



Sunwest Management CRO Report

May 18-June 12, 2009

I. Ordinary Course Business

A. Operations

Sales and Occupancy. Sunwest's net census was up by 88 during the final week of May, marking the third consecutive week of positive census growth and a positive month-ending census of +59. In the first week of June, we saw a dip in census—as we always do following the usual month-end departures—but as we neared completion of the second week in June, the census trend was again slightly positive. It is too early to forecast results for June.

John Evans has reported to work as VP of Sales and Marketing, and we maintained our sales emphasis, completing the first regional training with many of our Community Sales Managers. Additional sales training courses will be conducted later in June and July. The weekly sales focus through the "Sales 101" webinars also continues, with field participation consistently running above 100 community participants. As recently as 60 days ago, typical participation in these sales and marketing calls ran as low as 5 to 15 communities.

Financial and Operating Performance. Rent collections for May continued to improve modestly for the third consecutive month, with 2.6% of month-end current rent due uncollected. We are refining and intensifying our rent collection focus and now report on it weekly in operational manager meetings.

April financial reporting was closed in late May and a summary of the same-community results are shown below.

<i>Dollar amounts in millions</i>	April 2008	April 2009	Δ
Revenue	\$ 27.96	\$ 29.56	+ 5.75%
Net Operating Income	6.84	7.94	+ 16.06%
Margin	24.47%	26.86%	+ 239 bps

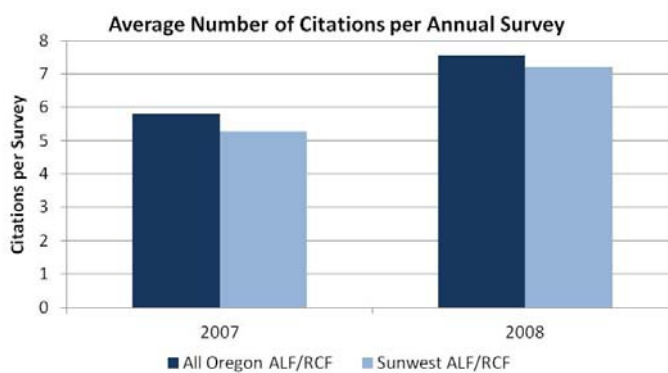
These results are for communities currently managed by Sunwest. The five communities under "operational" receiverships, from which we received incomplete financial reporting, are not included. Only two expense categories ("Nursing" and "Maintenance & Repair") grew in excess of the 5.8% revenue growth.

A project team completed work on company-wide wages and these results will now guide field management in establishing consistent wage guidelines within market areas. Similarly, a project team completed a full inventory of senior-housing apartments/beds, enabling common and consistent product description and accounting company-wide. This

data is being incorporated into operational systems. Finally, we implemented computerized resident input sheet recording, further automating day-to-day community operation.

Quality of Care. Quality metrics (i.e., resident service planning and completion of quality review audits) continued at or within acceptable levels. Four deficiency-free state surveys were completed during the last two weeks in the following communities: Rose Terrace (Memphis, TN), Cooper Villa (Arlington, TX), Maison Jardin (Morgan City, LA), and Flint River (Macon, GA).

State survey and citation data show, and regulatory personnel have directly confirmed, that Sunwest provides a quality of care comparable to that of other operators in Oregon. In the past two years, Sunwest has had a lower average number of citations per survey than other operators. Recent discussions with the State suggest continuation and/or improvement of that pattern.



Source: Oregon Department of Human Services

B. Finance

2009 Forecasts. Working with Sunwest’s Finance Department, we have completed detailed income statement projections through 2011 for approximately 200 senior living facilities, representing those currently managed by Sunwest and those facilities under receiverships. These projections play a critical role in developing debt restructuring proposals with lenders and the plan of restructuring.

Projections for non senior living projects are in progress and we expect to complete them by the end of June.

Cash Management. We recently completed an updated weekly cash budget through August 2009 to support the use of Lone Star funds. A summary of the sources & uses is attached to this report. Facilities with negative cash flow number about 30 and cumulatively lose approximately \$300,000 per month from operations. It is also significant to note that approximately \$2 million has been budgeted during the forecast period for deferred maintenance and capital expenditures for all senior living facilities. The budget to actual report for the first week of the updated budget (the week of May 25) is attached.

