

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 JANUARY, 2011.

SRHS BANKRUPTCY, INC., Debtor-In-Possession,  
submits its Monthly Operating Report for the period commencing JANUARY 1, 2011  
and ending JANUARY 31, 2011 as shown by the report and exhibits consisting of 40  
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: FEBRUARY 18, 2011 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: JANUARY 2011

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
<u>N/A</u>				
Total Executive Payroll:	\$0.00	\$0.00	\$0.00	\$0.00

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>						
<u>Worker's comp.</u>						
<u>General liab.</u>						
<u>Vehicle</u>						
<u>Other (specify):</u>						

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CASE NAME: SRHS BANKRUPTCY, INC.  
CASE NUMBER: 10-04766  
MONTH OF: JANUARY 2011

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).

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

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MONTHLY REPORTING QUESTIONNAIRE

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 20113. Bank Accounts

Bank	Account Type	Account Number	Beginning Book Balance			Interaccount Transfers	Ending Book Balance
			JAN. 1, 2011	Receipts	Disbursements		
Commerce Union Bank	Main Operating Account	2503142	\$8,241,738.32	\$11,365.31	(\$360,444.19)	(\$7,282.89)	\$7,885,376.55
Commerce Union Bank	401-K	2501633	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commerce Union Bank	Flexible Spending Accounts	2501641	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commerce Union Bank	Worker's Compensation	2501658	\$29,542.49	\$0.00	(\$5,014.38)	\$7,282.89	\$31,811.00
Commerce Union Bank	Payroll	2501682	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JPMorgan Chase, N.A.	General Reserve Account	887401263	\$15,002,522.68	\$632.50	\$0.00	\$0.00	\$15,003,155.18
JPMorgan Chase, N.A.	General Checking Account	887401255	\$675,379.73	\$68,698.64	(\$22,170.02)	\$0.00	\$721,908.35
<b>Total Cash and Cash Equivalents</b>			<b>\$23,949,183.22</b>	<b>\$80,696.45</b>	<b>(\$387,628.59)</b>	<b>\$0.00</b>	<b>\$23,642,251.08</b>
Commerce Union Bank	Certificate of Deposit	65468	\$258,581.81	\$0.00	\$0.00	\$0.00	\$258,581.81
Commerce Union Bank	Certificate of Deposit	65703	\$456,868.28	\$0.00	\$0.00	\$0.00	\$456,868.28
<b>Total Certificate of Deposit</b>			<b>\$715,450.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$715,450.09</b>
<b>TOTAL</b>			<b>\$24,664,633.31</b>	<b>\$80,696.45</b>	<b>(\$387,628.59)</b>	<b>\$0.00</b>	<b>\$24,357,701.17</b>



CHAPTER 11  
MONTHLY OPERATING REPORT  
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 2011BANK NAME: Commerce Union BankACCOUNT #: 2503142

## Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
01/05/11	WIRE	McKibben Consulting / 21% of cost report fee plus expenses	(\$15,261.00)
01/13/11	WIRE	Daniel H. Puryear, Esquire / October 2010 80% Fees & 100% Expenses	(\$1,276.59)
01/13/11	WIRE	Daniel H. Puryear, Esquire / November 2010 80% Fees & 100% Expenses	(\$728.75)
01/13/11	WIRE	Epiq Bankruptcy Solutions / November Invoice	(\$17,010.02)
01/14/11	WIRE	Navigant Consulting, Inc. / December 2010 100% Fees & 100% Expenses	(\$198,227.20)
01/21/11	WIRE	Epiq Bankruptcy, Inc. / October Invoice	(\$15,787.84)
01/25/11	WIRE	Proskauer Rose / November 2010 80% Fees & 100% Expenses	(\$81,247.76)
01/25/11	WIRE	Frost Brown Todd LLC / 80% Fee 95% Expenses - December 2010	(\$7,822.81)
01/25/11	WIRE	Mintz, Levin, Cohn / Bondholder's Counsel November & December 2010 Fees	(\$13,503.05)
01/31/11	WIRE	Crowe Horwath LLP / 10% billing for May 2010 federal & state tax returns - SRHS, TMC, RRMC-S, SST	(\$3,400.00)
01/31/11	WIRE	Epiq Bankruptcy Solutions, LLC / December Invoice	(\$6,179.17)
Total Disbursements			(\$360,444.19)

