-Account Transfer From Acct. #1475516	\$26,466.81
09/30/10	Wire	Inter-Account Transfer From Acct. #2501617	\$36,876.79
09/30/10	Wire	Inter-Account Transfer From Acct. #2501617	\$4,230.76
09/30/10	Wire	Inter-Account Transfer From Acct. #10-16-000-5849727	\$6,904.41
Total Transfers			(\$2,053,702.68)

CHAPTER 11
 MONTHLY OPERATING REPORT
 DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 2501633

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
<u>09/09/10</u>		<u>Principal-Retirement Accounts (401K)</u>	<u>(\$119,360.93)</u>
<u>09/09/10</u>		<u>Principal-Retirement Accounts (403B)</u>	<u>(\$2,554.55)</u>
<u>Total Disbursements</u>			<u>(\$121,915.48)</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2501658

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/03/10	13932	Carlisle Medical Inc / Worker's Comp. - Medical	(\$172.53)
09/17/10	13933	Carlisle Medical Inc / Worker's Comp. - Medical	(\$72.03)
09/17/10	13934	Carlisle Medical Inc / Worker's Comp. - Medical	(\$348.95)
09/17/10	13935	Jeffrey E Hazelwood / Worker's Comp. - Medical	(\$675.52)
09/17/10	13936	Sumner Regional Medical Center / Worker's Comp. - Medical	(\$523.02)
09/17/10	13937	Sumner Regional Medical Center / Worker's Comp. - Medical	(\$841.46)
09/17/10	13938	Tennessee Orthopedics / Worker's Comp. - Medical	(\$96.00)
09/17/10	13939	Tennessee Orthopedics / Worker's Comp. - Medical	(\$96.00)
09/17/10	13940	Teri Terrell / Worker's Comp. - Medical	(\$64.17)
09/17/10	13941	Unified Health Services / Worker's Comp. - Medical	(\$305.71)
09/17/10	13942	Unified Health Services / Worker's Comp. - Medical	(\$72.41)
09/23/10	13943	Brentwood Medical Management / Worker's Comp. - Case Mgt	(\$642.00)
09/25/10	13944	Care Management Consutling / Worker's Comp. - Case Mgt	(\$471.70)
09/25/10	13945	Care Management Consutling / Worker's Comp. - Case Mgt	(\$344.60)
09/25/10	13946	The Swafford Law Firm PLLC / Worker's Comp. - Legal	(\$62.00)
09/25/10	13947	The Swafford Law Firm PLLC / Worker's Comp. - Legal	(\$713.00)

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MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2501658

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/25/10	13948	Carlisle Medical Inc / Worker's Comp. - Medical	(\$155.00)
09/25/10	13949	Carlisle Medical Inc / Worker's Comp. - Medical	(\$143.98)
09/25/10	13950	Southern Sports Medicine / Worker's Comp. - Medical	(\$80.75)
09/25/10	13951	Tennessee Orthopedics / Worker's Comp. - Medical	(\$96.00)
09/25/10	13952	TN Physical Medicine / Worker's Comp. - Medical	(\$73.60)
09/25/10	13953	Howell Allen Clinic / Worker's Comp. - Medical	(\$53.70)
09/25/10	13954	Howell Allen Clinic / Worker's Comp. - Medical	(\$85.50)
09/25/10	13955	Tennessee Orthopedics / Worker's Comp. - Medical	(\$200.00)
Total Disbursements			(\$6,389.63)

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MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2501682

