

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

IN RE:

SHERMAN/GRAYSON HOSPITAL LLC,
a Delaware limited liability company,¹

Debtor.

Chapter 11

Case No. 23-10810 (JKS)

**STATEMENT OF FINANCIAL AFFAIRS FOR
SHERMAN/GRAYSON HOSPITAL LLC (CASE NO. 23-10810-JKS)**

¹ The last four digits of the Debtor's federal tax identification number are 5690. The Debtor's address is 500 N. Highland Avenue, Sherman, Texas 75092.

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In re:

SHERMAN/GRAYSON HOSPITAL LLC, a
Delaware limited liability company,

Debtor.

Chapter 11

Case No. 23-10810-JKS

**GLOBAL NOTES, METHODOLOGY, AND SPECIFIC
DISCLOSURES REGARDING THE DEBTOR'S SCHEDULES OF
ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

Introduction

These *Global Notes, Methodology, and Specific Disclosures Regarding the Debtor's Schedules of Assets and Liabilities and Statements of Financial Affairs* (the "Global Notes") qualify, are incorporated by reference in, and comprise an integral part of, the Schedules of Assets and Liabilities (collectively, the "Schedules") and the Statements of Financial Affairs (collectively, the "Statements" and, together with the Schedules, the "Schedules and Statements") filed by Sherman/Grayson Hospital LLC ("Debtor" or the "Company") in the above-captioned case filed under Chapter 11 of the United States Code (the "Case") pending in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Schedules and Statements were prepared pursuant to § 521 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 1007 of the Federal Rules of Bankruptcy Procedure by management of the Debtor, with the assistance of the Debtor's advisors, and are unaudited.

In preparing the Schedules and Statements, the Debtor relied on financial data derived from its books and records that was available at the time of such preparation. The Debtor's Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), nor are they intended to be fully reconciled to the financial statements of the Debtor. The Schedules and Statements contain unaudited information that is subject to further review and potential adjustment. The Schedules and Statements reflect the Debtor's reasonable best efforts to report the assets and liabilities of the Debtor. While the Debtor's management has made reasonable efforts to ensure that the Schedules and Statements are as accurate and complete as possible under the circumstances, based on information available at the time of preparation, subsequent information or discovery may result in material changes to these Schedules and Statements. As a result, inadvertent errors or omissions may exist, and there can be no assurance that these Schedules and Statements are complete.

The Debtor reserves all rights to amend or supplement the Schedules and Statements from time to time, in all respects, as may be necessary or appropriate, including, without limitation, the right to (a) amend the Schedules and Statements with respect to a claim (as defined in § 101(5) of the Bankruptcy Code) description, designation, or Debtor against which the claim is asserted,

(b) dispute or otherwise assert offsets or defenses to any claim reflected in the Schedules and Statements as to amount, liability, priority, status, or classification, (c) subsequently designate any claim as “disputed,” “contingent,” or “unliquidated,” or (d) object to the extent, validity, enforceability, priority, or avoidability of any claim. Any failure to designate a claim in the Schedules and Statements as “disputed,” “contingent,” or “unliquidated” does not constitute an admission by the Debtor that such claim or amount is not “disputed,” “contingent,” or “unliquidated.” Listing a claim does not constitute an admission of liability by the Debtor against which the claim is listed or against the Debtor. Nothing contained in the Schedules and Statements shall constitute a waiver of any right of the Debtor or an admission with respect to its Chapter 11 Case (including, but not limited to, issues involving claims, substantive consolidation, defenses, equitable subordination, characterization or re-characterization of contracts and leases, assumption or rejection of contracts and leases under the provisions of chapter 3 of the Bankruptcy Code, and/or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant non-bankruptcy laws to recover assets or avoid transfers). Any specific reservation of rights contained elsewhere in these Global Notes does not limit in any respect the foregoing reservation of rights.

The Debtor and its agents, attorneys, and financial advisors do not guarantee or warrant the accuracy or completeness of the data that is provided herein, and will not be liable for any loss or injury arising out of or caused in whole or in part by the acts, errors, or omissions, whether negligent or otherwise, in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering the information contained herein. While commercially reasonable efforts have been made to provide accurate and complete information herein, inadvertent errors or omissions may exist. The Debtor and its agents, attorneys and financial advisors expressly do not undertake any obligation to update, modify, revise, or re-categorize the information provided herein, or to notify any third party should the information be updated, modified, revised, or recategorized. In no event will the Debtor or its agents, attorneys, and financial advisors be liable to any third party for any direct, indirect, incidental, consequential, or special damages (including, but not limited to, damages arising from the disallowance of a potential claim against the Debtor or damages to business reputation, lost business, or lost profits), whether foreseeable or not and however caused, even if the Debtor or its agents, attorneys, and financial advisors are advised of the possibility of such damages.

The Schedules and Statements have been signed by Laxman Reddy, President and Chief Executive Officer of the Debtor. Accordingly, in reviewing and signing the Schedules and Statements, Mr. Reddy necessarily relied upon the efforts, statements, and representations of the Debtor and its staff and other personnel and professionals. Mr. Reddy has not (and could not have) personally verified the accuracy of each such statement and representation, including, but not limited to, statements and representations concerning amounts owed to creditors, classification of such amounts, and their addresses.

These Global Notes should be referred to and considered in connection with any review of the Schedules and Statements.¹ Disclosure of information in one or more Schedules, one or more Statements, or one or more exhibits or attachments to the Schedules or Statements, even if incorrectly placed, shall be deemed to be disclosed in the correct Schedules, Statements, exhibits,

or attachments. In the event that the Schedules and Statements differ from the Global Notes, the Global Notes shall control.

Neither the Schedules and Statements, nor the Global Notes, should be relied upon by any persons for information relating to current or future financial conditions, events, or performance of the Debtor.

Global Notes and Overview of Methodology

Description of Case and Information Date

On June 23, 2023 (the “Petition Date”), the Debtor filed a voluntary petition with this Bankruptcy Court for relief under Chapter 11 of the United States Bankruptcy Code. The Debtor continues to operate its business and manage its property as debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. The Chapter 11 Case is being administered pursuant to Bankruptcy Rule 1015(b). No creditors’ committee has been appointed in this case. No trustee or examiner has been appointed. Except as otherwise noted, the information set forth herein is provided as of the close of business on the Petition Date.

Basis of Presentation

These Schedules and Statements reflect the assets and liabilities of the Debtor, except where otherwise indicated. Information contained in the Schedules and Statements has been derived from the Debtor’s books and records and historical financial statements. As indicated in prior filings in this case, the Debtor underwent a system conversion/upgrade to a new electronic medical records system, which includes the finance and accounting module used by Debtor, effective May 1, 2023. As a result of this conversion, there have been issues identified with mapping of data from the old system to the new system and these issues have delayed the issuance of financial statements for the months ending May 31, 2023 and June 30, 2023. As a result, unless otherwise noted, the values indicated on the schedules are as of April 30, 2023. The Debtor is diligently working to close its books for the month of May 31, 2023 and June 30, 2023 and will provide updated schedules.

These Schedules and Statements represent the Debtor’s good faith attempt to comply with the requirements of the Bankruptcy Code and Bankruptcy Rules using commercially reasonable efforts and resources available and are subject to further review and potential adjustment.

Amendment of Schedules and Statements

While reasonable efforts have been made to prepare and file complete and accurate Schedules and Statements, inadvertent errors or omissions may exist. The Debtor reserves all rights to amend and/or supplement the Schedules and Statements from time to time as is necessary or appropriate.

General Notes Applicable to Schedules and Statements

1. **Recharacterization.** The Debtor has made reasonable efforts to correctly characterize, classify, categorize, and designate the claims, assets, executory contracts, unexpired

leases, and other items reported in the Schedules and Statements. The Debtor reserves all rights to recharacterize, reclassify, recategorize, or redesignate items reported in the Schedules and Statements at a later time as necessary or appropriate, including, without limitation, whether contracts or leases listed herein were deemed executory or unexpired as of the Petition Date and remain executory and unexpired postpetition.