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

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 2011BANK 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>
01/04/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$1,220.48)
01/05/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$873.15)
01/07/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$415.44)
01/10/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$615.70)
01/11/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$553.29)
01/12/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$138.44)
01/13/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$112.00)
01/14/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$1,363.00)
01/19/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$262.28)
01/20/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$66.11)
01/21/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$491.82)
01/24/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$182.10)
01/26/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$62.50)
01/28/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$146.75)
01/31/11	WIRE	Inter-Account Transfer To Acct. #2501658	(\$779.83)
Total Transfers			(\$7,282.89)















CHAPTER 11  
MONTHLY OPERATING REPORT  
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 2011BANK NAME: Commerce Union BankACCOUNT #: 2501658

## Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
01/05/11	14033	Care Management Consulta / CaseMgt	(\$112.00)
01/05/11	14034	AMERITOX LTD / Medical	(\$615.70)
01/05/11	14035	Carlisle Medical Inc / Medical	(\$27.83)
01/05/11	14036	Carlisle Medical Inc / Medical	(\$215.46)
01/05/11	14037	JEFFREY E HAZLEWOOD / Medical	(\$491.82)
01/12/11	14038	The Swafford Law Firm PLL / Legal	(\$77.50)
01/12/11	14039	The Swafford Law Firm PLL / Legal	(\$31.00)
01/12/11	14040	WEST TN PAIN SPECIALIS / Medical	(\$66.11)
01/12/11	14041	Carlisle Medical Inc / Medical	(\$102.07)
01/12/11	14042	Carlisle Medical Inc / Medical	(\$160.21)
01/12/11	14043	TN PHYSICAL MEDICINE / Medical	(\$73.60)
01/13/11	14044	Brentwood Medical Manage / CaseMgt	(\$1,333.00)
01/13/11	14045	Brentwood Medical Mgmt ( / Expense	(\$30.00)
01/21/11	14046	Brentwood Medical Manage / Expense	(\$62.50)
01/24/11	14047	Carlisle Medical Inc / Medical	(\$8.00)
01/24/11	14048	Carlisle Medical Inc / Medical	(\$263.61)



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

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 2011BANK NAME: Commerce Union BankACCOUNT #: 2501658

Detail of Transfers In / (Out):

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
01/04/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$1,220.48
01/05/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$873.15
01/07/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$415.44
01/10/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$615.70
01/11/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$553.29
01/12/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$138.44
01/13/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$112.00
01/14/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$1,363.00
01/19/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$262.28
01/20/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$66.11
01/21/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$491.82
01/24/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$182.10
01/26/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$62.50
01/28/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$146.75
01/31/11	WIRE	Inter-Account Transfer From Acct. #2503142	\$779.83
Total Transfers			<u>\$7,282.89</u>







CHAPTER 11  
MONTHLY OPERATING REPORT  
DETAILED LISTING OF RECEIPTS

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH OF: JANUARY 2011

BANK NAME: Commerce Union Bank ACCOUNT #: 65468

Detail of Receipts:

Date	Received From	Explanation	Amount
NONE			
Total Receipts			\$0.00



















CHAPTER 11  
MONTHLY OPERATING REPORT  
DETAILED LISTING OF DISBURSEMENTS

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH OF: JANUARY 2011BANK NAME: JPMorgan Chase, N.A.ACCOUNT #: 887401255

