

[ORIGINAL]

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ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD HEALTH FACILITIES & SERVICES REVIEW BOARD
APPLICATION FOR EXEMPTION FOR THE CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

E-066-16

1. INFORMATION FOR EXISTING FACILITY

Current Facility Name NovaMed Surgery Center of River Forest
Address 7427 Lake Street
City River Forest Zip Code 60305 County Cook
Name of current licensed entity for the facility NovaMed Surgery Center of River Forest, LLC
Does the current licensee: own this facility _____ OR lease this facility X (if leased, check if sublease)
Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
X Limited Liability Company _____ Other, specify _____
Illinois State Senator for the district where the facility is located: Sen. Kimberly Lightford
State Senate District Number 4 Mailing address of the State Senator 323B State Capitol Building, Springfield, IL 62706
Illinois State Representative for the district where the facility is located: Rep. Emanuel Welch
State Representative District Number 7 Mailing address of the State Representative 266-S Stratton Office Building, Springfield, IL 62706

2. **OUTSTANDING PERMITS.** Does the facility have any projects for which the State Board issued a permit that will not be completed (refer to 1130.140 "Completion or Project Completion" for a definition of project completion) by the time of the proposed ownership change? Yes No If yes, refer to Section 1130.520(f), and indicate the projects by Project # _____

3. **NAME OF APPLICANT** (complete this information for each co-applicant and insert after this page).
Exact Legal Name of Applicant NovaMed Surgery Center of River Forest, LLC
Address 7427 Lake Street
City, State & Zip Code River Forest, IL 60305
Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
X Limited Liability Company _____ Other, specify _____

4. **NAME OF LEGAL ENTITY THAT WILL BE THE LICENSEE/OPERATING ENTITY OF THE FACILITY NAMED IN THE APPLICATION AS A RESULT OF THIS TRANSACTION.**

Exact Legal Name of Entity to be Licensed NovaMed Surgery Center of River Forest, LLC
Address 7427 Lake Street
City, State & Zip Code River Forest, IL 60305
Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation _____ Partnership _____ Governmental
X Limited Liability Company _____ Other, specify _____

5. **BUILDING/SITE OWNERSHIP. NAME OF LEGAL ENTITY THAT WILL OWN THE "BRICKS AND MORTAR" (BUILDING) OF THE FACILITY NAMED IN THIS APPLICATION IF DIFFERENT FROM THE OPERATING/LICENSED ENTITY**

Exact Legal Name of Entity That Will Own the Site HSK Partnership
Address 7427 Lake Street
City, State & Zip Code River Forest, IL 60305
Type of ownership of the current licensed entity (check one of the following:): _____ Sole Proprietorship
_____ Not-for-Profit Corporation _____ For Profit Corporation X Partnership _____ Governmental
_____ Limited Liability Company _____ Other, specify _____

6. TRANSACTION TYPE. CHECK THE FOLLOWING THAT APPLY TO THE TRANSACTION:

- Purchase resulting in the issuance of a license to an entity different from current licensee;
- Lease resulting in the issuance of a license to an entity different from current licensee;
- Stock transfer resulting in the issuance of a license to a different entity from current licensee;
- Stock transfer resulting in no change from current licensee;
- Assignment or transfer of assets resulting in the issuance of a license to an entity different from the current licensee;
- Assignment or transfer of assets not resulting in the issuance of a license to an entity different from the current licensee;
- Change in membership or sponsorship of a not-for-profit corporation that is the licensed entity;
- Change of 50% or more of the voting members of a not-for-profit corporation's board of directors that controls a health care facility's operations, license, certification or physical plant and assets;
- Change in the sponsorship or control of the person who is licensed, certified or owns the physical plant and assets of a governmental health care facility;
- Sale or transfer of the physical plant and related assets of a health care facility not resulting in a change of current licensee;
- Any other transaction that results in a person obtaining control of a health care facility's operation or physical plant and assets, and explain in "Attachment 3 Narrative Description"

7. APPLICATION FEE. Submit the application fee in the form of a check or money order for \$2,500 payable to the Illinois Department of Public Health and append as **ATTACHMENT #1**.

8. FUNDING. Indicate the type and source of funds which will be used to acquire the facility (e.g., mortgage through Health Facilities Authority; cash gift from parent company, etc.) and append as **ATTACHMENT #2**.

9. ANTICIPATED ACQUISITION PRICE: \$ 765,000.00

10. FAIR MARKET VALUE OF THE FACILITY: \$ \$1,500,000.00
(to determine fair market value, refer to 77 IAC 1130.140) *Per the Purchase Agreement, appended as Attachment #5, 51% of the Membership Interests are being sold for \$765,000.00, and therefore fair market value of 100% is \$1,500,000.00.

11. DATE OF PROPOSED TRANSACTION: January 1, 2017

12. NARRATIVE DESCRIPTION. Provide a narrative description explaining the transaction, and append it to the application as **ATTACHMENT #3**.

13. BACKGROUND OF APPLICANT (co-applicants must also provide this information). Corporations and Limited Liability Companies must provide a current Certificate of Good Standing from the Illinois Secretary of State. Limited Liability Companies and Partnerships must provide the name and address of each partner/ member and specify the percentage of ownership of each. Append this information to the application as **ATTACHMENT #4**.

14. TRANSACTION DOCUMENTS. Provide a copy of the complete transaction document(s) including schedules and exhibits which detail the terms and conditions of the proposed transaction (purchase, lease, stock transfer, etc). Applicants should note that the document(s) submitted should reflect the applicant's (and co-applicant's, if applicable) involvement in the transaction. The document must be signed by both parties and contain language stating that the transaction is contingent upon approval of the Illinois Health Facilities and Services Review Board. Append this document(s) to the application as **ATTACHMENT #5**.

15. FINANCIAL STATEMENTS. (Co-applicants must also provide this information) Provide a copy of the applicants latest audited financial statements, and append it to this application as **ATTACHMENT #6**. If the applicant is a newly formed entity and financial statements are not available, please indicate by checking **YES** , and indicate the date the entity was formed _____

16. **PRIMARY CONTACT PERSON.** Individual representing the applicant to whom all correspondence and inquiries pertaining to this application are to be directed. (Note: other persons representing the applicant not named below will need written authorization from the applicant stating that such persons are also authorized to represent the applicant in relationship to this application).

Name: Scott H. Kirk
Address: 7427 Lake Street
City, State & Zip Code: River Forest, IL 60305
Telephone () Ext. (708) 771-3334

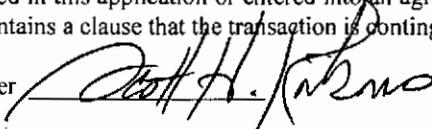
17. **ADDITIONAL CONTACT PERSON.** Consultant, attorney, other individual who is also authorized to discuss this application and act on behalf of the applicant.

Name: Bill Doran, Benesch, Friedlander, Coplan & Aronoff, LLP
Address: 33 West Wacker Drive, Suite 1900
City, State & Zip Code: Chicago, IL 60606
Telephone () Ext. (312) 212-4970

18. **CERTIFICATION**

I certify that the above information and all attached information are true and correct to the best of my knowledge and belief. I certify that the number of beds within the facility will not change as part of this transaction. I certify that no adverse action has been taken against the applicant(s) by the federal government, licensing or certifying bodies, or any other agency of the State of Illinois. I certify that I am fully aware that a change in ownership will void any permits for projects that have not been completed unless such projects will be completed or altered pursuant to the requirements in 77 IAC 1130.520(f) prior to the effective date of the proposed ownership change. I also certify that the applicant has not already acquired the facility named in this application or entered into an agreement to acquire the facility named in the application unless the contract contains a clause that the transaction is contingent upon approval by the State Board.

Signature of Authorized Officer



Typed or Printed Name of Authorized Officer Scott H. Kirk, M.D.

Title of Authorized Officer: Authorized Member

Address: 7427 Lake Street

City, State & Zip Code: River Forest, IL 60305

Telephone (708) 771-3334 Date: 11-18-16

NOTE: complete a separate signature page for each co-applicant and insert following this page.