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
09/10/10	77026	Employee / Payroll	(\$25.93)
09/10/10	77029	Employee / Payroll	(\$728.47)
09/10/10	77030	Employee / Payroll	(\$503.89)
09/10/10	77031	Employee / Payroll	(\$985.12)
09/10/10	77032	Employee / Payroll	(\$465.25)
09/10/10	77033	Employee / Payroll	(\$91.41)
09/10/10	77034	Employee / Payroll	(\$350.83)
09/10/10	ACH	Employees / Payroll Direct Deposits	(\$1,571,737.20)
09/11/10	167	Employee / Payroll	(\$856.84)
09/11/10	77035	Employee / Payroll	(\$586.29)
09/13/10	ACH	Internal Revenue Service / Federal Income Tax	(\$231,576.17)
09/13/10	ACH	Internal Revenue Service / SS - Employee	(\$125,327.46)
09/13/10	ACH	Internal Revenue Service / SS - Employer	(\$125,327.46)
09/13/10	ACH	Internal Revenue Service / Medicare - Employee	(\$29,914.09)
09/13/10	ACH	Internal Revenue Service / Medicare - Employer	(\$29,914.09)
09/20/10	ACH	Internal Revenue Service / Federal Income Tax	(\$155.26)

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MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: SEPTEMBER 2010BANK NAME: Commerce Union BankACCOUNT #: 2501682

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
<u>09/20/10</u>	<u>ACH</u>	<u>Internal Revenue Service / SS - Employee</u>	<u>(\$67.95)</u>
<u>09/20/10</u>	<u>ACH</u>	<u>Internal Revenue Service / SS - Employer</u>	<u>(\$67.95)</u>
<u>09/20/10</u>	<u>ACH</u>	<u>Internal Revenue Service / Medicare - Employee</u>	<u>(\$15.89)</u>
<u>09/20/10</u>	<u>ACH</u>	<u>Internal Revenue Service / Medicare - Employer</u>	<u>(\$15.89)</u>
<u>Total Disbursements</u>			<u>(\$2,118,713.44)</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 2502433

Detail of Receipts:

Date	Received From	Explanation	Amount
NONE			
Total Receipts			\$0.00

CHAPTER 11
 MONTHLY OPERATING REPORT
 DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.
 CASE NUMBER: 10-04766
 MONTH OF: SEPTEMBER 2010
 BANK NAME: Commerce Union Bank ACCOUNT #: 2502813

Detail of Transfers In / (Out):

Date	Check #	Paid To / In Payment Of	Amount
NONE		(Account Closed 9/30/2010)	
Total Transfers			\$0.00

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 2502821

Detail of Receipts:

<u>Date</u>	<u>Received From</u>	<u>Explanation</u>	<u>Amount</u>
NONE			
Total Receipts			\$0.00

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.
CASE NUMBER: 10-04766
MONTH OF: SEPTEMBER 2010
BANK NAME: Commerce Union Bank ACCOUNT #: 2502821

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u> <u>Inter-Account Transfer To Acct.</u>	<u>Amount</u>
09/29/10		#2503142 (Account Closed 9/30/2010)	(\$3,250.00)
Total Transfers			(\$3,250.00)

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Citizens ACCOUNT #: 7801780

Detail of Transfers In / (Out):

Date	Check #	Paid To / In Payment Of	Amount
NONE			
Total Transfers			\$0.00

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.
CASE NUMBER: 10-04766
MONTH OF: SEPTEMBER 2010
BANK NAME: Community Bank of Smith County ACCOUNT #: 1475516

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
		Inter-Account Transfer To Acct. #2503142	
<u>09/30/10</u>	<u>Wire</u>	<u>(Account Closed 9/30/2010)</u>	<u>(\$26,466.81)</u>
Total Transfers			<u>(\$26,466.81)</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Bank of America, N.A. ACCOUNT #: 10-16-000-5849727

Detail of Receipts:

<u>Date</u>	<u>Received From</u>	<u>Explanation</u>	<u>Amount</u>
<u>09/02/10</u>	<u>Bank of America, N.A.</u>	<u>Interest - Aug. 2010</u>	<u>\$6,816.27</u>
Total Receipts			<u>\$6,816.27</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF INTER-ACCOUNT TRANSFERS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Bank of America, N.A. ACCOUNT #: 10-16-000-5849727

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
		Inter-Account Transfer To Acct. #2503142 - IN TRANSIT (Account Closed 9/2/2010)	
<u>09/30/10</u>	<u>WIRE</u>		<u>(\$6,904.41)</u>
Total Transfers			<u>(\$6,904.41)</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 65703