## Detail of Disbursements:

<u>Date</u>	<u>Check #</u>	<u>Paid To / In Payment Of</u>	<u>Amount</u>
01/05/11	1062	First Horizon Insurance Group / Property Insurance Premium Policy#35787337	(\$11,192.00)
01/11/11	1063	Gallatin Public Utilities / Utilities	(\$18.50)
01/18/11	ACH	JPMorgan Chase Bank, N.A. / Bank Fees	(\$269.13)
01/20/11	1064	AT&T / Utilities	(\$118.89)
01/21/11	1065	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - SHH	(\$650.00)
01/21/11	1066	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - CC	(\$325.00)
01/21/11	1067	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - FWG	(\$325.00)
01/21/11	1068	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - RRMN-N	(\$650.00)
01/21/11	1069	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - RRMN-S	(\$325.00)
01/21/11	1070	U.S. Trustee / 4Q 2010 Ch. 11 Trustee Fees - SRHS	(\$6,500.00)
01/31/11	1071	Franchise Tax Board - (California) / Annual Informational Fee	(\$25.00)
01/31/11	1072	Tennessee Department of Revenue / Franchise & Excise Tax	(\$100.00)
01/31/11	1073	North Carolina Department of Revenue / C-Corporation Income Tax	(\$1,471.00)
01/31/11	1074	First Horizon Insurance Group / Policy # CUP9054Y873IND10 Premium	(\$13.50)





**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>	<u>Oct-10</u>	<u>Nov-10</u>
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 5,086,065	\$ 8,971,384	\$ 12,394,423	\$ 9,063,816	\$ 29,604,148	\$ 26,545,369	\$ 24,935,439	\$ 24,258,418
Marketable Securities	4,455,992	4,452,208	4,497,094	4,549,511	88	-	-	-
Certificate of Deposit	705,282	705,282	708,630	708,630	708,630	712,032	712,032	712,032
Accounts Receivable (Net)	10,415,945	12,486,591	11,477,803	10,860,583	27,573	588,645	498,944	503,281
Notes Receivable (Net)	2,009,501	1,958,784	1,891,264	1,847,680	-	-	-	-
Inventories	2,129,211	2,122,820	2,122,664	2,122,030	-	-	-	-
Prepaid Expenses	3,647,321	4,318,742	4,365,428	3,759,441	1,355,882	1,331,975	1,312,794	1,162,358
Interest Receivable	-	43,022	86,044	129,066	172,088	-	-	-
Other	4,061,514	583,576	583,613	583,618	-	-	-	-
Medicare/Medicaid (Net)	(681,348)	(645,858)	(745,122)	(818,755)	(813,873)	(813,873)	(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	17,640,608	18,099,883
<b>Total Current Assets</b>	<b>47,008,713</b>	<b>50,065,712</b>	<b>52,459,010</b>	<b>49,094,203</b>	<b>45,604,749</b>	<b>45,234,823</b>	<b>44,285,945</b>	<b>43,922,099</b>
<b>Property, Plant and Equipment</b>								
Automobiles	213,738	213,738	213,738	213,738	-	-	-	-
Building	106,867,984	106,867,984	106,867,984	106,884,224	-	-	-	-
Dietary Equipment	36,173	36,173	36,173	36,173	-	-	-	-
Fixed Equipment	9,634,069	9,634,069	9,634,069	9,634,069	76,047	76,047	76,047	76,047
Land	3,450,564	3,450,564	3,450,564	3,450,564	-	-	-	-
Land Improvements	2,549,457	2,549,457	2,549,457	2,549,457	-	-	-	-
Major Movable Equipment	62,553,348	62,553,348	62,584,119	62,581,469	1,394,724	1,394,724	1,394,724	1,394,724
Minor Equipment	11,942,910	11,942,910	11,942,910	11,886,979	-	-	-	-
Leasehold Improvements	318,658	318,658	318,658	318,658	30,000	30,000	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	13,410,277	13,410,277
	212,973,439	212,973,439	213,004,209	212,961,869	14,911,048	14,911,048	14,911,048	14,911,048
Less: Accumulated Depreciation	(85,268,866)	(86,015,848)	(86,722,004)	(87,399,859)	(4,937,331)	(4,960,029)	(4,982,727)	(5,005,425)
<b>Net Property, Plant and Equipment</b>	<b>127,704,573</b>	<b>126,957,591</b>	<b>126,282,205</b>	<b>125,562,010</b>	<b>9,973,717</b>	<b>9,951,019</b>	<b>9,928,321</b>	<b>9,905,623</b>
<b>Other Assets</b>								
Bond Issue Expense	3,009,057	3,000,345	2,991,632	2,982,920	-	-	-	-
Debt Service Reserve Fund	8,848,876	8,848,881	8,848,887	8,848,893	-	-	-	-
Bond Project Fund	3,858,967	3,858,999	3,859,032	3,859,063	-	-	-	-
Prepaid Lease	6,074,444	6,053,055	6,031,667	6,010,278	-	-	-	-
Library Fund	10,000	10,000	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	173,791	173,791
Investments	829,662	855,421	754,709	774,642	79,500	79,500	79,500	79,500
<b>Total Other Assets</b>	<b>22,870,770</b>	<b>22,866,464</b>	<b>22,735,691</b>	<b>22,725,560</b>	<b>263,291</b>	<b>263,291</b>	<b>263,291</b>	<b>263,291</b>
<b>TOTAL ASSETS</b>	<b>\$ 197,584,056</b>	<b>\$ 199,889,767</b>	<b>\$ 201,476,906</b>	<b>\$ 197,381,773</b>	<b>\$ 55,841,757</b>	<b>\$ 55,449,133</b>	<b>\$ 54,477,556</b>	<b>\$ 54,091,012</b>