2. **Claim Designations.** Any failure to designate a claim in the Schedules and Statements as “contingent,” “unliquidated,” or “disputed” does not constitute an admission by the Debtor that such claim or amount is not “contingent,” “unliquidated,” or “disputed.” The Debtor reserves all rights to dispute, or to assert offsets or defenses to, any claim reflected on its Schedules or Statements on any grounds, including, but not limited to, amount, liability, priority, status, or classification, or to otherwise subsequently designate any claim as “contingent,” “unliquidated,” or “disputed.” Moreover, the Debtor reserves all rights to amend its Schedules and Statements as necessary and appropriate. Listing a claim does not constitute an admission of liability by the Debtor.

3. **Unliquidated Claim Amounts.** Claim amounts that could not be readily quantified by the Debtor are scheduled as “unliquidated.”

4. **Unknown Amounts.** The description of an amount as “unknown” is not intended to reflect upon the materiality of such amount.

5. **Court Orders.** Pursuant to certain orders of the Bankruptcy Court entered in the Debtor’s Chapter 11 Case entered on or about June 20, 2023 (the “First Day Orders”), the Debtor was authorized (but not directed) to pay, among other things, certain prepetition claims of employees, insurers, and taxing authorities. Accordingly, these liabilities may have been or may be satisfied in accordance with such orders and therefore may not be listed in the Schedules and Statements. Regardless of whether such claims are listed in the Schedules and Statements, to the extent such claims are paid pursuant to an order of the Bankruptcy Court (including the First Day Orders), the Debtor reserves all rights to amend or supplement its Schedules and Statements.

6. **Other Paid Claims.** To the extent the Debtor has reached any postpetition settlement with a vendor or other creditor, the terms of such settlement will prevail, supersede amounts listed in the Debtor’s Schedules and Statements, and shall be enforceable by all parties, subject to any necessary Bankruptcy Court approval. To the extent the Debtor pays any of the claims listed in the Schedules and Statements pursuant to any orders entered by the Bankruptcy Court, the Debtor reserves all rights to amend and supplement the Schedules and Statements and take other action, such as filing claims objections, as is necessary and appropriate to avoid overpayment or duplicate payment for such liabilities.

7. **Liabilities.** The Debtor has sought to allocate liabilities between the prepetition and postpetition periods based on the information and research that was conducted in connection with the preparation of the Schedules and Statements. As additional information becomes available and further research is conducted, the allocation of liabilities between prepetition and postpetition periods may change. The Debtor reserves the right to modify, amend, or supplement the Schedules and Statements as it deems appropriate in this regard.

8. **Excluded Assets and Liabilities.** The Debtor may have excluded certain categories of assets, tax accruals, and liabilities from the Schedules and Statements, including without limitation, accrued salaries and employee benefit accruals. In addition, and as set forth above, the Debtor may have excluded amounts for which the Debtor has been granted authority to pay pursuant to a First Day Order or other order that may be entered by the Bankruptcy Court. The Debtor may also have excluded rejection damage claims of counterparties to executory contracts and unexpired leases that may be rejected (if any), to the extent such damage claims exist. Also, certain immaterial assets and liabilities may have been excluded.

9. **Confidential or Sensitive Information.** There may be instances in which certain information in the Schedules and Statements intentionally has been redacted due to the nature of an agreement between a Debtor and a third party, concerns about the confidential or commercially sensitive nature of certain information, or concerns for the privacy of an individual based on the Health Insurance Portability and Accountability Act of 1996 or otherwise. The alterations will be limited to only what is necessary to protect the Debtor or third party. In some instances, the redacted information may be available upon request.

10. **Leases.** The Debtor may not have included in the Schedules and Statements the future obligations of any capital or operating leases. To the extent that there was an amount outstanding as of the Petition Date, the creditor has been included on Schedule F of the Schedules. Nothing in the Schedules or Statements (including, without limitation the failure to list leased property or equipment as owned property or equipment) is, or shall be construed as, an admission as to the determination of legal status of any lease (including whether any lease is a true lease or financing arrangement), and the Debtor reserves all rights with respect to such issues.

11. **Guarantees and Other Secondary Liability Claims.** The Debtor has used reasonable efforts to locate and identify guarantees and other secondary liability claims (collectively, “Guarantees”) in each of its executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements. However, certain Guarantees embedded in the Debtor’s executory contracts, unexpired leases, secured financings, debt instruments, and other such agreements may have been inadvertently omitted. Thus, the Debtor reserves all rights to amend the Schedules to the extent that additional Guarantees are identified.

12. **Executory Contracts.** Although the Debtor has made diligent efforts to attribute an executory contract to its rightful Debtor, in certain instances, the Debtor may have inadvertently failed to do so. Accordingly, the Debtor reserves all rights with respect to the named parties of any and all executory contracts, including the right to amend Schedule G.

13. **Estimates.** To prepare and file the Schedules as close to the Petition Date as possible, management was required to make certain estimates and assumptions that affected the reported amounts of these assets and liabilities. The Debtor reserves all rights to amend the reported amounts of assets and liability to reflect changes in those estimates or assumptions.

14. **Fiscal Year.** The Debtor’s fiscal year ends on December 31.

15. **Property and Equipment.** Unless otherwise indicated, owned property and equipment are stated at net book value. The Debtor may lease furniture, fixtures, and equipment

from certain third-party lessors. Nothing in the Schedules and Statements is or shall be construed as an admission as to the determination as to the legal status of any lease (including whether any lease is a true lease or a financing arrangement), and the Debtor reserves all of its rights with respect to same.

16. **Credits and Adjustments.** The claims of individual creditors for, among other things, goods, products, services, or taxes are listed as the amounts entered on the Debtor's books and records and may not reflect credits, allowances, or other adjustments due from such creditors to the Debtor. The Debtor reserves all rights with regard to such credits, allowances, and other adjustments, including the right to assert claims objections and/or setoffs with respect to the same.

17. **Insiders.** In the circumstance where the Schedules and Statements require information regarding "insiders" the Debtor has included information with respect to the individuals the Debtor believes are included in the definition of "insider" set forth in § 101(31) of the Bankruptcy Code during the relevant time periods. Such individuals may no longer serve in such capacities. The listing of a party as an insider for purposes of the Schedules and Statements is not intended to be, nor should it be, construed an admission of any fact, right, claim, or defense and all such rights, claims, and defenses are hereby expressly reserved. Information regarding the individuals listed as insiders in the Schedules and Statements has been included for informational purposes only and such information may not be used for: (1) the purposes of determining (a) control of the Debtor; (b) the extent to which any individual exercised management responsibilities or functions; (c) corporate decision-making authority over the Debtor; or (d) whether such individual could successfully argue that he or she is not an insider under applicable law, including the Bankruptcy Code and federal securities laws, or with respect to any theories of liability, or (2) any other purpose.

18. **Totals.** All totals that are included in the Schedules and Statements represent totals of all known and estimated amounts that are included in the Schedules and Statements. To the extent there are unknown, disputed, contingent, unliquidated, or otherwise undetermined amounts, the actual total may be materially different than the listed total. The description of an amount as "unknown", "disputed", "contingent", "unliquidated", or "undetermined" is not intended to reflect upon the materiality of such amount.

19. **Exclusions.** The Debtor may have excluded certain categories of assets and liabilities from the Schedules and Statements, including accrued liabilities such as accrued salaries and employee benefits (including accrued personal time off) and accrued accounts payable, as well as assets with a net book value of zero. Other non-material assets and liabilities may have also been excluded.