ATTACHMENT # 1

Application Fee

ATTACHMENT #2

Funding

Purchasers, Scott H. Kirk and Kent A. Kirk, will be purchasing the Membership Interest of Seller, NovaMed Management Services, LLC for a purchase price of \$765,000.00. The purchase price will be paid by Purchasers to Seller in cash.

ATTACHMENT #3

Narrative Description

November 18, 2016

VIA FEDERAL EXPRESS

Courtney Avery, Administrator
Illinois Health Facilities and Services Review Planning Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761-0001

Re: Transaction involving NovaMed Management Services, LLC; Scott H. Kirk, M.D.; and Kent A. Kirk, M.D.

Ambulatory Surgical
Treatment Center: NovaMed Surgery Center of River Forest, LLC
7427 Lake Street
River Forest, IL 60305
License No. 7002561

Dear Ms. Avery:

This letter is to notify you of a pending transaction (the "**Transaction**"). The Transaction involves the transfer of certain membership interests of the Ambulatory Surgical Treatment Center known as NovaMed Surgery Center of River Forest, currently licensed by the Illinois Department of Public Health pursuant to the license listed above (the "**Center**").

The parties anticipate and are mutually desirous of consummating the Transaction effective at the opening of business on January 1, 2017 (the "**Closing Date**").

Current Ownership Structure

The membership interests of the Center are as follows:

NovaMed Management Services, LLC	51%
Scott H. Kirk, M.D.	19.5%
Kent A. Kirk, M.D.	19.5%
Walter Fried, M.D.	10%

Additionally, NovaMed Management Services, LLC ("NovaMed") manages the Center under a Management Agreement entered between NovaMed and the Center on June 1, 2002 as amended by the Amendment to Management Agreement dated April 1, 2015.

Attachment A, enclosed with this letter, sets forth the current ownership structure of the Center in greater detail.

Overview of the Transaction

As of the Closing Date, NovaMed will transfer its 51% membership interest to Scott H. Kirk and Kent A. Kirk (each a "Purchaser"), such that each Purchaser will take 25.5% of NovaMed's membership interest in the Center. Furthermore, NovaMed will resign as manager of the Center and terminate the Management Agreement. Each Purchaser will hold 45% of the membership interests in the Center. Walter Fried will continue to hold 10% of the membership interests in the Center.

Attachment B, enclosed with this letter, sets forth the proposed ownership structure of the Center following the Closing Date of the Transaction in greater detail.

Effect of the Transaction

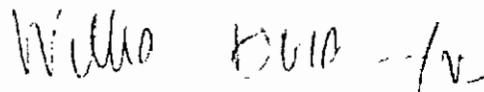
There will be no change in the name or federal or state charters or tax identification number of the Center as a result of the Transaction. The Center will continue to hold the License following the Closing Date. Other than changes in the ordinary course of business, there is no current intention to replace the staff for the Center.

It is our understanding, based upon conversations with the Illinois Health Facilities and Services Review Board that, pursuant to 20 ILCS 3960/8.5, upon submission of the above Application for Exemption for an Existing Health Care Facility and review by the Board Chair and/or full Board, as determined in the Board Chair's discretion, the Transaction should be determined to be exempt from certificate of need review.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me at the direct dial or email address above.

Very truly yours,

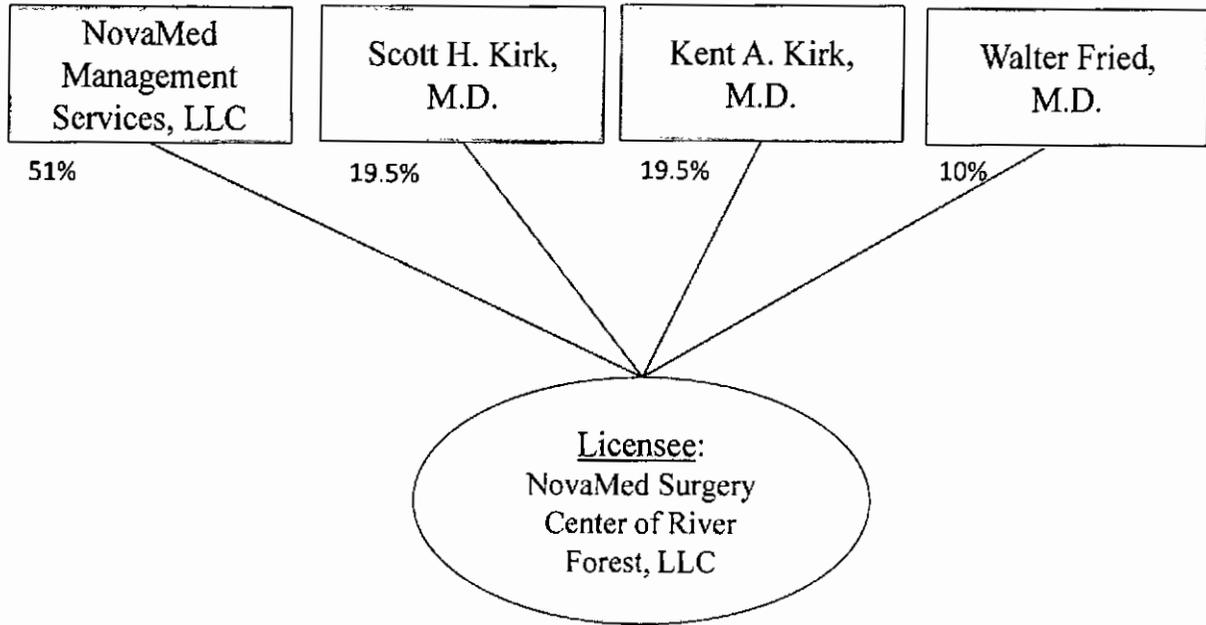
BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



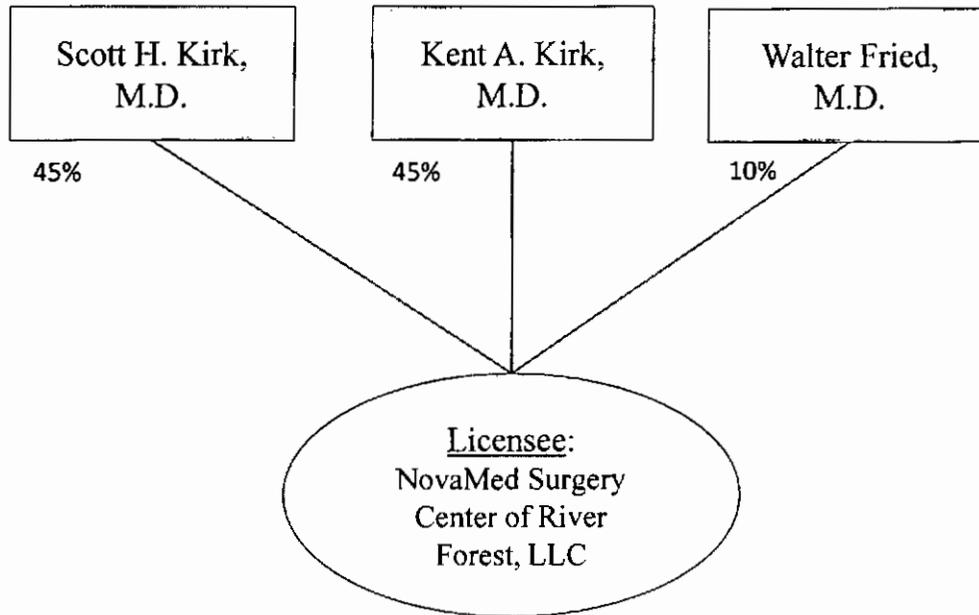
William E. Doran

WED:vs

ATTACHMENT A
PRE-CLOSING
ORGANIZATIONAL STRUCTURE DIAGRAM



ATTACHMENT B
POST-CLOSING
ORGANIZATIONAL STRUCTURE DIAGRAM



ATTACHMENT # 4

Background of Applicant

(1) Certificate of Good Standing attached.