**SRHS BANKRUPTCY, INC.**  
**Comparative Balance Sheets**

	<u>Dec-10</u>	<u>Jan-11</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 23,949,183	\$ 23,642,251
Marketable Securities	-	-
Certificate of Deposit	715,450	715,450
Accounts Receivable (Net)	503,281	778,793
Notes Receivable (Net)	-	-
Inventories	-	-
Prepaid Expenses	1,096,729	1,103,425
Interest Receivable	-	-
Other	-	-
Medicare/Medicaid (Net)	(813,873)	(1,039,396)
Due To/From	17,788,585	18,213,890
<b>Total Current Assets</b>	<b>43,239,356</b>	<b>43,414,413</b>
<b>Property, Plant and Equipment</b>		
Automobiles	-	-
Building	-	-
Dietary Equipment	-	-
Fixed Equipment	76,047	76,047
Land	-	-
Land Improvements	-	-
Major Movable Equipment	1,394,724	1,394,724
Minor Equipment	-	-
Leasehold Improvements	30,000	30,000
Assets Held for Sale	13,410,277	13,410,277
	<u>14,911,048</u>	<u>14,911,048</u>
Less: Accumulated Depreciation	(5,027,274)	(5,027,274)
<b>Net Property, Plant and Equipment</b>	<b>9,883,774</b>	<b>9,883,774</b>
<b>Other Assets</b>		
Bond Issue Expense	-	-
Debt Service Reserve Fund	-	-
Bond Project Fund	-	-
Prepaid Lease	-	-
Library Fund	10,000	10,000
Utility Deposits	173,791	173,791
Investments	79,500	79,500
<b>Total Other Assets</b>	<b>263,291</b>	<b>263,291</b>
<b>TOTAL ASSETS</b>	<b>\$ 53,386,421</b>	<b>\$ 53,561,478</b>