Specific Notes Regarding the Schedules and Statements

Specific Notes Regarding the Statements

1. **Gross Revenue.** Amounts listed for gross revenue in the Part 1 of the Statements from the beginning of the fiscal year to just before the Petition Date reflect gross revenue from the Debtor's business for the period of January 1, 2022 through and including April 30, 2023.

2. **90 Day Payments.** The dates set forth in the “Dates of Payment” column relate to one of the following: (a) the date of a wire transfer; (b) the date of an “ACH” payment; or (c) the date that a check was issued. Item 3 includes any disbursement or other transfer made by the Debtor within 90 days before the Petition Date except for those made to insiders (which payments appear in response to Item 4).

3. **Insider Payments.** The Debtor made reasonable, good faith efforts to list all material payments made to or for the benefit of insiders with one year before the filing of the case. However, it would be unduly burdensome to determine the amount of certain employee benefits provided to insiders by the Debtor, which include, among other things, the employer portion of health insurance premiums. Moreover, the payment of such amounts was authorized by the Employee Wage Order (as defined herein). The Debtor believes that the expenses underlying any employee reimbursements were incurred for the benefit of the Debtor, and not insiders.

4. **Property held for another.** The Debtor has made reasonable efforts to account for property held for another by relying on the Debtor’s books and records.

Specific Notes Regarding Schedule A/B

1. **Bank Account Balances.** In the event of any conflict between the Debtor’s *Motion for Interim and Final Orders Authorizing (I) Maintenance of Existing Bank Accounts, (II) Continued Use of Existing Cash Management System, and (III) Continued Use of Business Forms Pursuant to 11 U.S.C. §§ 105, 345, 363, 364, 503, 1107 and 1108 of the Bankruptcy Code* [Docket No. 6] and the Statements and Schedules, the information contained in the Statements and Schedules shall control.

2. **Prepayments.** Certain prepayments reflected on the Debtor’s balance sheet may not be included because the vendor to which they relate has fully performed the related services and the Debtor has no claims against these vendors. The Prepayments include a prepayment to MPT of Sherman-Alecto, LLC as of April 30, 2023 which was reduced to \$0.00 as of the Petition Date as a portion of the prepayment balance has been applied to current rent due and the remaining balance was returned to Debtor.

3. **Real Property.** The real property identified in Schedule A/B is owned by MPT Of Sherman-Alecto, LLC and leased to Debtor pursuant to that certain Lease Agreement, dated as of October 31, 2014 (as amended from time to time, the “MPT Lease”). Although the real property and improvements are owned by MPT of Sherman-Alecto, LLC, the Debtor’s financial statements include the real property and improvements as an asset with a corresponding liability in accordance with GAAP and instructions from Debtor’s accountants when audited financial statements were produced by the Debtor.

Specific Notes Regarding Schedule E/F

1. **Creditors Holding Priority Unsecured Claims.** The listing of any claim on Schedule E/F does not constitute an admission by the Debtor that such claim is entitled to priority treatment under § 507 of the Bankruptcy Code. The Debtor reserves all rights to dispute the amount and/or the priority status of any claim on any basis at any time.

The Bankruptcy Court entered the *Interim Order (I) Authorizing Payment of Certain Prepetition Employee Claims, Including Wages and Salaries, (II) Authorizing Payment of Certain Employee Benefits and Confirming right to Continue Employee Benefits on Postpetition Basis, (III) Authorizing Payment of Reimbursement to Employees for Prepetition Expenses, (IV) Authorizing Payment of Withholding and Payroll-Related Taxes, (V) Authorizing Payment of Prepetition Claims Owing to Administrators and Third Party Providers and (VI) Allowing Banks to Honor Prepetition Checks and Fund Transfers for Authorized Payments* [Docket No.26], granting authority to the Debtor to pay certain prepetition employee wage and other obligations in the ordinary course (the “Wage Order”). Pursuant to the Wage Order, the Bankruptcy Court granted the Debtor authority to pay or honor certain prepetition obligations for employee wages, payroll deductions, employee benefits, and other benefits and fees. The Debtor has not listed on Schedule E/F any wage or employment-related obligations owed to non-insiders for which the Debtor has been granted authority to pay pursuant to the Employee Wage Order or other order that may be entered by the Bankruptcy Court. The Debtor believes that all such claims have been, or will be, satisfied in the ordinary course during this case pursuant to the authority granted in the Employee Wage Order or other order that may be entered by the Bankruptcy Court. Likewise, the Debtor has not listed on Statement, Question 3, any transfers to non-insider employees on account of wages or employment-related obligations for which the Debtor has been granted authority to pay pursuant to the Employee Wage Order or other order that may be entered by the Bankruptcy Court.

Specific Notes Regarding Schedule G

The Debtor’s books and records may not be complete with respect to all unexpired leases and/or executory contracts to which they are a party and that were pending as of the Petition Date. In particular, the Debtor may be party to agreements and understanding that are “oral” or “verbal” in nature; while the Debtor has made reasonable efforts to identify these agreements and disclose them in the Schedules, there may be some that are not yet known or identified. Certain of the executory contracts and unexpired leases listed on Schedule G may contain renewal options, guarantees of payment, options to purchase, rights of first refusal, rights to lease additional space and other miscellaneous rights. Such rights, powers, duties, and obligations are not separately set forth on Schedule G or Schedule B. Omission of a contract, lease or other agreement from Schedule G does not constitute an admission that such omitted contract, lease or agreement is not an executory contract or unexpired lease. The Debtor hereby reserves all of its rights to (i) dispute the validity, status, or enforceability of any contract, agreement or lease set forth in Schedule G and (ii) amend or supplement such Schedule as necessary.

* * * * *

Fill in this information to identify the case:Debtor name SHERMAN/GRAYSON HOSPITAL, LLCUnited States Bankruptcy Court for the: District of DelawareCase number (if known): 23-10810-JKS☐ Check if this is an amended filing**Official Form 207****Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy**

04/22

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income**1. Gross revenue from business**☐ None

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year

Sources of revenue
Check all that applyGross revenue
(before deductions and exclusions)

From the beginning of the fiscal year to filing date:

From 1/1/2023
MM / DD / YYYY

to Filing date

☒ Operating a business
☐ Other _____\$ 13,485,553.00

For prior year:

From 1/1/2022
MM / DD / YYYYto 12/31/2022
MM / DD / YYYY☒ Operating a business
☐ Other _____\$ 42,513,231.00

For the year before that:

From 1/1/2021
MM / DD / YYYYto 12/31/2021
MM / DD / YYYY☒ Operating a business
☐ Other _____\$ 47,669,939.00**2. Non-business revenue**

Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

☒ None

Description of sources of revenue

Gross revenue from each source
(before deductions and exclusions)

From the beginning of the fiscal year to filing date:

From 1/1/2023
MM / DD / YYYY

to Filing date

_____ \$ _____

For prior year:

From 1/1/2022
MM / DD / YYYYto 12/31/2022
MM / DD / YYYY

_____ \$ _____

For the year before that:

From 1/1/2021
MM / DD / YYYYto 12/31/2021
MM / DD / YYYY

_____ \$ _____

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

Part 2: List Certain Transfers Made Before Filing for Bankruptcy**3. Certain payments or transfers to creditors within 90 days before filing this case**

List payments or transfers—including expense reimbursements—to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than \$7,575. (This amount may be adjusted on 4/01/25 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

☐ None

Creditor's name and address	Dates	Total amount or value	Reasons for payment or transfer <i>Check all that apply</i>
3.1. See Attachment No. 3		\$	
Creditor's name			<input type="checkbox"/> Secured debt
Street			<input type="checkbox"/> Unsecured loan repayments
			<input type="checkbox"/> Suppliers or vendors
City State ZIP Code			<input type="checkbox"/> Services
			<input type="checkbox"/> Other
3.2.		\$	
Creditor's name			<input type="checkbox"/> Secured debt
Street			<input type="checkbox"/> Unsecured loan repayments
			<input type="checkbox"/> Suppliers or vendors
City State ZIP Code			<input type="checkbox"/> Services
			<input type="checkbox"/> Other