Detail of Receipts:

Date	Received From	Explanation	Amount
09/30/10	Commerce Union Bank	Interest	\$2,172.25
Total Receipts			\$2,172.25

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: Commerce Union Bank ACCOUNT #: 65703

Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
NONE			
Total Disbursements			<u>\$0.00</u>

CHAPTER 11
MONTHLY OPERATING REPORT
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: SEPTEMBER 2010

BANK NAME: JPMorgan Chase, N.A. ACCOUNT #: 887401263

Detail of Disbursements:

Date	Check #	Paid To / In Payment Of	Amount
NONE			
Total Disbursements			\$0.00

SRHS BANKRUPTCY, INC.
Comparative Balance Sheets

	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>
ASSETS						
Current Assets						
Cash and Cash Equivalents	5,086,065	8,971,384	12,394,423	9,063,816	29,604,148	26,545,369
Marketable Securities	4,455,992	4,452,208	4,497,094	4,549,511	88	0
Certificate of Deposit	705,282	705,282	708,630	708,630	708,630	712,032
Accounts Receivable (Net)	10,415,945	12,486,591	11,477,803	10,860,583	27,573	588,645
Notes Receivable (Net)	2,009,501	1,958,784	1,891,264	1,847,680	0	0
Inventories	2,129,211	2,122,820	2,122,664	2,122,030	0	0
Prepaid Expenses	3,647,321	4,318,742	4,365,428	3,759,441	1,355,882	1,331,975
Interest Receivable	0	43,022	86,044	129,066	172,088	0
Other	4,061,514	583,576	583,613	583,618	0	0
Medicare/Medicaid (Net)	(681,348)	(645,858)	(745,122)	(818,755)	(813,873)	(813,873)
Due To/From	15,179,230	15,069,159	15,077,169	16,288,582	14,550,213	16,870,675
Total Current Assets	<u>47,008,713</u>	<u>50,065,712</u>	<u>52,459,010</u>	<u>49,094,203</u>	<u>45,604,749</u>	<u>45,234,823</u>
Property, Plant and Equipment						
Automobiles	213,738	213,738	213,738	213,738	0	0
Building	106,867,984	106,867,984	106,867,984	106,884,224	0	0
Dietary Equipment	36,173	36,173	36,173	36,173	0	0
Fixed Equipment	9,634,069	9,634,069	9,634,069	9,634,069	76,047	76,047
Land	3,450,564	3,450,564	3,450,564	3,450,564	0	0
Land Improvements	2,549,457	2,549,457	2,549,457	2,549,457	0	0
Major Movable Equipment	62,553,348	62,553,348	62,584,119	62,581,469	1,394,724	1,394,724
Minor Equipment	11,942,910	11,942,910	11,942,910	11,886,979	0	0
Leasehold Improvements	318,658	318,658	318,658	318,658	30,000	30,000
Assets Held for Sale	15,406,539	15,406,539	15,406,539	15,406,539	13,410,277	13,410,277
	<u>212,973,439</u>	<u>212,973,439</u>	<u>213,004,209</u>	<u>212,961,869</u>	<u>14,911,048</u>	<u>14,911,048</u>
Less: Accumulated Depreciation	(85,268,866)	(86,015,848)	(86,722,004)	(87,399,859)	(4,937,331)	(4,960,029)
Net Property, Plant and Equipment	<u>127,704,573</u>	<u>126,957,591</u>	<u>126,282,205</u>	<u>125,562,010</u>	<u>9,973,717</u>	<u>9,951,019</u>
Other Assets						
Bond Issue Expense	3,009,057	3,000,345	2,991,632	2,982,920	0	0
Debt Service Reserve Fund	8,848,876	8,848,881	8,848,887	8,848,893	0	0
Bond Project Fund	3,858,967	3,858,999	3,859,032	3,859,063	0	0
Prepaid Lease	6,074,444	6,053,055	6,031,667	6,010,278	0	0
Library Fund	10,000	10,000	10,000	10,000	10,000	10,000
Utility Deposits	239,764	239,764	239,764	239,764	173,791	173,791
Investments	829,662	855,421	754,709	774,642	79,500	79,500
Total Other Assets	<u>22,870,770</u>	<u>22,866,464</u>	<u>22,735,691</u>	<u>22,725,560</u>	<u>263,291</u>	<u>263,291</u>
TOTAL ASSETS	<u>197,584,056</u>	<u>199,889,767</u>	<u>201,476,906</u>	<u>197,381,773</u>	<u>55,841,757</u>	<u>55,449,133</u>