(2) Ownership:

Scott H. Kirk, M.D.

7427 Lake Street

River Forest, IL 60305

Membership Interest: 45%

Kent A. Kirk, M.D.

7427 Lake Street

River Forest, IL 60305

Membership Interest: 45%

Walker Fried, M.D.

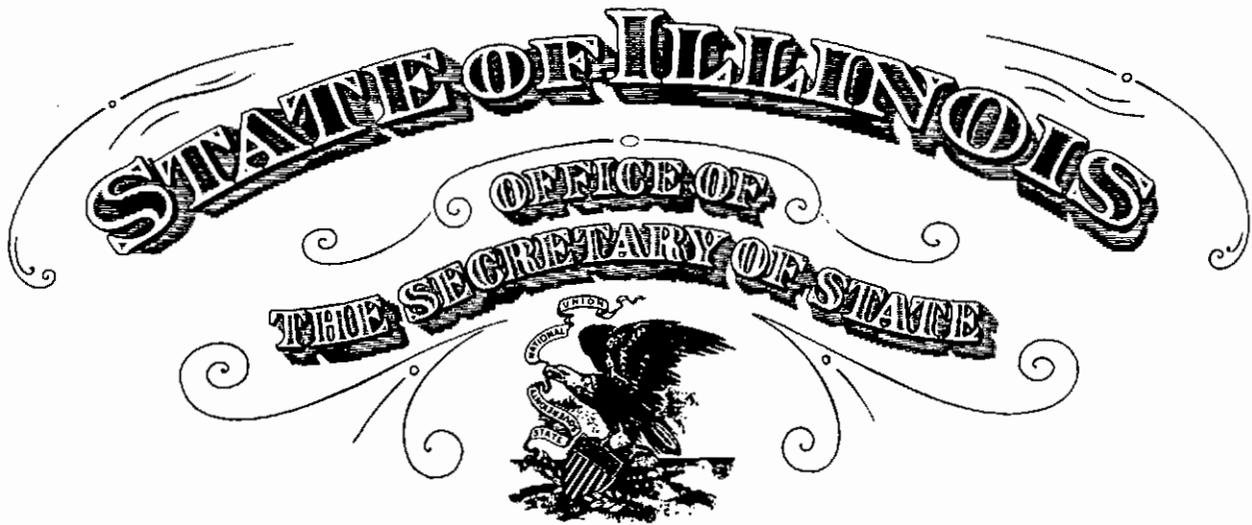
3477 Grand Avenue

Gurnee, IL 60031

Membership Interest: 10%

File Number

0067474-5



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

NOVAMED SURGERY CENTER OF RIVER FOREST, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON FEBRUARY 27, 2002, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 17TH day of NOVEMBER A.D. 2016 .

Jesse White

SECRETARY OF STATE

Authentication #: 1632202606 verifiable until 11/17/2017

Authenticate at: <http://www.cyberdriveillinois.com>

ATTACHMENT #5

Transaction Documents

The executed Purchase Agreement is attached. There are three (3) exhibits to the Purchase Agreement, which the parties are in the process of drafting. Those exhibits have not been attached here, however they will be provided after the Closing Date once a final executed version of each is available.

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "**Agreement**") is dated as of November 18, 2016 (the "**Effective Date**"), by and between NovaMed Management Services, LLC, f/k/a NovaMed Eyecare Services, a Delaware limited liability company ("**Seller**") and Scott H. Kirk, M.D. and Kent A. Kirk, M.D. (each a "**Purchaser**" and, together, "**Purchasers**").

RECITALS

A. NovaMed Surgery Center of River Forest, LLC (the "**Company**") owns and operates an ambulatory surgery center (the "**Facility**") located at 7427 Lake Street, River Forest, Illinois 60305 (the "**Business**"). The ownership and operation of the Company is governed by the terms and conditions of an Limited Liability Company Agreement dated June 1, 2002, as amended by the Amendment to Limited Liability Company Agreement dated July 1, 2002 (collectively, the "**Operating Agreement**"). All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Operating Agreement.

B. Prior to giving effect to this Agreement, Purchasers collectively own 39% of the Membership Interests in the Company. Prior to giving effect to this Agreement, Seller owns 51% of the Membership Interests in the Company. Additionally, Walker Fried, M.D. ("**Fried**") owns 10% of the Membership Interests in the Company.

C. Pursuant to the terms hereof, Purchasers shall purchase all of Seller's Membership Interests in the Company, represented by Class B Membership Interests (such purchased interests to be referred to herein as the "**Class B Interests**"), all on the terms and conditions described herein.

D. After giving effect to the purchase of the Class B Interests pursuant to the transactions contemplated by this Agreement, Purchasers and Fried will collectively own 100% of the total Membership Interests in the Company, and Seller shall no longer own any Membership Interests in the Company. Moreover, Seller shall resign as Manager and terminate the Management Agreement (as defined in Section 6.2) as of the Closing Date, and neither Seller nor any other SP Entity (as hereinafter defined) shall have any further involvement with respect to the management or ownership of the Company as of the Closing Date. As used herein, "**SP Entity**" shall mean Surgery Center Holdings, Inc. ("**Surgery Partners**") and any of its subsidiaries (excluding the Company).

STATEMENT OF AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser, for themselves and their respective successors, agree as follows:

1. Recitals. The Recitals set forth above are incorporated herein by this reference.
2. Sale of Class B Interests. Subject to the terms and conditions set forth herein, Seller shall sell, assign, transfer, convey and deliver to Purchasers at the Closing (as defined in **Section 7**), free and clear of all Liens (as defined in Section 4.1), all of Seller's right title and interest in and to all of its Membership Interests in the Company, consisting of the Class B Interests. Seller shall execute and deliver to Purchasers at the Closing an assignment of its Membership Interests substantially in the forms attached as Exhibit A-1 and Exhibit A-2 (collectively, the "**Assignments**"). At the Closing, Purchasers shall purchase from Seller Class B Membership Interests comprising fifty-one percent (51%) of the total Membership Interests of the Company. The parties acknowledge and agree that, immediately following the Closing, Purchasers and Fried will

collectively own one hundred percent (100%) of the total Membership Interests of the Company, with neither Seller nor any other SP Entity owning any further equity interests in the Company.

3. Purchase Price. Manner of Payment.

3.1 Purchase Price. At the Closing, and in consideration for the Class B Interests, Purchasers shall pay to Seller a purchase price of \$765,000.00 (the "**Purchase Price**"). The Purchase Price shall be paid by Purchasers to Seller in cash at Closing by wire transfer of immediately funds in accordance with the wire transfer instructions attached hereto as Schedule 3.1(a).

4. Representations and Warranties by Seller. **PURCHASERS ACKNOWLEDGES THAT SELLER IS NOT MAKING ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION AND BUSINESS PROSPECTS OF THE COMPANY, THE COMPANY'S ASSETS AND THE BUSINESS, EXCEPT FOR THE LIMITED REPRESENTATIONS AND WARRANTIES BY SELLER SET FORTH IN THIS SECTION 4.** Seller hereby represents and warrants to Purchasers as of the Effective Date and the Closing Date, as follows:

4.1 Title. Seller has good and marketable title to the Class B Interests, free and clear of any mortgage, pledge, lien, encumbrance, charge or other security interest, or any conditional sales agreement, option, or right of first refusal (collectively, "**Liens**").

4.2 Seller's Authority. Seller is a limited liability company validly existing and in good standing under Delaware law. Seller has full capacity, power, right and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by Seller, and constitutes the valid and binding obligations of Seller, enforceable against it in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and the availability of equitable remedies.

4.3 Financial Statements. Schedule 4.3 sets forth a copy of the Company's balance sheet as of October 31, 2016, which balance sheet is correct and complete in all material respects, and fairly and accurately reflects in all material respects all of the assets and liabilities of the Company.