4. Payments or other transfers of property made within 1 year before filing this case that benefited any insider

List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than \$7,575. (This amount may be adjusted on 4/01/25 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

☐ None

Insider's name and address	Dates	Total amount or value	Reasons for payment or transfer
4.1. See Attachment No. 4		\$	
Insider's name			
Street			
City State ZIP Code			
Relationship to debtor			
4.2.		\$	
Insider's name			
Street			
City State ZIP Code			
Relationship to debtor			

Debtor **SHERMAN/GRAYSON HOSPITAL, LLC**
NameCase number (if known) **23-10810-JKS****5. Repossessions, foreclosures, and returns**

List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

☒ None

Creditor's name and address	Description of the property	Date	Value of property
5.1. Creditor's name Street City State ZIP Code			\$
5.2. Creditor's name Street City State ZIP Code			\$

6. Setoffs

List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

☒ None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount
Creditor's name Street City State ZIP Code			\$
Last 4 digits of account number: XXXX- _ _ _ _			

Part 3: Legal Actions or Assignments**7. Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**

List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

☐ None

Case title	Nature of case	Court or agency's name and address	Status of case
7.1. See Attachment No. 7		Name Street City State ZIP Code	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
Case number			
7.2.		Court or agency's name and address Name Street City State ZIP Code	<input type="checkbox"/> Pending <input type="checkbox"/> On appeal <input type="checkbox"/> Concluded
Case title			
Case number			

Debtor **SHERMAN/GRAYSON HOSPITAL, LLC**
NameCase number (if known) **23-10810-JKS****8. Assignments and receivership**

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

☒ None

Custodian's name and address	Description of the property	Value
Custodian's name		\$
Street		
City State ZIP Code		
	Case title	Court name and address
		Name
	Case number	Street
	Date of order or assignment	City State ZIP Code

Part 4: Certain Gifts and Charitable Contributions**9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than \$1,000**☒ None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value
9.1. Recipient's name			\$
Street			
City State ZIP Code			
Recipient's relationship to debtor			
9.2. Recipient's name			\$
Street			
City State ZIP Code			
Recipient's relationship to debtor			

Part 5: Certain Losses**10. All losses from fire, theft, or other casualty within 1 year before filing this case.**☒ None

Description of the property lost and how the loss occurred	Amount of payments received for the loss If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B (Schedule A/B: Assets – Real and Personal Property).	Date of loss	Value of property lost
			\$

Debtor **SHERMAN/GRAYSON HOSPITAL, LLC**
NameCase number (if known) **23-10810-JKS****Part 6: Certain Payments or Transfers****11. Payments related to bankruptcy**

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

☐ None

	Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
11.1.	See Attachment No. 11			\$
	Address			
	Street			
	City State ZIP Code			
	Email or website address			
	Who made the payment, if not debtor?			

	Who was paid or who received the transfer?	If not money, describe any property transferred	Dates	Total amount or value
11.2.				\$
	Address			
	Street			
	City State ZIP Code			
	Email or website address			
	Who made the payment, if not debtor?			

12. Self-settled trusts of which the debtor is a beneficiary

List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.

Do not include transfers already listed on this statement.

☒ None

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value
			\$
Trustee			

Debtor SHERMAN/GRAYSON HOSPITAL, LLC
NameCase number (if known) 23-10810-JKS**13. Transfers not already listed on this statement**

List any transfers of money or other property—by sale, trade, or any other means—made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

☒ None

Who received transfer?	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value
13.1. _____	_____	_____	\$ _____
Address _____ Street _____ _____ City State ZIP Code			
Relationship to debtor _____			
13.2. _____	_____	_____	\$ _____
Address _____ Street _____ _____ City State ZIP Code			
Relationship to debtor _____			

Part 7: Previous Locations**14. Previous addresses**

List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

☒ Does not apply

Address	Dates of occupancy	
14.1. _____ Street _____ _____ City State ZIP Code	From _____	To _____
14.2. _____ Street _____ _____ City State ZIP Code	From _____	To _____

Debtor SHERMAN/GRAYSON HOSPITAL, LLC
NameCase number (if known) 23-10810-JKS**Part 8: Health Care Bankruptcies****15. Health Care bankruptcies**

Is the debtor primarily engaged in offering services and facilities for:

- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

- ☐ No. Go to Part 9.
- ☒ Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care
---------------------------	----------------------------------------------------------------------------------	---------------------------------------------------------------------------

15.1. <u>Wilson N. Jones Reg Med Center</u> Facility name <u>500 N. Highland Avenue</u> Street <u>Sherman TX 75092</u> City State ZIP Code	<u>General Acute Care Hospital</u> <u>Location where patient records are maintained (if different from facility address). If electronic, identify any service provider.</u> <u>500 N. Highland Avenue, Sherman, TX 75092</u>	<u>ADC = 40</u> <u>How are records kept?</u> <i>Check all that apply:</i> <input checked="" type="checkbox"/> Electronically <input checked="" type="checkbox"/> Paper
-----------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care
---------------------------	----------------------------------------------------------------------------------	---------------------------------------------------------------------------

15.2. _____ Facility name _____ Street _____ City State ZIP Code	_____ <u>Location where patient records are maintained (if different from facility address). If electronic, identify any service provider.</u> _____ _____	_____ <u>How are records kept?</u> <i>Check all that apply:</i> <input type="checkbox"/> Electronically <input type="checkbox"/> Paper
---------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------

Part 9: Personally Identifiable Information**16. Does the debtor collect and retain personally identifiable information of customers?**

- ☐ No.
- ☒ Yes. State the nature of the information collected and retained. Personal Information Re: Patients
- Does the debtor have a privacy policy about that information?
- ☐ No
- ☒ Yes

17. Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?

- ☐ No. Go to Part 10.
- ☒ Yes. Does the debtor serve as plan administrator?
- ☒ No. Go to Part 10.
- ☐ Yes. Fill in below:

Name of plan	Employer identification number of the plan
_____	EIN: ____ - ____ - ____

Has the plan been terminated?

- ☐ No
- ☐ Yes

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units**18. Closed financial accounts**

Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?

Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

☒ None

Financial institution name and address	Last 4 digits of account number	Type of account	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer
18.1. Name Street City State ZIP Code	XXXX-____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other _____	_____	\$ _____
18.2. Name Street City State ZIP Code	XXXX-____	<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money market <input type="checkbox"/> Brokerage <input type="checkbox"/> Other _____	_____	\$ _____

19. Safe deposit boxes

List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

☒ None

Depository institution name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
Name Street City State ZIP Code	_____ _____ _____ Address _____ _____	_____ _____ _____	<input type="checkbox"/> No <input type="checkbox"/> Yes

20. Off-premises storage

List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

☒ None

Facility name and address	Names of anyone with access to it	Description of the contents	Does debtor still have it?
Name Street City State ZIP Code	_____ _____ _____ Address _____ _____	_____ _____ _____	<input type="checkbox"/> No <input type="checkbox"/> Yes

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own**21. Property held for another**

List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

☐ None

Owner's name and address	Location of the property	Description of the property	Value
See Attachment No. 21			\$ _____
Name _____	_____	_____	
Street _____	_____	_____	

City _____ State _____ ZIP Code _____			

Part 12: Details About Environmental Information

For the purpose of Part 12, the following definitions apply:

- *Environmental law* means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).
- *Site* means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.
- *Hazardous material* means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.

☐ No

☒ Yes. Provide details below.