**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>	<u>Oct-10</u>	<u>Nov-10</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>POST-PETITION LIABILITIES:</b>								
<i>Current Liabilities</i>								
Accounts Payable	\$ 176,222	\$ 2,446,709	\$ 4,357,852	\$ 4,263,131	\$ 5,502,867	\$ 3,317,696	\$ 2,521,009	\$ 2,027,604
Salaries, Wages and Taxes Payable	-	2,638,181	2,816,652	885,234	1,589,811	37,539	2	2
Other Accrued Liabilities	-	405,000	405,000	2,108,594	-	-	-	-
<b>Total Current Liabilities</b>	<b>176,222</b>	<b>5,489,891</b>	<b>7,579,504</b>	<b>7,256,958</b>	<b>7,092,677</b>	<b>3,355,235</b>	<b>2,521,011</b>	<b>2,027,605</b>
<b>PRE-PETITION LIABILITIES:</b>								
<i>Current Liabilities</i>								
Accounts Payable	10,648,400	7,033,438	7,053,167	7,063,306	4,612,461	4,618,809	4,569,200	4,546,049
Salaries, Wages and Taxes Payable	2,811,292	2,888,862	2,823,435	2,823,435	928,184	928,184	915,117	915,117
Capital Leases	270,774	269,214	268,086	266,953	266,953	269,601	270,874	271,298
Bonds Payable	134,418,406	134,390,367	134,374,457	134,358,491	15,791,302	15,623,911	15,623,911	15,623,911
Other Accrued Liabilities	978,777	978,777	978,777	978,777	500,000	500,000	500,000	500,000
Due To/From	-	-	-	-	(5,239,432)	(2,480,609)	(1,692,737)	(1,369,424)
<b>Total Current Liabilities</b>	<b>149,127,649</b>	<b>145,560,657</b>	<b>145,497,921</b>	<b>145,490,961</b>	<b>16,859,468</b>	<b>19,459,896</b>	<b>20,186,366</b>	<b>20,486,952</b>
<i>Long-Term Liabilities</i>								
Capital Leases	159,831	136,315	113,573	90,718	90,718	44,668	22,389	-
<b>Total Long-Term Liabilities</b>	<b>159,831</b>	<b>136,315</b>	<b>113,573</b>	<b>90,718</b>	<b>90,718</b>	<b>44,668</b>	<b>22,389</b>	<b>-</b>
<b>PRE- &amp; POST-PETITION LIABILITIES:</b>								
<i>Current Liabilities</i>								
Other Accrued Liabilities	381,133	470,604	564,475	329,372	-	-	-	-
<b>Total Current Liabilities</b>	<b>381,133</b>	<b>470,604</b>	<b>564,475</b>	<b>329,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>149,844,835</b>	<b>151,657,467</b>	<b>153,755,473</b>	<b>153,168,009</b>	<b>24,042,863</b>	<b>22,859,800</b>	<b>22,729,765</b>	<b>22,514,557</b>
<b>FUND BALANCE</b>								
<i>Designated</i>								
Library Fund	10,000	10,000	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)	(16,484,509)	(16,655,845)
Capital General Fund	63,255,934	63,255,934	48,222,300	48,222,300	48,222,300	48,222,300	48,222,300	48,222,300
<b>TOTAL FUND BALANCE</b>	<b>47,739,221</b>	<b>48,232,300</b>	<b>47,721,433</b>	<b>44,213,764</b>	<b>31,798,894</b>	<b>32,589,333</b>	<b>31,747,791</b>	<b>31,576,455</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 197,584,056</b>	<b>\$ 199,889,767</b>	<b>\$ 201,476,906</b>	<b>\$ 197,381,773</b>	<b>\$ 55,841,757</b>	<b>\$ 55,449,133</b>	<b>\$ 54,477,556</b>	<b>\$ 54,091,012</b>