5. Representations and Warranties of Purchasers. Purchasers hereby represent and warrant to Seller as of the Effective Date and the Closing Date, as follows:

5.1 Purchasers' Authority. Each Purchaser has full capacity, power, right and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by each Purchaser, and constitutes the valid and binding obligations of each Purchaser, enforceable against each Purchaser in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and the availability of equitable remedies.

5.2 Investment Representations and Covenants.

(a) Each Purchaser understands that the Class B Interests will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws on the grounds that the issuance of the Class B Interests is exempt from registration pursuant to Section 4(a)(2) of the Securities Act and applicable state securities laws, and that the reliance of Seller on such exemptions is predicated in part on each Purchaser's representations, warranties, covenants and acknowledgments set forth in this Section 5.2.

(b) Each Purchaser is an “accredited investor” as defined in Rule 501 promulgated as part of Regulation D under the Securities Act.

(c) Each Purchaser represents and warrants that the Class B Interests to be acquired by him upon consummation of the transactions contemplated herein will be acquired by him for his own account, not as a nominee or agent, and without a view to resale or other distribution within the meaning of the Securities Act and the rules and regulations thereunder, and that he will not distribute all or any portion of the Class B Interests in violation of the Securities Act.

(d) Each Purchaser acknowledges that the Class B Interests are characterized as “restricted securities” under the federal securities laws in as much as they are being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances.

(e) Each Purchaser represents and warrants that he has such knowledge and experience in financial and business matters such that he is capable of evaluating the merits and risks of his investment in the Class B Interests.

(f) Each Purchaser is in a financial position to afford to hold the Class B Interests indefinitely, each Purchaser’s financial condition being such that he is not presently under (and does not contemplate any future) necessity or constraint to dispose of the Class B Interests to satisfy any existing or contemplated debt or undertaking. Each Purchaser recognizes that it may not be possible for him to liquidate his investment in the Class B Interests and, accordingly, each Purchaser may have to hold the Class B Interests, and bear the economic risk of this investment, indefinitely.

(g) Each Purchaser understands that neither the Securities and Exchange Commission nor any other Federal or state agency has recommended, approved or endorsed the purchase of the Class B Interests as an investment.

(h) Each Purchaser confirms that the Class B Interests were not offered to him by any means of general solicitation or general advertising, and that each Purchaser has received no representations, warranties or written communications with respect to the Class B Interests other than those contained in this Agreement.

(i) Each Purchaser acknowledges that he is currently a Member of the Company and is generally familiar with its operations and financial performance. As such, each Purchaser acknowledges and agrees that the operating history and historical financial performance of the Company may not be indicative of the future performance of the Company.

6. Covenants; Conditions Precedent to Closing.

6.1 Resignation. From and after the Closing Date, the parties hereto agree that neither Seller nor any other SP Entity shall serve as Manager of the Company, or have any other involvement in the Company. As evidenced by Seller’s execution of this Agreement, upon the sale of the Class B Interests being consummated in accordance with the terms of this Agreement, Seller hereby resigns as Manager of the Company as of the Closing Date.

6.2 Termination of Management Agreement. Seller and the Company are parties to a Management Agreement dated June 1, 2002, as amended by the Amendment to Management Agreement dated April 1, 2015 (collectively, the “**Management Agreement**”). The Management Agreement shall

terminate and be of no further force and effect as of the Closing Date in accordance with the terms and conditions of the Termination Agreement attached hereto as Exhibit B (the "**Termination Agreement**").

6.3 Post-Closing Responsibilities. From and after the Closing Date, Purchasers shall be responsible for: (a) managing the Company and all aspects of the Business, including, without limitation, licensure, payor relationships and insurance; (b) the Licenses and any change of ownership notices or filings with governmental authorities with respect to the transactions contemplated by this Agreement, including, without limitation, the name change pursuant to Section 6.5 below; and (c) ensuring the Company is adequately insured (the "**Evidence of Insurance**"). Notwithstanding the foregoing, after the Closing the parties shall use commercially reasonable efforts to cooperate with each other and execute such further instruments, documents and agreements as may be reasonably requested by one another to better evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intent and purposes of this Agreement.

6.4 Employees. Prior to the Closing Date the Company employs the individuals listed on Schedule 6.4 (the "**Company Employees**"). Prior to the Closing Date, the Company Employees participated in employee benefit programs sponsored and maintained by Surgery Partners and its subsidiaries (the "**SP Plans**"). As a result of this transaction, the Company Employees shall no longer be eligible to participate in the SP Plans on or after the Closing Date, and the Company shall arrange for replacement employee benefit programs for such Company Employees on and after the Closing Date.

6.5 Use of Name. Purchasers agree that "NovaMed," "Surgery Partners" or any derivative thereof shall no longer be used in the name of the Company or in connection with the operation of the Business, except for such reasonable period following the Closing as is necessary to eliminate usages of such name (which period shall not exceed six (6) months following the Closing), following which Purchasers shall file with the Delaware Secretary of State an amendment to the Company's Certificate of Formation changing the Company's name.

6.6 Bank Accounts. Each of Seller and Purchasers shall execute all documents reasonably necessary to remove Seller or its Affiliates from any sweeps or other designated transfers involving the Company's bank accounts, and the parties agree to reconcile any inadvertent transfers or deposits resulting from the delay in processing these changes involving the Company's bank accounts.

6.7 EMR and Practice Management Software. Except for any information technology hardware physically located on site at the location of the Business, Purchasers acknowledge and agree that Purchasers shall be responsible for all out-of-pocket costs relating to the purchase of new hardware and/or software necessary for the development of an information technology system that is no longer a part of or reliant upon Surgery Partners' centralized information technology system. At Closing, any and all Company ownership to Surgery Partners' centralized information technology system shall terminate. Notwithstanding the foregoing, Sellers shall cooperate with Purchasers with respect to Purchasers installation of a new practice management and electronic medical record system in order to ensure an orderly transition of the Business onto Purchaser's software platform.

6.8 Operations in the Ordinary Course. From and after the Effective Date, Seller shall operate the Business only in the Ordinary Course of Business, including, without limitation: (i) billing and collecting its accounts receivable; (ii) payment of its accounts payable, (iii) not entering into material contracts related to the operation of the Business without the consent of Purchasers; (iv) not incurring any indebtedness; (v) not paying any dividends or making any distributions; (vi) not authorizing or issuing any equity or options in the ownership of the Company; and (vii) otherwise maintaining all existing contracts, Licenses, and relations with referral sources in good standing. For purposes of this Agreement, "**Ordinary**

Course of Business” means the usual transactions, customs and practices of Seller with respect to the management of the Business, taken in the course of the normal day-to-day operations, and not in anticipation of the transactions contemplated by this Agreement.

7. Closing. Subject to the satisfaction of the conditions set forth in this Agreement, the transactions contemplated by this Agreement (the “**Closing**”) shall be effective as of 12:01 a.m. on January 1, 2017 (the “**Closing Date**”), or at such other time as may be mutually agreed upon by the parties. At the Closing:

7.1 Purchasers Deliverables. Purchasers shall deliver to Seller:

- (a) the Purchase Price;
- (b) the Evidence of Insurance; and
- (c) the Termination Agreement, signed by the Company.

7.2 Seller Deliverables. Seller shall deliver to Purchasers:

- (a) the Termination Agreement, signed by Seller; and
- (b) the Assignments, signed by Seller.

7.3 CON Contingency. Notwithstanding anything to the contrary contained in this Agreement, it shall in all events and circumstances of any and every nature whatsoever be an express condition precedent to the Closing that the Illinois Health Facilities and Services Review Board or its successor regulatory agency (“**IHF SRB**”) issue an exemption from the requirement of obtaining a certificate of need in connection with the Closing of the Transaction.

8. Taxes.

8.1 Allocation of Taxes. Seller, Purchasers and Fried shall each be responsible for their respective portion of all taxes imposed on or accrued by the Company for the period preceding the Closing Date based on each of Seller, Fried and Purchasers’ respective Percentage Interest in the Company prior to the Closing Date. Purchasers and Fried shall be responsible for all of the income taxes imposed on the Company for the period from and after the Closing Date.