SRHS BANKRUPTCY, INC.
Comparative Balance Sheets

	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>
LIABILITIES AND FUND BALANCE						
POST-PETITION LIABILITIES:						
<i>Current Liabilities</i>						
Accounts Payable	176,222	2,446,709	4,357,852	4,263,131	5,502,867	3,317,696
Salaries, Wages and Taxes Payable	0	2,638,181	2,816,652	885,234	1,589,811	37,539
Other Accrued Liabilities	0	405,000	405,000	2,108,594	0	0
Total Current Liabilities	<u>176,222</u>	<u>5,489,891</u>	<u>7,579,504</u>	<u>7,256,958</u>	<u>7,092,677</u>	<u>3,355,235</u>
PRE-PETITION LIABILITIES:						
<i>Current Liabilities</i>						
Accounts Payable	10,648,400	7,033,438	7,053,167	7,063,306	4,612,461	4,618,809
Salaries, Wages and Taxes Payable	2,811,292	2,888,862	2,823,435	2,823,435	928,184	928,184
Capital Leases	270,774	269,214	268,086	266,953	266,953	269,601
Bonds Payable	134,418,406	134,390,367	134,374,457	134,358,491	15,791,302	15,623,911
Other Accrued Liabilities	978,777	978,777	978,777	978,777	500,000	500,000
Due To/From	0	0	0	0	(5,239,432)	(2,480,609)
Total Current Liabilities	<u>149,127,649</u>	<u>145,560,657</u>	<u>145,497,921</u>	<u>145,490,961</u>	<u>16,859,468</u>	<u>19,459,896</u>
<i>Long-Term Liabilities</i>						
Capital Leases	159,831	136,315	113,573	90,718	90,718	44,668
Total Long-Term Liabilities	<u>159,831</u>	<u>136,315</u>	<u>113,573</u>	<u>90,718</u>	<u>90,718</u>	<u>44,668</u>
PRE- & POST-PETITION LIABILITIES:						
<i>Current Liabilities</i>						
Other Accrued Liabilities	381,133	470,604	564,475	329,372	0	0
Total Current Liabilities	<u>381,133</u>	<u>470,604</u>	<u>564,475</u>	<u>329,372</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	149,844,835	151,657,467	153,755,473	153,168,009	24,042,863	22,859,800
FUND BALANCE						
<i>Designated</i>						
Library Fund	10,000	10,000	10,000	10,000	10,000	10,000
<i>Undesignated</i>						
Net Gain/Loss - Year to Date	(15,526,713)	(15,033,634)	(510,867)	(4,018,536)	(16,433,407)	(15,642,967)
Unrealized Gain/Loss on Investment	0	0	0	0	0	0
Capital General Fund	63,255,934	63,255,934	48,222,300	48,222,300	48,222,300	48,222,300
TOTAL FUND BALANCE	<u>47,739,221</u>	<u>48,232,300</u>	<u>47,721,433</u>	<u>44,213,764</u>	<u>31,798,894</u>	<u>32,589,333</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>197,584,056</u>	<u>199,889,767</u>	<u>201,476,906</u>	<u>197,381,773</u>	<u>55,841,757</u>	<u>55,449,133</u>

