

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

**IN RE:** ) **CHAPTER 11**  
)  
**SOUTHERN REGIONAL HEALTH** ) **CASE NO. 15- 64266-wlh**  
**SYSTEM, INC., d/b/a/ SOUTHERN** )  
**REGIONAL MEDICAL CENTER,** )  
\_\_\_\_\_)  
**IN RE:** ) **CASE NO. 15- 64278-wlh**  
)  
**SOUTHERN CRESCENT PHYSICIANS'** )  
**GROUP, INC.,** )  
\_\_\_\_\_)  
**IN RE:** ) **CASE NO. 15- 64279-wlh**  
)  
**SOUTHERN CRESCENT REAL ESTATE,** )  
**INC.,** )  
\_\_\_\_\_)  
**IN RE:** ) **CASE NO. 15-64280-wlh**  
)  
**SOUTHERN REGIONAL AMBULATORY** )  
**SURGERY, INC.,** )  
\_\_\_\_\_)  
**IN RE:** ) **CASE NO. 15- 64281-wlh**  
)  
**SOUTHLAKE AMBULATORY SURGERY** )  
**CENTER, L.L.L.P., D/B/A MOUNT ZION** )  
**SURGERY CENTER, A/K/A SPIVEY** )  
**STATION SURGERY CENTER, and** )  
\_\_\_\_\_)  
**IN RE:** ) **CASE NO. 15-64277-wlh**  
)  
**SOUTHERN REGIONAL MEDICAL** )  
**SERVICES, INC.** )  
\_\_\_\_\_)



## GLOBAL NOTES TO DEBTORS' SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS

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Southern Regional Health System, Inc., d/b/a Southern Regional Medical Center (“**Southern Regional**”), Southern Crescent Physicians’ Group, Inc., (“**SCPG**”), Southern Crescent Real Estate, Inc., (“**SCRE**”), Southern Regional Ambulatory Surgery, Inc., (“**SRAS**”), Southlake Ambulatory Surgery Center, L.L.P., d/b/a Mount Zion Surgery Center, a/k/a Spivey Station Surgery Center (“**Spivey Station**”) and Southern Regional Medical Services, Inc., (“**SRMS**”), debtors and debtors-in-possession (collectively, the “**Debtors**”) in the above-styled proposed jointly administered case (the “**Case**”) submit their Schedules of Assets and Liabilities (the “**Schedules**”) and Statements of Financial Affairs (the “**SOFAs**”) pursuant to 11 U.S.C. § 521, Rule 1007 of the Federal Rules of Bankruptcy Procedure.

1. These global notes (the “**Global Notes**”) regarding the Debtors’ Schedules and SOFAs comprise an integral part of the Schedules and SOFAs filed by the Debtors, and should be referenced in connection with any review of the Schedules and SOFAs.

2. The Schedules and SOFAs prepared by the Debtors are unaudited, and were prepared with data available to the Debtors as near as possible to July 30, 2015, the date of commencement of the Debtors’ chapter 11 cases (the “**Petition Date**”). Although the Debtors’ management made every reasonable effort to ensure that the Schedules and SOFAs are accurate and complete based on information that was available to them at the time of preparation, inadvertent errors or omissions may exist, and subsequent information or discovery may result in material changes to the Schedules and SOFAs, including, but not limited to, the discovery of prepetition invoices that were not available (or that the Debtors had not yet received) at the time the Schedules and SOFAs were prepared. Accordingly, the Schedules and SOFAs remain subject to further review and verification by the Debtors, and the Debtors reserve the right to amend the Schedules and SOFAs from time-to-time as may be necessary or appropriate. Nothing contained in the Schedules and SOFAs shall constitute, or be deemed, a waiver of any rights, claims or defenses of the Debtors against any third party, or with respect to any aspect of these chapter 11 cases or any related litigation or arbitration. Except as otherwise agreed pursuant to a stipulation, agreed order, or general order entered by the Bankruptcy Court, nothing contained in the Schedules and SOFAs is intended or should be construed as an admission or stipulation of the validity of any claim against the Debtors, or as a waiver of the Debtors’ rights to dispute any claim or assert any cause of action or defense against any party, and the Debtors reserve all rights to dispute or challenge the characterization of the structure of any transaction or any document or instrument related to a creditor’s claim.