SRHS BANKRUPTCY, INC.  
Comparative Balance Sheets

	<u>Dec-10</u>	<u>Jan-11</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>POST-PETITION LIABILITIES:</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 2,338,216	\$ 2,080,021
Salaries, Wages and Taxes Payable	2	-
Other Accrued Liabilities	-	-
<b>Total Current Liabilities</b>	<b><u>2,338,217</u></b>	<b><u>2,080,021</u></b>
<b>PRE-PETITION LIABILITIES:</b>		
<i>Current Liabilities</i>		
Accounts Payable	4,546,875	4,593,048
Salaries, Wages and Taxes Payable	915,117	915,119
Capital Leases	247,488	247,488
Bonds Payable	15,623,911	15,623,911
Other Accrued Liabilities	500,000	500,000
Due To/From	(1,681,388)	(1,063,217)
<b>Total Current Liabilities</b>	<b><u>20,152,004</u></b>	<b><u>20,816,349</u></b>
<i>Long-Term Liabilities</i>		
Capital Leases	-	-
<b>Total Long-Term Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>PRE- &amp; POST-PETITION LIABILITIES:</b>		
<i>Current Liabilities</i>		
Other Accrued Liabilities	-	-
<b>Total Current Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES</b>	<b>22,490,221</b>	<b>22,896,370</b>
<b>FUND BALANCE</b>		
<i>Designated</i>		
Library Fund	10,000	10,000
<i>Undesignated</i>		
Net Gain/Loss - Year to Date	(17,336,101)	(17,567,192)
Capital General Fund	48,222,300	48,222,300
<b>TOTAL FUND BALANCE</b>	<b><u>30,896,200</u></b>	<b><u>30,665,108</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 53,386,421</u></b>	<b><u>\$ 53,561,478</u></b>

## SUMMARY OF ACCOUNTS RECEIVABLE

CASE NAME: SRHS BANKRUPTCY, INC.CASE NUMBER: 10-04766MONTH ENDED: JANUARY 2011

	TOTAL	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
A/R NPC	\$245	\$0	\$0	\$0	\$245
A/R Brentwood Services Administrators	\$694	\$694	\$0	\$0	\$0
A/R Corp Associates	14,771	0	0	0	14,771
A/R Indemnity Escrow	3,000,000	0	0	0	3,000,000
A/R Hampshare Realty-Manages MOBs and Apartment:	4,208	0	0	0	4,208
A/R Foundation	175,011	0	0	0	175,011
A/R LifePoint	775,085	274,817	0	0	500,268
A/R Reserve for A/R Corp Associates	(14,771)				
A/R Reserve for Net Working Capital Settlement	(3,000,000)				
A/R Reserve Doubtful Accounts	(176,450)				
Balance Per G/L	<u>\$778,793</u>				

SCHEDULE OF POST-PETITION LIABILITIES

CASE NAME: SRHS BANKRUPTCY, INC.