SUMMARY OF ACCOUNTS RECEIVABLE

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH ENDED: SEPTEMBER 2010

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
A/R NPC	\$245	\$245	\$0	\$0	\$0
A/R Corp Associates	14,771	0	0	0	14,771
A/R Indemnity Escrow	3,000,000	3,000,000	0	0	0
A/R LP Care Pass Through	31,193	0	31,193	0	0
A/R Hampshare Realty-Manages MOBs and Apartments	2,301	0	2,301	0	0
A/R Foundation	175,011	0	0	0	175,011
A/R LifePoint	560,683	560,683	0	0	0
A/R Reserve for A/R Corp Associates	(14,771)				
A/R Reserve for Net Working Capital Settlement	(3,000,000)				
A/R Reserve Dountful Accounts	(180,788)				
Balance Per G/L	<u>\$588,645</u>				

SCHEDULE OF POST-PETITION LIABILITIES

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH ENDED: SEPTEMBER 2010

LIABILITY TYPE	VENDOR	DATE INCURRED	DATE DUE	TOTAL DUE	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
AP - Sales Taxes	Tennessee Department of Revenue	09/30/10	10/20/10	\$26.41	\$26.41	\$0.00	\$0.00	\$0.00
AP - Accrued	Navigant Consulting	Sep. 2010	Accrual	\$541,000.00				
AP - Accrued	Proskauer	Sep. 2010	Accrual	\$846,636.31				
AP - Accrued	Frost Todd Brown	Sep. 2010	Accrual	\$182,132.52				
AP - Accrued	Brunsick	Sep. 2010	Accrual	\$10,348.39				
AP - Accrued	Alston & Bird LLP	Sep. 2010	Accrual	\$91,836.26				
AP - Accrued	Smythe Puryear & Robertson	Sep. 2010	Accrual	\$42,164.25				
AP - Accrued	Deloitte	Sep. 2010	Accrual	\$86,147.89				
AP - Accrued	Epiq	Sep. 2010	Accrual	\$59,287.22				
AP - Accrued	US Trustess Fees	Sep. 2010	Accrual	\$50,550.00				
AP - Accrued	Property Taxes - Cattleman Property	Sep. 2010	Accrual	\$5,375.00				
AP - Accrued	Property Taxes - Sumner Station	Sep. 2010	Accrual	\$79,260.00				
AP - Accrued	Property Taxes - Sumner Station Correction	Sep. 2010	Accrual	(\$67,397.75)				
AP - Accrued	Property Taxes - Property Management	Sep. 2010	Accrual	\$1,596.00				
AP - Accrued	Property Taxes - Westmoreland	Sep. 2010	Accrual	\$372.00				
AP - Accrued	Property Taxes - Administration	Sep. 2010	Accrual	\$40,593.99				
AP - Accrued	Property Taxes - Catering	Sep. 2010	Accrual	\$632.00				
AP - Accrued	Citadel-Rent/Default Interest	Sep. 2010	Accrual	\$272,905.48				
AP - Accrued	THA - 3Q 2010 SUTA	Sep. 2010	Accrual	\$70,817.30				
AP - Other	Accrual Rejection Damages	Sep. 2010	Accrual	\$1,000,000.00				
AP - Other	Cut Off Payroll	Sep. 2010	Accrual	\$12,023.00				
AP - Other	Sumner Station Fitness Center	Sep. 2010	Accrual	(\$8,610.29)				
Salaries, Wages and Taxes Payable	Payroll Payable-Colonial Life	Sep. 2010	Accrual	\$4,998.05				
Salaries, Wages and Taxes Payable	PR Payable-Dental	Sep. 2010	Accrual	\$15.86				
Salaries, Wages and Taxes Payable	PR Payable-Vision	Sep. 2010	Accrual	\$3,612.03				
Salaries, Wages and Taxes Payable	PR Payable-LTD	Sep. 2010	Accrual	\$8,269.34				
Salaries, Wages and Taxes Payable	PR Payable-Term Life	Sep. 2010	Accrual	\$7,228.54				
Salaries, Wages and Taxes Payable	PR Payable-Blue Cross	Sep. 2010	Accrual	\$47.32				
Salaries, Wages and Taxes Payable	PR Payable-STD	Sep. 2010	Accrual	\$4,416.54				
Salaries, Wages and Taxes Payable	Accrued PTO	Sep. 2010	Accrual	\$8,951.40				
TOTALS				\$3,355,235.06	\$26.41	\$0.00	\$0.00	\$0.00