8.2 Returns. Seller shall cause to be prepared, for the period (i) beginning the day after the final date of the period of the most-recently filed income tax return of the Company and (ii) ending on the day prior to the Closing Date (the “**Stub Period**”), true and correct copies of all income tax returns required to be filed by the Company, but only to the extent any such tax return is required to be filed for the Stub Period (the “**Stub Tax Returns**”). Seller shall not file any Stub Tax Returns, but shall provide all Stub Tax Returns to Purchasers by no later than ten (10) days before the applicable filing due date. Purchasers shall review such Stub Tax Returns and notify Seller in the event that Purchasers disagree with any portion of the contents thereof. Upon finalization of the Stub Tax Return in accordance with the foregoing, Purchasers shall cause to be filed all Stub Tax Returns. Purchasers shall provide to Seller a true copy of each Stub Tax Return as filed and evidence of the timely filing thereof. All Stub Tax Returns shall be prepared and all elections with respect to such Stub Tax Returns shall be made, to the extent permitted by law, in a manner consistent with the prior practice of the Company.

8.3 Cooperation and Records Retention. Seller and Purchasers shall (i) each provide the other, and Purchasers shall cause the Company to provide Seller, with such assistance as may reasonably be requested by any of them in connection with the preparation of any tax return, audit, or other examination by any taxing authority or judicial or administrative proceedings relating to liability for taxes, (ii) each retain and provide the other, and Purchasers shall cause the Company to retain and provide its members with any records or other information that may be relevant to such tax return, audit or examination, proceeding, or determination, and (iii) each provide the other with any final determination of any such audit or examination, proceeding, or determination that affects any amount required to be shown on any tax return of the other or the Company for any period prior to the Closing Date. Without limiting the generality of the foregoing, Purchasers shall retain, and shall cause the Company to retain, until the applicable statutes of limitations (including any extensions) have expired, copies of all tax returns, supporting work schedules, and other records or information that may be relevant to such returns for all tax periods or portions thereof ending before the Closing Date and shall not destroy or otherwise dispose of any such records without first providing Seller with a reasonable opportunity to review and copy the same. Each party shall bear its own expenses in complying with the foregoing provisions.

9. Indemnification.

9.1 Indemnification of Purchaser. Seller shall indemnify and hold Purchasers harmless against, and reimburse Purchasers from time to time when and as costs are incurred for, any actual out-of-pocket damage, loss, liability, fine, penalty, charge, administrative or judicial proceeding or order, judgment, remedial action requirement, enforcement action of any kind, cost or expense (including reasonable attorneys' fees and other expenses incurred in investigating or defending any claim against Purchasers for such damage, loss, cost or expense) (collectively, a "Loss" or "Losses") incurred by Purchasers resulting from: (a) any breach of Seller's representations, warranties or covenants in this Agreement, and/or (b) any action or omission of Seller under the Management Agreement which relates to the period of time prior to the Closing.

9.2 Indemnification of Seller. Purchasers shall indemnify and hold Seller harmless against, and reimburse Seller from time to time when and as costs are incurred for, any Loss incurred by Seller resulting from any breach of Purchasers' representations, warranties or covenants in this Agreement, but only to the extent arising from a claim of a third party.

9.3 Notice and Control of Litigation. Upon any claim or liability asserted in writing by a third party ("**Third Party Claim**") against a party entitled to indemnification under this Section 9 (the "**Indemnified Party**") which would give rise to a claim under this Section 9, the Indemnified Party shall notify the person(s) giving the indemnity (collectively, if more than one, the "**Indemnifying Party**") in writing of the same within 15 days of receipt of such written assertion of a claim or liability. The Indemnifying Party shall have the right, but not the obligation, to defend a claim and control the defense, settlement and prosecution of any litigation; provided that the Indemnifying Party expressly agrees in a manner reasonably acceptable to the Indemnified Party to be solely obligated to satisfy and discharge the Third Party Claim unless the interests of the Indemnified Party and the Indemnifying Party are or are likely to be adverse, in which case the Indemnified Party shall have the right to hire its own counsel and undertake the defense and the cost thereof shall be part of the claim for which the Indemnified Party shall be indemnified. Notwithstanding the foregoing, the Indemnifying Party shall not compromise or settle any Third Party Claim without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed. If the Indemnifying Party, within ten days after notice of such claim, fails to defend such claim, the Indemnified Party will (upon further notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such claim on behalf of and for the account and at the risk of the Indemnifying Party. Anything in this Section 9.3 notwithstanding, if there is a reasonable probability that a claim may adversely affect the Indemnified Party (because money damages or other money payments

may not be an adequate remedy or because money damages or payments may be substantial or are not likely to be collectible from the Indemnifying Party), the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise and settle such claim. All Parties agree to cooperate fully as necessary in the defense of such matters. Should the Indemnified Party fail to notify the Indemnifying Party in the time required above, the indemnity with respect to the subject matter of the required notice shall continue, but shall be limited to the damages that would have nonetheless resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party.

9.4 Survival. Notwithstanding anything contained to the contrary in this Agreement, all representations, warranties and indemnification obligations of the parties hereto contained in or arising out of this Agreement, or in any schedule or certificate given in connection herewith and therewith, shall survive the Closing and shall continue in effect until the twenty-four (24) month anniversary of the Closing Date.

9.5 Limitations.

(a) Seller shall be liable for indemnification pursuant to this Agreement only after the total indemnification claims exceed \$20,000 (the "**Threshold**") in the aggregate. Upon the Threshold being met, Seller shall be liable for the entire amount of all claims.

(b) Purchasers shall be liable for indemnification pursuant to this Agreement only after the total indemnification claims exceed the Threshold, in the aggregate. Upon the Threshold being met, Purchasers shall be liable for the entire amount of all claims.

(c) Notwithstanding the provisions of this Agreement, the aggregate amount of indemnification claims to be paid by Seller pursuant to this Section 9 shall not exceed the amount of the Purchase Price.

(d) Notwithstanding the provisions of this Agreement, Purchasers shall not be required to indemnify Seller pursuant to this Agreement in an amount greater than the Purchase Price.

(e) The rights set forth in this Section 9 shall be each party's sole and exclusive remedy for any claim or dispute arising under this Agreement, absent fraud or intentional misrepresentation.

10. Miscellaneous.

10.1 From time to time after the Closing Date, each party will execute all documents and take such other actions as any other party may reasonably request in order to consummate the transactions provided for herein and to accomplish the purposes of this Agreement.

10.2 Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

10.3 This Agreement sets forth the entire understanding of the parties hereto and supersedes any prior oral or written agreements and understandings with respect to the subject matter herof. This Agreement may be modified only by written instruments signed by each of such parties.

10.4 This Agreement will not be assignable or delegable by any party without the prior written consent of the other party.

10.5 This Agreement shall be governed and construed in accordance with the laws of the State of Illinois, without regard to conflicts of law principles. Any dispute arising out of or related to this Agreement shall be decided in a court of general jurisdiction in Cook County, Illinois.

10.6 All notices and other communications hereunder shall be in writing and shall be deemed given when received, if delivered in person, or on the first business day after the day deposited for next business day delivery, if sent by a nationally recognized next-day delivery service (e.g., Federal Express), or on the third business day after the day mailed, if sent by registered or certified mail (postage prepaid, return receipt requested), to the other party at the following addresses (or at such other address for a party as shall be specified by like notice; provided, that notices of a change of address shall be effective only upon receipt thereof):

If to Seller:

NovaMed Management Services, LLC
40 Burton Hills Boulevard, Suite 500
Nashville, Tennessee 37215
Attention: General Counsel

If to Purchasers:

c/o Kirk Eye Center
7427 Lake Street
River Forest, IL 60305
Attention: Scott Kirk M.D. & Kent Kirk, M.D.