Case title	Court or agency name and address	Nature of the case	Status of case
See Attachment No. 22/23			<input type="checkbox"/> Pending
Case number _____	Name _____	_____	<input type="checkbox"/> On appeal
	Street _____	_____	<input type="checkbox"/> Concluded

	City _____ State _____ ZIP Code _____		

23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

☐ No

☒ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
See Attachment No. 22/23			
Name _____	Name _____	_____	
Street _____	Street _____	_____	
_____	_____		
City _____ State _____ ZIP Code _____	City _____ State _____ ZIP Code _____		

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

24. Has the debtor notified any governmental unit of any release of hazardous material?



No



Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice
Name _____	Name _____	_____	_____
Street _____	Street _____	_____	
_____	_____		
City _____ State _____ ZIP Code _____	City _____ State _____ ZIP Code _____		

Part 13: Details About the Debtor's Business or Connections to Any Business

25. Other businesses in which the debtor has or has had an interest

List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case. Include this information even if already listed in the Schedules.



None

Business name and address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN.
25.1. _____ Name _____ Street _____ _____	_____ _____ _____	EIN: ____ - ____ - ____ Dates business existed From _____ To _____
25.2. _____ Name _____ Street _____ _____	_____ _____ _____	EIN: ____ - ____ - ____ Dates business existed From _____ To _____
25.3. _____ Name _____ Street _____ _____	_____ _____ _____	EIN: ____ - ____ - ____ Dates business existed From _____ To _____

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

26. Books, records, and financial statements

26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.

☒ None

Name and address

Dates of service

From _____ To _____

26a.1.

Name

Street

City

State

ZIP Code

Name and address

Dates of service

From _____ To _____

26a.2.

Name

Street

City

State

ZIP Code

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

☒ None

Name and address

Dates of service

From _____ To _____

26b.1.

Name

Street

City

State

ZIP Code

Name and address

Dates of service

From _____ To _____

26b.2.

Name

Street

City

State

ZIP Code

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

☒ None

Name and address

If any books of account and records are unavailable, explain why

26c.1.

Name

Street

City

State

ZIP Code

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

Name and address

If any books of account and records are unavailable, explain why

26c.2.

Name

Street

City

State

ZIP Code

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

☐ None

Name and address

26d.1.

See Attachment No. 26d

Name

Street

City

State

ZIP Code

Name and address

26d.2.

Name

Street

City

State

ZIP Code

27. Inventories

Have any inventories of the debtor's property been taken within 2 years before filing this case?

☒ No

☐ Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the inventory

Date of inventory

The dollar amount and basis (cost, market, or other basis) of each inventory

\$

Name and address of the person who has possession of inventory records

27.1.

Name

Street

City

State

ZIP Code

Debtor

SHERMAN/GRAYSON HOSPITAL, LLC

Name

Case number (if known) 23-10810-JKS

Name of the person who supervised the taking of the inventory

Date of
inventoryThe dollar amount and basis (cost, market, or
other basis) of each inventory

\$ _____

Name and address of the person who has possession of inventory records

27.2.

Name

Street

City

State

ZIP Code

28. List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name

Address

Position and nature of any
interest

% of interest, if any

See Attached.

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

☒ No☐ Yes. Identify below.

Name

Address

Position and nature of
any interestPeriod during which
position or interest was
held

From _____ To _____

From _____ To _____

From _____ To _____

From _____ To _____

30. Payments, distributions, or withdrawals credited or given to insiders

Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

☒ No☐ Yes. Identify below.

Name and address of recipient

Amount of money or
description and value of
property

Dates

Reason for
providing the value

30.1.

Name

Street

City

State

ZIP Code

Relationship to debtor

Debtor SHERMAN/GRAYSON HOSPITAL, LLC
NameCase number (if known) 23-10810-JKS

Name and address of recipient

30.2

Name

Street

City

State

ZIP Code

Relationship to debtor

31. Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?

☐ No☒ Yes. Identify below.

Name of the parent corporation

Employer Identification number of the parent corporation

Alecto Healthcare Services Sherman LLCEIN: 3 7 - 1 7 6 0 4 2 3

32. Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?

☒ No☐ Yes. Identify below.

Name of the pension fund

Employer Identification number of the pension fund

EIN: _____ - _____

Part 14: Signature and Declaration

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to \$500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 7/21/2023
MM / DD / YYYY

 /s/ Laxman Reddy

Printed name Laxman Reddy

Signature of individual signing on behalf of the debtor

Position or relationship to debtor Chief Executive Officer, Alecto Healthcare Services Sherman LLC, a Delaware limited liability company, Debtor's Sole Member/Manager

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

☐ No☒ Yes

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 3
[Part 2, Item 3]

Sherman/Grayson Hospital LLC
Payments + Transfers to Creditors
03/25/23 to 06/23/23