3. The Schedules and SOFAs do not purport to represent financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles. The preparation of the Schedules and SOFAs required the Debtors to make estimates and assumptions with respect to the reported amounts of assets and liabilities, the amount of contingent assets and contingent liabilities, and the reported amounts of any revenues and expenses during the applicable reporting periods. Actual results could differ from the Debtors’ estimates.

4. Any failure to designate a claim on the Debtors' Schedules and/or SOFAs as "disputed," "contingent" or "unliquidated" does not constitute an admission by the Debtors that such claim is not "disputed," "contingent" or "unliquidated." The Debtors reserve the right to dispute, or to assert offsets or defenses to, any claim reflected on their Schedules and SOFAs as to amount, liability, priority, secured or unsecured status, or classification, or to otherwise designate any claim as "disputed," "contingent" or "unliquidated" by filing and serving an appropriate amendment. The Debtors reserve the right to amend their Schedules and/or SOFAs as necessary and/or appropriate.

5. It would be prohibitively expensive, unduly burdensome, and an inefficient use of estate assets for the Debtors to obtain current market valuations of all of their assets. Accordingly, unless otherwise indicated, net book values as of the Petition Date are reflected on the Schedules and SOFAs. For this reason, amounts ultimately realized may vary from net book value, and such variances may be material. In addition, the amounts shown for total liabilities exclude any items identified as "unknown" or "undetermined" and, thus, ultimate liabilities may differ materially from those stated in the Schedules and SOFAs. The Debtors reserve the right to amend or adjust the value of any asset or liability set forth in the Debtors' Schedules and SOFAs.

6. Despite reasonable efforts, the Debtors may not have identified and/or set forth all causes of action against third parties in their Schedules and SOFAs. The Debtors reserve any and all rights with respect to any causes of action they may have, and neither these Global Notes nor the Schedules and SOFAs shall be deemed a waiver of any such causes of action, nor may they be used in any litigation in these, or related to these, chapter 11 cases.

7. All totals that are included in the Schedules and SOFAs represent totals of the liquidated amounts for the individual schedule and/or SOFA entry for which they are listed. To the extent there are unknown or undetermined amounts, the actual total may be different than the listed total. The description of an amount as "unknown," "TBD," or "undetermined" is not intended to reflect upon the materiality of such amount.

8. Although the Debtors may have scheduled claims of various creditors as secured claims on Schedule D, except as otherwise agreed pursuant to a stipulation, agreed order, or general order entered by the Bankruptcy Court, the Debtors reserve the right to dispute or challenge the secured nature or the validity of any such creditor's claim or the characterization of the structure of any such transaction or any document or instrument related to such creditor's claim. The descriptions provided in Schedule D are intended only to be a summary. Without limiting the foregoing, the inclusion on Schedule D of creditors that have asserted liens of any nature is not intended to be an acknowledgement of the validity, extent, or priority of any such liens, and the Debtors reserve their rights to challenge such liens and the underlying claims on any ground whatsoever, except as otherwise agreed pursuant to a stipulation, agreed order, or general order entered by the Bankruptcy Court. Reference to the applicable agreements and other related relevant documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in the Global Notes or the Schedules and SOFAs shall be deemed a modification or interpretation of the terms of any such agreements.

9. The Debtors reserve the right to dispute or challenge whether creditors listed on Schedule E are entitled to priority claims. Schedule E does not include priority employee claims

that were paid pursuant to the *Order Granting Motion for Order Authorizing Payment of Pre-Petition Wages, Payroll Taxes, Certain Employee Benefits, Related Expenses, and Other Compensation to Employees and Independent Contractors* dated August 5, 2015 [Docket No. 39]. Also, the Debtors have omitted from their responses to SOFA question #3b payments made to employees within 90 days of the Petition Date.