With a copy to:

Benesch, Friedlander, Coplan & Aronoff LLP
333 West Wacker Drive, Suite 1900
Chicago, Illinois 60606
Attn: Bill Doran

10.7 This Agreement may be executed via facsimile, PDF or otherwise in multiple counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

10.8 The parties hereto agree that the benefits afforded either party hereunder are not payment for, and are not in any way contingent upon the referral, admission or any other arrangement for, the provision of any item or service offered by any party hereto that is reimbursed by Medicare, Medicaid or any other federal or state health care program.

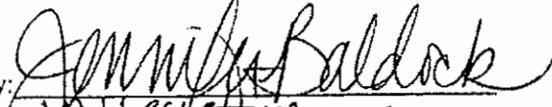
10.9 All expenses of the preparation of this Agreement and of the transactions provided for herein shall be borne by the respective party incurring such expense, whether or not such transactions are consummated.

10.10 As used herein, "knowledge" shall mean the actual knowledge of Seller's officers, including, without limitation, the Regional Vice President of Seller overseeing the Facility.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

SELLER:

NOVAMED MANAGEMENT SERVICES, LLC

By: 
Its: 

PURCHASERS:

Scott H. Kirk, M.D.

Kent A. Kirk, M.D.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date and year first above written.

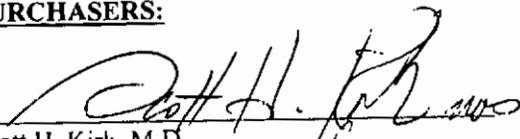
SELLER:

NOVAMED MANAGEMENT SERVICES, LLC

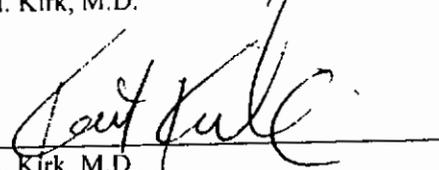
By: _____

Its: _____

PURCHASERS:



Scott H. Kirk, M.D.



Kent A. Kirk, M.D.

EXHIBIT A-1
ASSIGNMENT OF MEMBERSHIP INTEREST TO DR. SCOTT KIRK

EXHIBIT A-2
ASSIGNMENT OF MEMBERSHIP INTEREST TO DR. KENT KIRK

EXHIBIT B
TERMINATION AGREEMENT

ATTACHMENT #6

Financial Statements

NovaMed Surgery Center of River Forest, LLC does not have audited financial statements, however the latest financial statements are attached.

IL-RIVER FOREST
Actual to Budget to Prior - Summary
For the Month Ended Dec 31, 2015

	<u>Month to Date</u> <u>Actual</u>	<u>Quarter to Date</u> <u>Actual</u>	<u>Year to Date</u> <u>Actual</u>
Cases	104	290	1,151
REVENUE			
Gross Revenue	378,682	1,032,846	4,126,583
Contractual Adjustments	(227,126)	(683,011)	(2,660,300)
% of Gross Revenue	59.98%	66.13%	64.47%
SURGERY PARTNERS REVENUE	151,556	349,835	1,466,283
OPERATING EXPENSE			
Salaries & Wages	38,759	91,813	338,696
Contract Labor	-	-	-
Employee Benefits	3,308	7,106	32,991
Employee G & A	-	-	251
Seminars & Education	-	39	439
Dues, Fees & Subscriptions	110	331	1,876
Travel & Entertainment	-	-	-
Office Supplies	1,544	4,514	16,047
Medical Supplies	50,456	118,183	481,964
Professional Fees	2,431	6,353	26,058
Medical Related Fees	4,037	9,577	38,661
Rentals & Leases	10,283	30,498	123,997
Repairs & Maintenance	5,120	13,262	46,074
Utilities	4,883	14,232	39,397
Internal Management & Collection Fees	13,255	34,278	126,146
Insurance, Taxes & Licenses	4,848	15,285	62,777
Bad Debts	5,000	5,000	10,846
Other Expenses	-	-	-
Total Operating Expense	144,035	350,470	1,346,222
% of Net Revenue	95.04%	100.18%	91.81%
OPERATING INCOME (LOSS)	7,521	(635)	120,062
Margin	4.96%	-0.18%	8.19%
Loss on Disposal of Long-Lived Assets	-	-	-
Gain on Sale of Long-Lived Assets	-	-	-
Proceeds on Litigation/Insurance Settlements	-	-	-
EBITDA	7,521	(635)	120,062
EBITDA Margin	4.96%	-0.18%	8.19%
Depreciation	2,321	6,964	26,545
Amortization	-	-	-
EBIT	5,200	(7,599)	93,517
EBIT Margin	3.43%	-2.17%	6.38%
Interest & Other Income	-	-	-
Interest & Other Expense	-	-	-
Intercompany Interest (Net)	-	-	-
Net Income(Loss) before Income Taxes	5,200	(7,599)	93,517
Income Taxes	-	-	-
Net Income(Loss) before income Taxes	5,200	(7,599)	93,517
Margin	3.43%	-2.17%	6.38%
EBITDA - NCI	18,228	37,366	200,385
Margin	12.03%	10.68%	13.67%
Per Case Stat			
Gross Charges / case	\$ 3,641	\$ 3,562	\$ 3,585
Net Revenue / case	\$ 1,457	\$ 1,206	\$ 1,274
Contractual %	60.0%	66.1%	64.5%
% of Net Revenue			
SWB	28%	28%	25%
Medical Supplies	33%	34%	33%
Operating Expenses	95%	100%	92%

W. WARE FOREST
Statement of Operations
For the Month Ended Dec 31, 2015

Item	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Year to Date Actual	Year to Date Actual
	2	3	4	5	6	7	8	9	10	11	12	13	14	15
REVENUE														
Gross Revenue	11,379	199,143	341,253	702,648	649,044	420,151	481,380	453,803	375,321	188,537	263,517	378,633	3,781,833	4,118,613
Contractual Adjustments	(15,409)	(12,509)	(17,210)	(185,549)	(186,231)	(308,131)	(303,276)	(172,890)	(237,649)	(183,578)	(194,315)	(227,116)	(2,217,116)	(2,640,300)
Other Revenue	34,828	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824	61,824
Operating Partnership Revenue	(4,600)	73,590	174,034	103,139	184,823	163,433	181,604	174,904	137,532	125,047	73,233	151,558	1,466,233	1,466,233
OPERATING EXPENSE														
Salaries & Wages	4,702	2,713	31,631	38,517	34,900	35,935	36,567	36,512	34,356	26,348	26,707	34,759	318,696	318,696
Contract Labor														
Employee Benefits	2,194	3,578	2,148	1,844	4,301	2,619	3,075	3,148	3,179	904	2,892	3,208	32,991	32,991
Supplies & A														
Seminars & Education	117	431	117	308	110	110	110	110	110	110	110	110	1,100	1,100
Travel & Entertainment														
Office Supplies	405	882	3,134	1,031	2,270	661	1,725	1,463	1,973	1,924	1,045	1,544	16,047	16,047
Medical Supplies	3,570	15,107	40,183	29,009	46,733	78,270	96,001	61,792	34,817	96,231	31,496	50,456	481,964	481,964
Professional Fees	2,007	7,341	980	1,879	1,876	2,713	3,859	2,856	2,203	1,853	2,069	2,431	26,058	26,058
Medical Related Fees	10,545	10,145	10,123	10,177	10,550	10,333	10,395	10,744	10,744	10,075	10,140	10,283	133,997	133,997
Repairs & Maintenance	2,417	2,176	4,855	2,967	4,876	4,305	2,321	2,321	4,269	4,890	3,351	5,210	46,074	46,074
Utilities	2,012	2,987	1,139	1,012	1,816	1,412	1,389	1,084	1,564	1,359	1,450	1,283	13,397	13,397
Internal Management & Collection Fees	511	4,310	10,017	8,319	14,932	22,331	14,430	14,932	13,429	11,259	9,884	13,255	126,146	126,146
Insurance, Taxes & Licenses	5,454	5,344	5,374	5,302	5,374	5,374	5,374	5,374	5,374	5,374	5,374	5,374	53,746	53,746
Other Expenses														
Total Operating Expense	34,768	60,877	96,718	107,754	129,873	151,157	140,857	145,909	118,623	105,203	101,233	144,033	1,468,222	1,468,222
SG&A Expense	(74,428)	(41,728)	(77,998)	(77,998)	(79,498)	(88,778)	(75,698)	(81,428)	(84,428)	(84,128)	(118,248)	(85,428)	(814,228)	(814,228)
OPERATING INCOME (LOSS)	(24,800)	137,113	27,005	(4,617)	34,150	3,069	(40,747)	28,995	18,706	19,844	(28,000)	7,521	1,500,622	1,500,622
Net Income	(24,800)	137,113	27,005	(4,617)	34,150	3,069	(40,747)	28,995	18,706	19,844	(28,000)	7,521	1,500,622	1,500,622
Loss on Disposal of Long-Lived Assets														
Gain on Sale of Long-Term Assets														
Proceeds on Litigation/Insurance Settlements														
EBITDA	(24,800)	137,113	27,005	(4,617)	34,150	3,069	(40,747)	28,995	18,706	19,844	(28,000)	7,521	1,500,622	1,500,622
Depreciation	1,085	2,086	2,002	2,002	2,002	2,002	2,152	2,321	2,321	2,321	2,321	2,321	16,345	16,345
Amortization	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)
EBT	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)
EBT Margin														
Interest & Other Expense														
Interest & Other Expense														
Intercompany Interest (Net)														
Net Income (Loss) Before Income Taxes	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)
Income Taxes														
Net Income (Loss) Before Income Taxes	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)
EBITDA - MD	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)	(40,453)
Share														
Collection														
Distributions - Sundry Partners														
Distributions - Physicians														
Gross Changes / Loss	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Revenue / Loss	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contractual %														
% of Net Revenue														
SWB	149.9%	14.1%	16.4%	39.1%	24.1%	22.7%	27.3%	27.3%	27.3%	21.8%	40.4%	27.8%	27.3%	27.3%
Medical Supplies	34.1%	20.5%	17.5%	28.1%	28.7%	28.0%	25.3%	25.3%	25.3%	29.0%	43.0%	33.3%	33.3%	33.3%
Operating Expenses	-714.0%	82.7%	104.5%	104.5%	79.6%	93.7%	77.6%	85.4%	85.4%	81.1%	114.2%	95.0%	95.0%	95.0%