Date	Vendor	Amount	Payment Type	Check #	Reason for Payment
03/15/23	STRYKER SALES CORPORATION	20,000.00	Wire		Supplies
03/27/23	ASCENTIUM CAPITAL, LLC	1,326.97	AP Check	206891	Lease Payment
03/27/23	LEWIS, ETTA	1,785.00	AP Check	206893	Services
03/27/23	NES SOUTHWEST MEDICAL SERVICES, INC.	121.33	AP Check	206892	Services
03/28/23	BECKMAN COULTER, INC	1,958.46	AP Check	206894	Supplies
03/29/23	CARDINAL HEALTH	25,000.00	Wire		Supplies - Pharmaceuticals
03/29/23	MEDLINE INDUSTRIES LP	30,000.00	Wire		Supplies
03/29/23	BURDEN'S PUMPING SERVICE	311.45	AP Check	206896	Services
03/29/23	DIRECTV ENTERTAINMENT HOLDINGS LLC	1,769.22	AP Check	206897	Services
03/29/23	ESUTURES.COM	1,814.10	AP Check	206907	Supplies
03/29/23	FARMER BROTHERS CO	2,233.17	AP Check	206895	Supplies
03/29/23	FEDEX	25.40	AP Check	206898	Services
03/29/23	GRAYSON COLLIN COMMUNICATIONS	2,567.58	AP Check	206899	Services
03/29/23	MENJIVAR'S LAWN & LANDSCAPE CO	4,800.00	AP Check	206900	Services
03/29/23	POEHL, CAROL	2,270.00	AP Check	206901	Services
03/29/23	SHERMAN LOCK AND KEY	376.16	AP Check	206902	Services
03/29/23	SPOK, INC.	481.47	AP Check	206903	Services
03/29/23	SSD ALARM	1,572.83	AP Check	206904	Services
03/29/23	STAPLES BUSINESS ADVANTAGE	585.71	AP Check	206905	Supplies
03/29/23	VANTAGE POINT LOGISTICS, INC	687.02	AP Check	206906	Services
03/30/23	MED-PAT, INC	259.50	AP Check	206908	Supplies
03/31/23	APEX	22,636.21	Wire		Services
03/31/23	BLUE CROSS BLUE SHIELD OF TEXAS	315,896.60	AP Check	206910	Employee Benefits
03/31/23	CROWN STAPLE & SUPPLY LLC	6,984.17	AP Check	206909	Supplies
03/31/23	LABORATORY CORPORATION OF AMERICA	15,117.99	AP Check	206911	Services
03/31/23	METZER & AUSTIN, P.L.L.C.	250.00	AP Check	206912	Employee Garnishment
03/31/23	UNITED WAY	258.19	AP Check	206913	Employee Contributions
04/03/23	LAERDAL MEDICAL CORP.	133.42	AP Check	206915	Supplies
04/03/23	US FOODS, INC	33,955.12	AP Check	206914	Supplies
04/04/23	MEDLINE INDUSTRIES LP	30,000.00	Wire		Supplies
04/05/23	APEX	24,613.43	Wire		Services
04/05/23	ACIST MEDICAL SYSTEMS	1,448.38	AP Check	206936	Supplies
04/05/23	AT&T MOBILITY	581.64	AP Check	206937	Services
04/05/23	ATMOS ENERGY	229.84	AP Check	206938	Utilities
04/05/23	AVANOS	154.44	AP Check	206939	Supplies
04/05/23	BECKMAN COULTER, INC	2,287.88	AP Check	206956	Supplies
04/05/23	CITY OF SHERMAN WATER UTILITY	27,785.16	AP Check	206940	Utilities
04/05/23	DIAMEDICAL USA EQUIPMENT LLC	286.32	AP Check	206941	Supplies
04/05/23	ESUTURES.COM	1,870.00	AP Check	206942	Supplies
04/05/23	HIREQUEST	2,433.20	AP Check	206943	Services
04/05/23	JAMES, JUDY	219.05	AP Check	206944	Employee Expense Reimbursement
04/05/23	LEWIS, ETTA	2,980.00	AP Check	206945	Services
04/05/23	MARTIN, APRIL	3,781.25	AP Check	206946	Services
04/05/23	MAY MEDIA LLC	1,623.75	AP Check	206947	Services
04/05/23	MCGAUGHEY, BENJAMIN DAVID	3,888.00	AP Check	206948	Services
04/05/23	MEDSERVICE REPAIR, INC.	136.38	AP Check	206949	Services
04/05/23	RAMSEY, VICKIE	1,800.00	AP Check	206950	Services
04/05/23	ROBERTS, MARY	1,093.75	AP Check	206951	Services
04/05/23	STIDHAM, BRUCE - GRAYSON COUNTY TAX COLLECTOR	25,000.00	AP Check	206952	Past Due Personal Property Taxes
04/05/23	VAUGHN, GINA K	282.00	AP Check	206953	Services
04/05/23	VIRAL MD LLC	1,750.00	AP Check	206954	Supplies
04/05/23	YOUNG, COLETTE H.	3,750.00	AP Check	206955	Services
04/06/23	HHS1, LLC	67,500.00	Wire		Services
04/10/23	BRACCO DIAGNOSTICS AND ACIST MED	2,158.51	Wire		Supplies
04/11/23	MARTIN, ROBERT	1,027.03	AP Check	206957	Employee Expense Reimbursement
04/11/23	MEDVANTAGE/SYSTEM ONE	198.94	AP Check	206958	Services
04/13/23	MEDLINE INDUSTRIES LP	30,000.00	Wire		Supplies
04/14/23	STRYKER SALES CORPORATION	20,000.00	Wire		Supplies
04/17/23	HHS1, LLC	67,500.00	Wire		Services
04/17/23	AMAZON BUSINESS	2,407.65	AP Check	206965	Supplies
04/17/23	BATTERIES PLUS - 148	8.43	AP Check	206959	Supplies
04/17/23	FRONTIER COMMUNICATIONS OF TEXAS	6,264.61	AP Check	206960	Utilities
04/17/23	MARKEL-CLARK, STACIE	152.31	AP Check	206961	Services
04/17/23	METLIFE	17,280.64	AP Check	206962	Employee Benefits
04/17/23	METZER & AUSTIN, P.L.L.C.	250.00	AP Check	206963	Employee Garnishment
04/17/23	TRIBBLE, CATHIE	439.23	AP Check	206964	Employee Expense Reimbursement
04/18/23	APEX	24,576.75	Wire		Services
04/18/23	CARDINAL HEALTH	25,000.00	Wire		Supplies
04/18/23	SIESTA SOLUTIONS, PLLC	57,774.29	Wire		Services
04/19/23	ACIST MEDICAL SYSTEMS	3,197.70	AP Check	207001	Supplies
04/19/23	BECKMAN COULTER, INC	5,428.25	AP Check	207003	Supplies
04/19/23	CARRUS CARE PHYSICIANS GROUP, INC	55,000.00	AP Check	206966	Services
04/19/23	CLARKE, DR JERMAINE	2,450.00	AP Check	206967	Services

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 3
[Part 2, Item 3]

Sherman/Grayson Hospital LLC
Payments + Transfers to Creditors
03/25/23 to 06/23/23

Date	Vendor	Amount	Payment Type	Check #	Reason for Payment
04/19/23	CONSTELLATION NEWENERGY, INC	61,492.47	AP Check	206968	Utilities
04/19/23	CONTROL SOLUTIONS, INC	15.00	AP Check	206969	Supplies
04/19/23	DARNALL, SHARI	1,757.00	AP Check	206970	Services
04/19/23	FASSITT, AYRIONE	1,487.50	AP Check	206971	Services
04/19/23	FLETCHER, MD JOHN THOMAS	1,050.00	AP Check	206972	Services
04/19/23	HATTON, ANTONETTE	750.00	AP Check	206973	Services
04/19/23	HIREQUEST	4,861.59	AP Check	206974	Services
04/19/23	HOLBROOK MD PA, CURTIS R	6,500.00	AP Check	206975	Services
04/19/23	IMEDX, INC.	9.70	AP Check	206976	Services
04/19/23	JOSHI, MD NIKHIL, PA	5,153.00	AP Check	206977	Services
04/19/23	KIM, MD JOSEPH	2,800.00	AP Check	206978	Services
04/19/23	KURESHI, IKRAM MD	1,350.00	AP Check	206979	Services
04/19/23	LEWIS, ETTA	1,780.00	AP Check	206980	Services
04/19/23	MARTIN, APRIL	1,500.00	AP Check	206981	Services
04/19/23	MCGAUGHEY, BENJAMIN DAVID	1,938.60	AP Check	206982	Services
04/19/23	MEDALLIANCE PARTNERS, LLC	10,456.00	AP Check	206983	Services
04/19/23	MUTUAL OF OMAHA	22,541.33	AP Check	206984	Employee Benefits
04/19/23	NES SOUTHWEST MEDICAL SERVICES, INC.	45,000.00	AP Check	206985	Services
04/19/23	NORTH TEXAS SARCOMA, PLLC	816.95	AP Check	206986	Services
04/19/23	NORTH TX COMPREHENSIVE CARDIOLOGY PLLC	15,600.00	AP Check	206987	Services
04/19/23	PREMIER PSYCHIATRIC & SLEEP MEDICINE, LL	20,000.00	AP Check	206988	Services
04/19/23	PROGRESSIVE MEDICAL INC.	5,822.81	AP Check	207002	Supplies
04/19/23	PROPATH SERVICES LLP	6,571.95	AP Check	206989	Services
04/19/23	RAMSEY, VICKIE	600.00	AP Check	206990	Services
04/19/23	RATHOD, MD MINAXI	675.00	AP Check	206991	Services
04/19/23	ROBERTS, MARY	3,950.00	AP Check	206992	Services
04/19/23	RUE, M.D., REBECCA	5,000.00	AP Check	206993	Services
04/19/23	SPOK, INC.	488.69	AP Check	206994	Services
04/19/23	STIDHAM, BRUCE - GRAYSON COUNTY TAX COLLECTO	25,000.00	AP Check	206995	Past Due Personal Property Taxes
04/19/23	SURGICAL INNOVATIONS OF TEXOMA, PLLC	6,750.00	AP Check	206996	Services
04/19/23	TOCATJIAN MD PA, ALAIN Z	354.14	AP Check	206997	Services
04/19/23	TRIBBLE, CATHIE	147.22	AP Check	206998	Employee Expense Reimbursement
04/19/23	URBANCZYK, DO JEREMY	15,750.00	AP Check	206999	Services
04/19/23	YOUNG, COLETTE H.	750.00	AP Check	207000	Services
04/20/23	NES SOUTHWEST MEDICAL SERVICES, INC.	117.84	AP Check	207004	Services
04/20/23	REINERT PAPER & CHEMICAL	565.33	AP Check	207005	Supplies
05/03/23	APEX	23,671.62	Wire		Services
05/03/23	FASSITT, AYRIONE	1,500.00	AP Check	207006	Services
05/03/23	LEWIS, ETTA	1,190.00	AP Check	207007	Services
05/03/23	MARTIN, APRIL	2,318.75	AP Check	207008	Services
05/03/23	MONTGOMERY, CASSANDRA	85.00	AP Check	207009	Services
05/03/23	ROBERTS, MARY	1,562.50	AP Check	207010	Services
05/03/23	YOUNG, COLETTE H.	3,018.75	AP Check	207011	Services
05/04/23	MANAGEMENT HEALTHCARE SYSTEMS LLC	21,111.40	Wire		Services
05/04/23	NES SOUTHWEST MEDICAL SERVICES INC	20,380.65	Wire		Services
05/04/23	SIESTA SOLUTIONS, PLLC	5,000.00	Wire		Services
05/09/23	METZER & AUSTIN, P.L.L.C.	250.00	AP Check	207012	Employee Garnishment
05/17/23	BHG HEALTH LLC	4,000.00	Wire		Services
05/30/23	HIREQUEST	7,161.64	AP Check	27049	Services
05/31/23	FASSITT, AYRIONE	750.00	AP Check	27050	Services
05/31/23	LEWIS, ETTA	2,970.00	AP Check	27051	Services
05/31/23	MARTIN, APRIL	812.50	AP Check	27052	Services
05/31/23	STAR DELIVERY SERVICE, INC	799.57	AP Check	27053	Services
05/31/23	YOUNG, COLETTE H.	731.25	AP Check	27054	Services
06/01/23	ALECTO HEALTHCARE SERVICES LLC	75,000.00	Wire		Repayment of Advance
06/01/23	ABILITY NETWORK, INC.	5,295.62	AP Check	27055	Services
06/01/23	ABILITY NETWORK, INC.	2,766.96	AP Check	27056	Services
06/01/23	SIESTA SOLUTIONS, PLLC	15,000.00	AP Check	27057	Services
06/05/23	REBECCA GOSHORN-AMMONS	2,500.00	AP Check	27058	Services
06/06/23	APEX	82,113.73	Wire		Services
06/06/23	ANESTHESIA RESOURCES LLC	3,641.67	AP Check	27064	Services
06/06/23	BARRIER, JOYCE	12,716.01	AP Check	27059	Services
06/06/23	EXPERIAN HEALTH, INC / PASSPORT	3,816.99	AP Check	27065	Services
06/06/23	JAMES, JUDY	413.94	AP Check	27060	Employee Expense Reimbursement
06/06/23	MARTIN, ROBERT	10.13	AP Check	27061	Employee Expense Reimbursement
06/06/23	SHARP ELECTRONICS CORPORATION	914.30	AP Check	27067	Copier Lease
06/06/23	SHARP ELECTRONICS CORPORATION	908.23	AP Check	27068	Copier Lease
06/06/23	TEXOMA REGIONAL BLOOD CENTER	6,529.00	AP Check	27066	Supplies
06/06/23	TEXOMA REGIONAL BLOOD CENTER	8,587.00	AP Check	27069	Supplies
06/06/23	TRIBBLE, CATHIE	499.79	AP Check	27062	Employee Expense Reimbursement
06/06/23	WRIGHT-CLARK, KIMBERLY	7,612.45	AP Check	27063	Services
06/08/23	FASSITT, AYRIONE	1,518.75	AP Check	27070	Services
06/08/23	MARTIN, APRIL	775.00	AP Check	27071	Services
06/08/23	MCGAUGHEY, BENJAMIN DAVID	1,960.20	AP Check	27072	Services