10. The liabilities identified in Schedule F are derived from the Debtors' books and records. The Debtors have made a good faith attempt to set forth their unsecured obligations, although the actual amount of claims against the Debtors may vary from those liabilities represented on Schedule F. The listed liabilities may not reflect the correct amount of any unsecured creditor's allowed claim or the correct amount of all unsecured claims. Parties in interest should not anticipate that the relationship of aggregate asset values and aggregate liabilities set forth in the Schedules and SOFAs will reflect their ultimate recoveries in these cases. Parties in interest should consult their own professionals and/or advisors with respect to pursuing a claim. Although the Debtors and their professionals have generated financials that the Debtors believe to be reasonable, actual liabilities and assets may deviate from the Schedules and SOFAs due to certain events that occur throughout the duration of these chapter 11 cases and upon the potential discovery of additional information.

11. Certain prepetition fixed, liquidated and undisputed unsecured claims owing as of the Petition Date were paid in accordance with certain first-day orders before the date of the filing of the Schedules and SOFAs. As such, certain Schedules may exclude amounts that were payable as of the Petition Date or liabilities that are expected to be paid pursuant to Court order. For example, the Debtors have continued their self-insured health insurance plan post-petition, and, in connection therewith, are administering pre-petition and post-petition health insurance claims of employees in the ordinary course of business under the terms of the plan. Said claims are excluded from the Schedules.

12. The dollar amounts listed in Schedule F may be exclusive of contingent and unliquidated amounts. All parties to executory contracts and unexpired leases, including those listed on Schedule G, are holders of contingent and unliquidated unsecured claims arising from (i) obligations under those executory contracts and unexpired leases and/or (ii) rejection damages in the event that any such executory contracts and unexpired leases are rejected. Not all such claims are duplicated on Schedule F.

13. The Debtors' businesses are complex. While commercially reasonable efforts have been made to ensure the accuracy of Schedule G regarding the Debtors' executory contracts and unexpired leases, inadvertent errors, omissions, or over-inclusions may have occurred. Listing a contract, lease or agreement on Schedule G does not constitute an admission that such contract, lease or agreement is an executory contract or unexpired lease or that such contract, lease or agreement was in effect on the Petition Date or is valid or enforceable. The Debtors reserve all of their rights to dispute the validity, effectiveness, status, or enforceability of any contracts, agreements, or leases set forth in Schedule G (including, but not limited to, whether any lease is a true lease or financing arrangement) and to amend or supplement Schedule G as necessary.

14. Except as may be otherwise indicated in the SOFAs or the Schedules, the Debtors have included payments made during the one-year period preceding the Petition Date to persons deemed an “insider,” as that term is defined in section 101(31) of the Bankruptcy Code. The Debtors do not take any position with respect to (a) any such person’s influence over the control of the Debtors, (b) the management responsibilities or functions of any such person, (c) the decision-making or corporate authority of any such person, or (d) whether any such person could successfully argue that he or she is not an “insider” under applicable law.

15. George E. Hoffman, Jr. has executed the Declarations concerning the SOFAs and Schedules solely in his capacity as Senior Vice President and CFO of the Debtors and at the direction of the Debtors’ respective boards of directors. Notwithstanding his status as an employee of Emory Healthcare, Inc. or his management of the Debtors pursuant to a management services agreement by and among one or more of the Debtors and Emory Healthcare, Inc., such Declarations shall not be construed to bind Emory Healthcare, Inc., or any other third party with respect to the information contained therein.

16. The Debtors specifically reserve the right to amend, modify, supplement, correct, change, or alter any part of their Schedules, SOFAs and Global Notes as and to the extent necessary and as they deem appropriate.

This 19th day of August, 2015.

Respectfully submitted,

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