**River Forest ASC
Balance Sheet
December 31, 2015**

December

ASSETS

Current Assets

Cash & Equivalents	210,753
Accounts Receivable (net)	56,146
Other Receivables	1,473
Inventories	14,116
Prepaid Expenses	15,326
	<hr/>
Total Current Assets	297,814

Property & Equipment

Leasehold Improvements	331,376
Furniture, Fixtures, and Equipment	44,491
Computers & Software	11,797
Medical Equipment	997,953
Accumulated Depreciation	(1,297,058)
	<hr/>
Property & Equipment (net)	88,559

Other Assets

Goodwill	992,548
Other Assets	2,775
	<hr/>
Total Assets	<u><u>1,381,696</u></u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable	34,087
Due To/(From)	33,584
Payroll Liabilities	24,313
Other Current Liabilities	36,554
	<hr/>
Total Current Liabilities	128,538

Long Term Liabilities

Total Liabilities	<hr/> 128,538
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Shareholders' Equity

Contributed Capital - SP	1,435,809
Contributed Capital - Physicians	71,096
Distributed Earnings - SP	(4,449,946)
Distributed Earnings - Physicians	(24,489)
Prior Year Earnings	4,127,172
Current Year Earnings	93,517
	<hr/>
Total Shareholders' Equity	1,253,158

Total Liabilities and Shareholders' Equity	<u><u>1,381,696</u></u>
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Unaudited - For Management Purposes Only

**River Forest ASC
Balance Sheet
December 31, 2015**

December

ASSETS

Current Assets

Cash & Equivalents:

1120-0000-00-00 CASH - OPERATING	(48,765)
1135-0000-00-00 CASH - DEPOSITORY	259,518
Total Cash & Equivalents	<u>210,753</u>

Accounts Receivable (net):

1220-0000-00-00 A/R - FACILITY CHARGES	(18,753)
1220-0010-00-00 A/R - FACILITY CHARGES	92,890
1252-0000-00-00 ALLOWANCE FOR CONTRACTUA	(16,571)
1254-0000-00-00 ALLOWANCE FOR BAD DEBT	(1,421)
Total Accounts Receivable (net)	<u>56,146</u>

Other Receivables:

1390-0000-00-00 OTHER RECEIVABLE	1,473
Total Other Receivables	<u>1,473</u>

Inventories:

1420-0000-00-00 INV. MEDICAL SUPPLIES	(550)
1420-0040-00-00 INV. MEDICAL SUPPLIES	12,098
1420-1705-00-00 INV. MEDICAL SUPPLIES	555
1420-1706-00-00 INV. MEDICAL SUPPLIES	(87)
1420-1712-00-00 INV. MEDICAL SUPPLIES	600
1420-1716-00-00 INV. MEDICAL SUPPLIES	1,500
Total Inventories	<u>14,116</u>

Prepaid Expenses:

1510-0000-00-00 PREPAID INSURANCE	6,785
1520-0000-00-00 PREPAID CONTRACTS	2,682
1590-0000-00-00 PREPAID OTHER	5,858
Total Prepaid Expenses	<u>15,326</u>

Total Current Assets	<u>297,814</u>
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**River Forest ASC
Balance Sheet
December 31, 2015**

	December
<i>Property & Equipment</i>	
Leasehold Improvements:	
1730-0000-00-00 LEASEHOLDS IMPROVEMENTS	331,376
Total Leasehold Improvements	331,376
Furniture, Fixtures, and Equipment:	
1740-0000-00-00 FURNITURE, FIXTURES & EQUIP	44,491
Total Furniture, Fixtures, and Equipment	44,491
Computers & Software:	
1750-0000-00-00 COMPUTER & SOFTWARE	11,797
Total Computers & Software	11,797
Medical Equipment:	
1760-0000-00-00 MEDICAL EQUIPMENT	924,703
1765-0000-00-00 MED EQUIP - CAP LEASE	73,250
Total Medical Equipment	997,953
Accumulated Depreciation:	
1830-0000-00-00 A/D - LHI	(288,805)
1840-0000-00-00 A/D - FFE	(44,368)
1850-0000-00-00 A/D - COMPS/SOFTWARE	(9,814)
1860-0000-00-00 A/D - MED EQUIP	(880,822)
1865-0000-00-00 A/D - MED EQUIP - CAP LEASE	(73,250)
Total Accumulated Depreciation	(1,297,058)
Property & Equipment (net)	88,559
<i>Other Assets</i>	
Goodwill:	
1960-0000-00-00 GOODWILL	992,548
Total Goodwill	992,548
Other Assets:	

**River Forest ASC
Balance Sheet
December 31, 2015**

	December
Other Assets (continued):	
1930-0000-00-00 SECURITY DEPOSIT	2,775
	2,775
Total Other Assets	2,775
Total Assets	1,381,696

LIABILITIES & SHAREHOLDERS' EQUITY

Current Liabilities

Accounts Payable:	
2110-0000-00-00 ACCOUNTS PAYABLE	3,355
2112-0000-00-00 AP ACCRUAL	17
2114-0000-00-00 DOCLINK ACCRUAL	30,715
	34,087
Total Accounts Payable	34,087

Due To/(From) SARC Mgmt - Mgmt Fees:	
2360-0200-00-00 DUE TO CORPORATE	13,255
2360-0210-00-00 DUE TO CORPORATE	9,609
Total Due To/(From) SARC Mgmt - Mgmt Fees	22,864

Due To/(From) Cash Sweep:	
2727-5622-00-00 DUE TO/FROM	70
2727-6009-00-00 DUE TO/FROM	10,650
Total Due To/(From) Cash Sweep	10,720
Due To/(From)	33,584