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 3
[Part 2, Item 3]

Sherman/Grayson Hospital LLC
Payments + Transfers to Creditors
03/25/23 to 06/23/23

Date	Vendor	Amount	Payment Type	Check #	Reason for Payment
06/08/23	SANDOVAL, RICHARD	250.56	AP Check	27073	Employee Expense Reimbursement
06/08/23	VIRTUSA CORPORATION	16,000.00	AP Check	27074	Services
06/08/23	YOUNG, COLETTE H.	3,843.75	AP Check	27075	Employee Expense Reimbursement
06/09/23	FIRETROL PROTECTION SYSTEMS, INC.	9,688.38	AP Check	27076	Services
06/09/23	TEXAS STATE DISBURSEMENT UNIT	2,755.12	AP Check	27077	Fees
06/13/23	MARKEL-CLARK, STACIE	2,500.00	AP Check	27078	Services
06/14/23	ALECTO HEALTHCARE SERVICES LLC	79,000.00	Wire		Repayment of Advance
06/14/23	APEX	22,845.52	Wire		Services
06/14/23	FORVIS LLP	45,370.00	Wire		Services
06/19/23	ALUKURI, SANTHOSH	5,168.87	AP Check	27089	Expense Reimbursement
06/19/23	BOLLU, PRABHU	6,778.74	AP Check	27090	Employee Expense Reimbursement
06/19/23	WRIGHT-CLARK, KIMBERLY	1,112.04	AP Check	27093	Services
06/22/23	SHULMAN BASTIAN FRIEDMAN BUI LLP	200,000.00	Wire		Professional Fees - Bk Counsel
06/23/23	MUTUAL OF OMAHA	68,630.39	Wire		Employee Benefits

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 4
[Part 2, Item 4]

Sherman/Grayson Hospital LLC
Payments + Transfers to Insiders
06/24/22 to 6/23/23

Date	Vendor	Address	Amount	Payment Type	Check #	Reason for Payment
06/29/22	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	268,874.01	Wire		Lease Payment to MPT of Sherman-Alecto, LLC
08/11/22	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	3,022.00	AP Check	205701	Imposiitons and Fees to MPT of Sherman-Alecto, LLC
10/12/22	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	268,874.01	Wire		Lease Payment to MPT of Sherman-Alecto, LLC
10/14/22	Alecto Healthcare Services LLC	101 N. Brand Boulevard, Suite 1920, Glendale, CA 91203	1,521,466.74	Wire		Transfer to Reserves
01/05/23	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	268,874.01	Wire		Lease Payment to MPT of Sherman-Alecto, LLC
01/09/23	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	20,825.37	Wire		Imposiitons and Fees to MPT of Sherman-Alecto, LLC
01/12/23	MPT Development Services, Inc.	1000 Urban Center Drive, Suite 501, Birmingham, AL 35242	600.00	AP Check	206594	Imposiitons and Fees to MPT of Sherman-Alecto, LLC
06/01/23	Alecto Healthcare Services LLC	101 N. Brand Boulevard, Suite 1920, Glendale, CA 91203	75,000.00	Wire		Repayment of Advance
06/14/23	Alecto Healthcare Services LLC	101 N. Brand Boulevard, Suite 1920, Glendale, CA 91203	79,000.00	Wire		Repayment of Advance

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 7
Part 3, Item 7

Litigation

1. *Medely, Inc. v. Sherman/Grayson Health Services, LLC and Sherman/Grayson Hospital, LLC*, 15th Judicial District of Grayson County Cause No. CV-22-1421.

- Plaintiff is a medical staffing company that has brought action to recover allegedly past due balances owed by Sherman/Grayson Hospital, LLC for temporary staff provided or arranged by Plaintiff.
- Plaintiff secured a judgment in the amount of \$1,729,388.71 against Sherman/Grayson Hospital, LLC which has been reduced by \$100,000 as part of a forbearance agreement.

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2. *Fisher v. Sherman/Grayson Hospital, LLC dba Wilson N. Jones Regional Medical Center*, 397th Judicial District of Grayson County Cause No. CV-20-1265.

- Action brought by employee related to work injury. Pending.

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3. *United States of America v. Olympia Health Care, LLC, et. al.*, United States District Court for the Central District of California Case No. 2:23-cv-01783.