CASE NUMBER: 10-04766

MONTH ENDED: JANUARY 2011

LIABILITY TYPE	VENDOR	DATE INCURRED	DATE DUE	TOTAL DUE	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
AP - Accrued	Navigant Consulting	JAN. 2011	Accrual	\$198,347.00				
AP - Accrued	Proskauer	JAN. 2011	Accrual	\$298,004.43				
AP - Accrued	Frost Todd Brown	JAN. 2011	Accrual	\$12,842.82				
AP - Accrued	Mintz Levin	JAN. 2011	Accrual	\$10,000.00				
AP - Accrued	Prochaska Thompson, Quinn & Ferr	JAN. 2011	Accrual	\$15,000.00				
AP - Accrued	Alston & Bird LLP	JAN. 2011	Accrual	\$59,414.60				
AP - Accrued	Smythe Puryear & Robertson	JAN. 2011	Accrual	\$5,482.03				
AP - Accrued	Deloitte	JAN. 2011	Accrual	\$92,486.22				
AP - Accrued	Epiq	JAN. 2011	Accrual	\$20,000.00				
AP - Accrued	Property Taxes - Cattleman Property	JAN. 2011	Accrual	\$9,675.00				
AP - Accrued	Property Taxes - Sumner Station	JAN. 2011	Accrual	\$142,668.00				
AP - Accrued	Property Taxes - Sumner Station Correction	JAN. 2011	Accrual	(\$121,315.95)				
AP - Accrued	Property Taxes - Property Management	JAN. 2011	Accrual	\$1,596.00				
AP - Accrued	Property Taxes - Westmoreland	JAN. 2011	Accrual	\$372.00				
AP - Accrued	Property Taxes - Administration	JAN. 2011	Accrual	\$70,521.99				
AP - Accrued	Property Taxes - Catering	JAN. 2011	Accrual	\$632.00				
AP - Accrued	Citadel-Rent/Default Interest	JAN. 2011	Accrual	\$272,905.48				
AP - Other	Accrual Rejection Damages	JAN. 2011	Accrual	\$1,000,000.00				
AP - Other	Sumner Station Fitness Center	JAN. 2011	Accrual	(\$8,610.29)				
<b>TOTALS</b>				<b>\$2,080,021.33</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**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 Oct-10</u>	<u>Actual Nov-10</u>	<u>Actual Dec-10</u>
<b>Gross Patient Revenue</b>								
Inpatient Revenue	\$ 13,228,791	\$ 11,206,569	\$ 11,577,633	\$ 12,352,560	\$ -	\$ -	\$ -	\$ -
Outpatient Revenue	13,677,279	13,764,332	14,157,049	14,891,110	-	-	-	-
<b>Total Gross Patient Revenue</b>	<b>26,906,070</b>	<b>24,970,901</b>	<b>25,734,681</b>	<b>27,243,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deductions from Revenue</b>								
Contractual Adjustments	16,437,881	15,528,672	16,668,561	18,273,932	-	-	-	-
Charity	1,048,239	1,042,942	1,121,281	1,088,214	-	-	-	-
<b>Total Deductions from Revenue</b>	<b>17,486,120</b>	<b>16,571,613</b>	<b>17,789,842</b>	<b>19,362,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Patient Revenue</b>	<b>9,419,950</b>	<b>8,399,288</b>	<b>7,944,839</b>	<b>7,881,524</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Operating Revenue	374,006	228,130	228,671	247,908	51,509	24,496	30,199	25,471
<b>Net Revenue</b>	<b>9,793,957</b>	<b>8,627,418</b>	<b>8,173,510</b>	<b>8,129,432</b>	<b>51,509</b>	<b>24,496</b>	<b>30,199</b>	<b>25,471</b>
<b>Operating Expenses</b>								
Salaries & Wages	3,353,601	3,078,842	3,221,679	3,439,571	(51,756)	57,678	-	-
Associate Benefits	800,486	753,611	817,658	789,447	(29,195)	192,824	(64,812)	-
Professional Fees	361,710	291,480	303,147	(1,422,774)	(575,584)	2,534,203	39,439	-
Purchased Services	394,321	179,894	340,135	215,016	(7,665)	8,174	-	-
Materials, Supplies and Other	360,920	356,279	358,932	243,407	(398,841)	38,808	66,934	98,719
Medical Supplies & Drugs	1,115,073	1,026,326	1,102,057	1,288,224	2,151	32,756	(4,248)	-
Repairs & Maintenance	333,084	354,930	329,991	299,919	5,712	5,289	3,222	3,891
Utilities	221,130	163,784	154,684	337,609	68,750	880	751	427
Leases	409,617	275,754	597,986	439,522	-	-	-	-
Depreciation & Amortization	777,083	736,257	735,775	723,789	22,698	22,698	22,698	21,849
Provision for Bad Debt	325,375	912,765	1,212,751	703,928	-	-	-	-
Interest Expense	630,545	604,790	608,249	603,825	3,578	1,493	1,524	1,660
Management Fees	(476,488)	(470,753)	(953,389)	(4,290,452)	(61,994)	-	-	-
Restructuring Costs	797,081	1,000,351	2,970,172	17,250,515	317,265	(2,016,344)	143,050	583,230
<b>Total Operating Expenses</b>	<b>9,403,538</b>	<b>9,264,310</b>	<b>11,799,826</b>	<b>20,621,547</b>	<b>(704,882)</b>	<b>878,458</b>	<b>208,558</b>	<b>709,776</b>
<b>Income from Operations</b>	<b>390,418</b>	<b>(636,893)</b>	<b>(3,626,316)</b>	<b>(12,492,115)</b>	<b>756,391</b>	<b>(853,963)</b>	<b>(178,358)</b>	<b>(684,306)</b>
Interest Income	12,431	11,582	9,645	10,272	10,896	592	653	4,051
Bond Income	36,905	36,882	36,849	36,822	21,123	-	-	-
Contributions, Fundraising & Other	-	-	355	1,826	-	-	-	-
Investment Gain/Loss	53,325	77,561	71,798	28,324	2,030	11,829	6,369	-
Extraordinary Gain/Loss	-	-	-	-	-	-	-	-
<b>Total Non-Operating Revenue</b>	<b>102,661</b>	<b>126,025</b>	<b>118,647</b>	<b>77,244</b>	<b>34,049</b>	<b>12,420</b>	<b>7,022</b>	<b>4,051</b>
<b>Net Income</b>	<b>\$ 493,079</b>	<b>\$ (510,867)</b>	<b>\$ (3,507,669)</b>	<b>\$(12,414,870)</b>	<b>\$ 790,440</b>	<b>\$ (841,542)</b>	<b>\$ (171,336)</b>	<b>\$ (680,255)</b>