SRHS BANKRUPTCY, INC.
Statement of Income (Loss)

	<u>Actual May-10</u>	<u>Actual Jun-10</u>	<u>Actual Jul-10</u>	<u>Actual Aug-10</u>	<u>Actual Sep-10</u>	<u>Actual Filing To-Date</u>
<u>Gross Patient Revenue</u>						
Inpatient Revenue	13,228,791	11,206,569	11,577,633	12,352,560	0	36,012,993
Outpatient Revenue	13,677,279	13,764,332	14,157,049	14,891,110	0	41,598,659
Total Gross Patient Revenue	26,906,070	24,970,901	25,734,681	27,243,670	0	77,611,652
<u>Deductions from Revenue</u>						
Contractual Adjustments	16,437,881	15,528,672	16,668,561	18,273,932	0	48,635,113
Charity	1,048,239	1,042,942	1,121,281	1,088,214	0	3,212,462
Total Deductions from Revenue	17,486,120	16,571,613	17,789,842	19,362,147	0	51,847,575
Net Patient Revenue	9,419,950	8,399,288	7,944,839	7,881,524	0	25,764,077
Other Operating Revenue	374,006	228,130	228,671	247,908	51,509	830,807
Net Revenue	9,793,957	8,627,418	8,173,510	8,129,432	51,509	26,594,885
<u>Operating Expenses</u>						
Salaries & Wages	3,353,601	3,078,842	3,221,679	3,439,571	(51,756)	9,654,121
Associate Benefits	800,486	753,611	817,658	789,447	(29,195)	2,371,756
Professional Fees	361,710	291,480	303,147	(1,422,774)	(575,584)	956,337
Purchased Services	394,321	179,894	340,135	215,016	(7,665)	914,350
Materials, Supplies and Other	360,920	356,279	358,932	243,407	(398,841)	1,076,130
Medical Supplies & Drugs	1,115,073	1,026,326	1,102,057	1,288,224	2,151	3,243,456
Repairs & Maintenance	333,084	354,930	329,991	299,919	5,712	1,018,005
Utilities	221,130	163,784	154,684	337,609	68,750	539,598
Leases	409,617	275,754	597,986	439,522	0	1,283,357
Depreciation & Amortization	777,083	736,257	735,775	723,789	22,698	2,249,116
Provision for Bad Debt	325,375	912,765	1,212,751	703,928	0	2,450,891
Interest Expense	630,545	604,790	608,249	603,825	3,578	1,843,585
Management Fees	(476,488)	(470,753)	(953,389)	(4,290,452)	(61,994)	(1,900,630)
Restructuring Costs	797,081	1,000,351	2,970,172	17,250,515	317,265	4,767,603
Total Operating Expenses	9,403,538	9,264,310	11,799,826	20,621,547	(704,882)	30,467,675
Income from Operations	390,418	(636,893)	(3,626,316)	(12,492,115)	756,391	(3,872,790)
Interest Income	12,431	11,582	9,645	10,272	10,896	33,658
Bond Income	36,905	36,882	36,849	36,822	21,123	110,636
Contributions, Fundraising & Othe	0	0	355	1,826	0	355
Investment Gain//Loss	53,325	77,561	71,798	28,324	2,030	202,684
Extraordinary Gain/Loss	0	0	0	0	0	0
Total Non-Operating Revenue	102,661	126,025	118,647	77,244	34,049	347,333
Net Income	493,079	(510,867)	(3,507,669)	(12,414,870)	790,440	(3,525,457)