- Alecto Healthcare Services Sherman LLC and Sherman/Grayson Hospital, LLC have been named in this action related to 2005 cost report liability of Olympia Health Care, LLC for which Olympia Health Care, LLC reached a settlement with CMS and performed under settlement, but CMS has failed to proceed with settlement. Alecto Healthcare Services Sherman LLC and Sherman/Grayson Hospital, LLC are named as defendants on fraudulent

transfer claims based on allegations that funds from Olympia Health Care, LLC were transferred to these entities.

- Pending

John R. Kresse, Esq.
United States Department of Justice
Civil Division, Commercial Litigation Branch
1100 L Street NW, 7th Floor
Box 875, Ben Franklin Station
Washington, DC 20044-0975
(202) 598-3811
John.Kresse@usdoj.gov

4. *HHSI, LLC v. Sherman/Grayson Hospital, LLC dba Wilson N. Jones Regional Medical Center*, 101st Judicial District of Dallas County Case No. DC-23-07437.

- Breach of contract action seeking recovery of approximately \$265,000.
- Pending

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5. *Datasearch, Inc. v. Sherman/Grayson Hospital, LLC dba Wilson N. Jones Regional Medical Center*, JAMS Arbitration Proceeding.

- Breach of contract action seeking recovery of approximately \$202,000.
- Pending

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6. [REDACTED] v. *North Texas Comprehensive Cardiology, PLLC and Sherman/Grayson Hospital, LLC*, 59th Judicial District of Grayson County Cause No. [REDACTED].

- Premises liability action
- Pending

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William P. Kennedy, Esq.
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7. [REDACTED] v. *Michael W. Spagnuolo, Michael Spagnuolo DO PLLC, Alecto Healthcare Services Sherman LLC, and Wilson N. Jones Regional Medical Center*, 15th Judicial District of Grayson County Cause No. [REDACTED].

- Professional Liability/Medical Malpractice Action.
- Pending

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Closed/Settled Matters

1. *Booe v. Alecto Healthcare Services*, United States District Court for Eastern District of Texas Case No. 4:22-cv-00110-ALM.

- Plaintiff is a former employee of Sherman/Grayson Hospital, LLC, who has alleged discrimination. Plaintiff has failed to name correct defendant.

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- On June 30, 2023, the Court granted Alecto Healthcare Services' motion to discuss this matter.

2. *Altera Highland, LLC v. Sherman/Grayson Hospital, LLC*, Grayson County Justice Court, Precinct No. 1, Case No. JC1-20-0538.

- Action brought by landlord to secure possession of office space leased to Sherman/Grayson Hospital, LLC under the following leases:
- Parties agreed to enter into an Agreed Judgment which awarded possession to Altera Highland, LLC and Sherman/Grayson Hospital, LLC vacated the leased space.

3. *LHP Hospital Group, Inc. v. Alecto Healthcare Services LLC and Alecto Healthcare Services Sherman LLC*, Delaware Superior Court Case No. N21C-01-146-PRW (CCLD).

- Action seeking indemnification from Alecto Healthcare Services Sherman LLC for losses allegedly suffered by LHP Hospital Group as the result of rent paid by LHP Hospital Group for the office leases identified in Item No. 2 above.
- Action seeking damages against Alecto Healthcare Services LLC for breach of guaranty.
- Action settled pursuant to the terms of a settlement agreement to which Debtor is a party.

Potter Anderson & Corroon LLP
Peter J. Walsh, Jr.
Clarissa R. Chenowith-Shook
1313 N. Market Street
Wilmington, DE 19801

Benjamin Hathaway
Richards Rodriguez & Skeith LLP
816 Congress Avenue, Suite 1200
Austin, TX 78701

4. *LHP Hospital Group v. Sherman/Grayson Hospital, LLC*, Grayson County District Court, 59th Judicial District, Case No. CV-20-0944.

- Action to recover past due rent as assignee of Altera Highland, LLC.
- Action dismissed as part of settlement in Item No. 3 above.

Benjamin Hathaway
Richards Rodriguez & Skeith LLP
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Austin, TX 78701

5. [REDACTED] v. *Cody Starnes, M.D., et. al.*, Grayson County District Court, 15th Judicial District, Case No. [REDACTED].

- Medical malpractice action brought against various defendants including Alecto Healthcare Services Sherman LLC and Wilson N. Jones Regional Medical Center.
- Plaintiffs voluntarily dismissed Alecto Healthcare Services Sherman LLC, Wilson N. Jones Regional Medical Center, and Cody Starnes, M.D., a physician employed by Sherman MD Provider, Inc., at the time of alleged incident.

Hilliard Martinez Gonzales LLP
Robert C. Hilliard
T. Christopher Pinedo
Sopanha Anderson
719 S. Shoreline Boulevard
Corpus Christi, TX 78401

In re Sherman/Grayson Hospital LLC**Attachment No. 11 to Statement of Affairs****[Part 6, Item 11 – Certain Payments or Transfers]**

<u>Who Was Paid or Received Transfer</u>	<u>Dates</u>	<u>Amount</u>	<u>Who Made Payment if Not Debtor</u>
Shulman Bastian Friedman & Bui LLP 100 Spectrum Center Drive Suite 600 Irvine, CA 92618	6/22/2023	\$315,000.00	\$200,000.00 paid by Debtor \$115,000.00 paid by Plaza Medical Office Building, LLC, an affiliate of Debtor
The Rosner Law Group LLC 824 North Market Street Suite 810 Wilmington, DE 19801	6/22/23	\$25,000.00	The funds were received from Laxman Reddy, Debtor's president and CEO via wire transfer initiated by Law Offices of Michael J. Sarrao
Donlin, Recano & Company, Inc. 6201 15th Avenue Brooklyn, NY 11219	6/22/23	\$25,000.00	The funds were received from Laxman Reddy, Debtor's president and CEO via wire transfer initiated by Law Offices of Michael J. Sarrao

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 21
Part 11, Item 21

Property Held for Another

Certain computer equipment, servers, and data belonging to Alecto Healthcare Services Fairmont LLC and Olympia Health Care, LLC are located at 500 N. Highland Avenue, Sherman, TX 75092.

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 22 and 23
Part 12, Items 22 and 23

Environmental Information

The Debtor entered into an Agreed Order in Docket No. 2022-0416-PST-E before the Texas Commission on Environmental Quality on 6/28/22.

The Agreed Order arises out of allegations related to certain required testing for an underground storage tank owned by Debtor and record keeping regarding such tests.

The matter is pending. Debtor is required to file a certification of compliance.

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 26.d
Part 13, Item 26.d.

The Debtor has provided financial statements to the following persons within the past two years:

MPT of Sherman-Alecto, LLC
1000 Urban Center Drive, Suite 501
Birmingham, AL 35242

Midland States Bank
1801 Park 270 Drive, Suite 200
St. Louis, MO 63146

American Healthcare Systems
505 N. Brand Boulevard, Suite 1110
Glendale, CA 91203

ICT Healthcare, LLC
8144 Walnut Hill Lane, Suite 1010
Dallas, TX 75203

Westcorp Health
15 Eleventh Street
Lakewood, NJ 08701

HHS1, LLC
13101 Preston Road, Suite 200
Dallas, TX 75240

In re Sherman/Grayson Hospital LLC
Statement of Affairs Attachment No. 28
Part 13, Item 28

List of Officers, Directors, Managing Members

Name	Address	Position/Nature of Interest	% of Interest
Alecto Healthcare Services Sherman LLC	101 N. Brand Boulevard Suite 1920 Glendale, CA 91203	Managing Member – 100% of Membership Interests	100%
Laxman Reddy	101 N. Brand Boulevard Suite 1920 Glendale, CA 91203	President & CEO, Indirect Interest	48.064%
Michael Sarrao	22431 Antonio Parkway Suite B160-457 Rancho Santa Margarita, CA 92688	Executive Vice-President, Secretary	5.936%