**SRHS BANKRUPTCY, INC.**  
**Statement of Income (Loss)**

	<u>Actual Jan-11</u>	<u>Actual Filing To-Date</u>
<u>Gross Patient Revenue</u>		
Inpatient Revenue	\$ -	\$ 48,365,553
Outpatient Revenue	-	56,489,770
<b>Total Gross Patient Revenue</b>	<b>-</b>	<b>104,855,322</b>
<u>Deductions from Revenue</u>		
Contractual Adjustments	145,717	67,054,762
Charity	-	4,300,676
<b>Total Deductions from Revenue</b>	<b>145,717</b>	<b>71,355,438</b>
<b>Net Patient Revenue</b>	<b>(145,717)</b>	<b>33,499,884</b>
Other Operating Revenue	1,927	1,212,317
<b>Net Revenue</b>	<b>(143,790)</b>	<b>34,712,201</b>
<u>Operating Expenses</u>		
Salaries & Wages	-	13,099,614
Associate Benefits	(9,973)	3,250,046
Professional Fees	18,661	1,550,281
Purchased Services	-	1,129,875
Materials, Supplies and Other	(1,804)	1,123,353
Medical Supplies & Drugs	(567)	4,561,772
Repairs & Maintenance	(64)	1,335,974
Utilities	246	948,262
Leases	-	1,722,879
Depreciation & Amortization	-	3,062,848
Provision for Bad Debt	-	3,154,818
Interest Expense	-	2,455,665
Management Fees	-	(6,253,077)
Restructuring Costs	81,434	21,126,754
<b>Total Operating Expenses</b>	<b>87,934</b>	<b>52,269,065</b>
<b>Income from Operations</b>	<b>(231,724)</b>	<b>(17,556,864)</b>
Interest Income	633	60,753
Bond Income	-	168,581
Contributions, Fundraising & Other	-	2,181
Investment Gain/Loss	-	251,236
Extraordinary Gain/Loss	-	-
<b>Total Non-Operating Revenue</b>	<b>633</b>	<b>482,751</b>
<b>Net Income</b>	<b>\$ (231,092)</b>	<b>\$(17,074,113)</b>