Payroll Liabilities:	
2210-0000-00-00 ACCRUED BIWEEKLY PAYROLL	8,719
2240-0000-00-00 ACCRUED PAYROLL TAXES	662
2252-0000-00-00 ACCRUED HEALTH DEDUCTIONS	4,830
2261-0000-00-00 FLEX BENEFIT DEDUCTIONS PA	2,461
2285-0000-00-00 ACCRUED VACATIONS/PTO	6,841
2220-0000-00-00 ACCRUED BONUS	800
	24,313
Total Payroll Liabilities	24,313

**River Forest ASC
Balance Sheet
December 31, 2015**

	December
Other Current Liabilities:	
2150-0000-00-00 ACCRUED EXPENSES	36,554
Total Other Current Liabilities	36,554
Total Current Liabilities	128,538
Long Term Liabilities	
Total Liabilities	128,538
Shareholders' Equity	
Contributed Capital - SP:	
3110-0000-00-00 CONTRIBUTED CAPITAL - GP	1,435,809
Total Contributed Capital - SP	1,435,809
Contributed Capital - Physicians:	
3111-0305-00-00 CONTRIBUTED CAPITAL - LP	71,096
Total Contributed Capital - Physicians	71,096
Distributed Earnings - SP:	
3120-0000-00-00 DISTRIBUTED EARNINGS - GP	(4,449,946)
Total Distributed Earnings - SP	(4,449,946)
Distributed Earnings - Physicians:	
3121-0305-00-00 DISTRIBUTED EARNINGS - LP	(24,489)
Total Distributed Earnings - Physicians	(24,489)
Prior Year Earnings:	
3500-0000-00-00 RETAINED EARNINGS - PRIOR	6,237,681
3500-0000-60-00 RETAINED EARNINGS - PRIOR	70,575
3500-0000-91-00 RETAINED EARNINGS - PRIOR	(70,575)
3500-0011-00-00 RETAINED EARNINGS - PRIOR	(36,096)
3500-0040-00-00 RETAINED EARNINGS - PRIOR	(82,947)
3500-0045-00-00 RETAINED EARNINGS - PRIOR	(35,959)
3500-0050-00-00 RETAINED EARNINGS - PRIOR	(51,811)

**River Forest ASC
Balance Sheet
December 31, 2015**

	December
Prior Year Earnings (continued):	
3500-0160-00-00 RETAINED EARNINGS - PRIOR	156,838
3500-0440-00-00 RETAINED EARNINGS - PRIOR	(171,685)
3500-0590-00-00 RETAINED EARNINGS - PRIOR	(80,562)
3500-1701-00-00 RETAINED EARNINGS - PRIOR	(174,084)
3500-1703-00-00 RETAINED EARNINGS - PRIOR	(226,454)
3500-1704-00-00 RETAINED EARNINGS - PRIOR	(137,912)
3500-1705-00-00 RETAINED EARNINGS - PRIOR	(472,179)
3500-1706-00-00 RETAINED EARNINGS - PRIOR	(621,261)
3500-1708-00-00 RETAINED EARNINGS - PRIOR	(4,940)
3500-1711-00-00 RETAINED EARNINGS - PRIOR	(1,787)
3500-1712-00-00 RETAINED EARNINGS - PRIOR	(140,158)
3500-1713-00-00 RETAINED EARNINGS - PRIOR	(7,684)
3500-1714-00-00 RETAINED EARNINGS - PRIOR	(21,828)
	4,127,172
Total Prior Year Earnings	
Current Year Earnings:	
3510-0000-00-00 YTD NET INCOME	(344,725)
3510-0000-00-10 YTD NET INCOME	814,099
3510-0000-00-15 YTD NET INCOME	4,857
3510-0000-00-20 YTD NET INCOME	340,408
3510-0000-00-25 YTD NET INCOME	86,273
3510-0000-00-30 YTD NET INCOME	18,668
3510-0000-00-50 YTD NET INCOME	(11,031)
3510-0000-00-55 YTD NET INCOME	67,616
3510-0000-60-00 YTD NET INCOME	(209,525)
3510-0000-70-00 YTD NET INCOME	(61,522)
3510-0000-90-00 YTD NET INCOME	(100,153)
3510-0013-00-00 YTD NET INCOME	(541)
3510-0045-00-00 YTD NET INCOME	(3,173)
3510-0050-00-00 YTD NET INCOME	(21,395)
3510-0058-00-00 YTD NET INCOME	(1,189)

**River Forest ASC
Balance Sheet
December 31, 2015**

	December
Current Year Earnings (continued):	
3510-0060-00-00 YTD NET INCOME	(187)
3510-0110-00-00 YTD NET INCOME	(198)
3510-0160-00-00 YTD NET INCOME	461
3510-0440-00-00 YTD NET INCOME	(40,270)
3510-0550-00-00 YTD NET INCOME	(2,639)
3510-0590-00-00 YTD NET INCOME	(25,229)
3510-1701-00-00 YTD NET INCOME	(63,260)
3510-1703-00-00 YTD NET INCOME	(54,516)
3510-1704-00-00 YTD NET INCOME	(6,500)
3510-1705-00-00 YTD NET INCOME	(100,717)
3510-1706-00-00 YTD NET INCOME	(155,601)
3510-1708-00-00 YTD NET INCOME	(14,265)
3510-1712-00-00 YTD NET INCOME	(11,229)
3510-1714-00-00 YTD NET INCOME	(11,002)
	93,517
Total Current Year Earnings	93,517
Total Shareholders' Equity	1,253,158
Total Liabilities and Shareholders' Equity	1,381,696

Unaudited - For Management Purposes Only



ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

CHANGE OF OWNERSHIP EXEMPTION APPLICATION
FOR AN EXISTING HEALTH CARE FACILITY
AUGUST 2013 EDITION

RECEIVED

NOV 21 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
INSTRUCTIONS FOR THE COMPLETION OF APPLICATION FOR EXEMPTION
CHANGE OF OWNERSHIP FOR AN EXISTING HEALTH CARE FACILITY

The attached form must be used for all transactions proposing a change of ownership of a health care facility. The requirements for issuance of an exemption are contained in 77 IAC 1130.520. Applicants should refer to IAC 1130.140 for definitions of a change of ownership and control of a health care facility. Applicants should also refer to 77 IAC 1130.220(a) for information on who the applicant(s) should be. Note the following requirements and guidelines pertaining to the Application for Exemption:

1. IAC 1130.520(a) prohibits any person from acquiring or entering into an agreement to acquire an existing health care facility prior to receiving approval from the State Board.
2. Complete the application with all applicable attachments. All pages and documents must be on single-sided paper size 8 1/2" x 11". Applicants should note that the required attachments to the application must be labeled and identified by attachment number. FAILURE TO DO SO WILL RESULT IN THE APPLICATION BEING DEEMED INCOMPLETE.
3. It is noted that all applications for exemption for the change of ownership of a health care facility are subject to the opportunity for a public hearing and public hearing requirements (77 IAC 1130.520(c) and (d)).
4. Applicants must submit a complete original application with original signature(s) and required appendices and attachments, as well as the APPLICATION FEE of \$2,500 payable by check or money order to the Illinois Department of Public Health. Submit the material to:

Courtney Avery, Administrator
Illinois Health Facilities and Services Review Planning Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761-0001
5. Per IAC 1130.550(b), the State Agency is allowed 30 DAYS (from the date of receipt of the application) to determine the application's completeness. PLEASE REFRAIN FROM TELEPHONING THE STATE AGENCY FOR A STATUS REPORT ON YOUR APPLICATION. STAFF TIME ANSWERING PHONE INQUIRIES TAKES FROM STAFF TIME TO REVIEW APPLICATIONS. The State Agency will contact you if your application is incomplete.

NOTE: "The Illinois Health Facilities and Services Review Board does not discriminate on the basis of handicap in admission or access to, or treatment or employment in its programs and activities in compliance with Section 504 of the Rehabilitation Act of 1973, as amended. The Equal Employment Opportunity Officer is responsible for coordination of compliance efforts; voice (217) 785-2034; TDD (217) 785-2088."