On May 27th, Judge Hogan issued an “Unopposed Order Granting Additional Preliminary Injunction and Appointing Receiver for Additional Entities,” bringing the Lone Star entities

into the Receivership Estate. The CRO is currently in the process of transferring the Lone Star funds under his control into the Estate. Under the order, the CRO is authorized to use the Lone Star sale proceeds attributable to the interests of Jon Harder, Darryl Fisher, and Wally Gutzler, consistent with the Court-approved budget.

We continue to make debt service payments under the protocol previously established, wherein facilities make current debt service payments to the extent of their ability to pay. We will review cash balances in excess of working capital requirements, deferred maintenance and capital expenditures to determine the ability of facilities to make catch up debt service payments.

If it were not for the costs of the restructuring, and if Sunwest Management and the senior living facilities it currently operates were consolidated into a single entity, the enterprise would now be able to operate in normal course and generate cash flow in excess of debt.

Chapter 11 Cases. The Court entered an order extending the exclusivity period in the bankruptcy cases for 150 days.

II. Restructuring Update

A. Mediation Updates

An all-hands mediation session was held on June 3rd for the purpose of dealing with third party claims and coordinating the various lawyers working on that issue.

On June 10th, the CRO, Receiver, and Management Committee met with attorneys representing the SEC, Sunwest principals, the Unsecured Creditors Committee, and the TICs (both the TIC Committee and private investor attorneys) to present the plan development process. Judge Velure attended the latter part of the session as well.

The CRO continues to work with Judge Velure, the Receiver, and the SEC to develop a mediation protocol. The aim is to schedule mediations so they play a constructive role in the restructuring process while not distracting resources available for developing and implementing a plan. Kelsey Clarkson (kclarkson@hamstreet.net) is coordinating this process.

B. Plan Development

The Management Committee and CRO's team has been working diligently on the strategic and financial issues involved in developing a plan of restructuring, while the Receiver's team has been making rapid progress in the areas of forensic accounting and claims process planning. On May 27-28, the CRO hosted a two-day strategy session to present the progress to date and discuss key issues in each area. Representatives of the Receiver, the SEC, Sunwest principals, TIC Committee, and UCC were present on day one, joined by counsel for lenders and individual investors on day two.

C. Asset Disposition

Status. To date, 46 properties have been approved for disposition by the Management Committee and CRO, including:

- 39 senior living facilities
- 3 apartment buildings
- 1 commercial property
- 3 parcels of undeveloped land

Of these properties, the Receiver has signed off on 32, with reviews pending on eight, and six requiring submission of full write-ups.

Twenty-two of the properties are slated for release to the secured lenders, five for transfer to investors, 10 for sale to third parties, and the rest are in negotiations to determine the form of disposition. So far the Court has entered orders releasing 10 properties from the estate.

Releases. The issue of lender releases was mediated on May 22. The Receiver is firm in not giving any releases to banks at this time, but is not insisting that lenders provide a release of deficiency claims or personal guaranties before foreclosing on a property.

As a condition of transfer to TICs, the policy of the Receivership Estate requires that the TICs:

- Do not receive a return greater than 20% on their original investment;
- Waive deficiency claims against the estate; and
- Subordinate their interest in third party recoveries until claimants who did not receive early distributions recover 35% of their investments.

Tax Impact. The CRO, MC, and Receiver continue to look for ways to minimize the tax impact of asset dispositions on TICs. To that end we are pursuing two strategies:

1. Seek a private letter ruling from the IRS holding that the loss of the TIC investment was a “theft” loss or “taking” under Section 1033.
2. Explore whether the divestco properties can be held without harm to Sunwest or the lender until a plan is approved and the TIC interests can be exchanged for interests in a restructured entity.

Darryl Steinhouse and Bill Bryan held a conference call for TICs in divestco properties on May 28th to provide an update on the tax issues and research into available options.

D. Investor Relations

In addition to the tax call, the CRO, Receiver, and Management Committee Chairman hosted an all-investor phone conference on June 2nd to answer questions about various aspects of the restructuring. Approximately 400 investors and their representatives

called in during the two-hour session. The call included a web-based component with a series of slides presenting current case status and plan development update. A copy of the presentation is available on the secure Investor Information page on the Sunwest website. We are also posting the CRO reports online in the same location.

As we work on the development of plan alternatives we are preparing financial analyses that will show each investor how different options will affect his or her investment. As soon as these are ready we will begin an extensive communications effort to present and explain the various options. In the meantime, the CRO, MC, and Receiver are working with all parties, including the Unsecured Creditors Committee, TIC Committee, and private investor attorneys, to discuss plan issues and listen to their input and ideas.

E. Lender Negotiations

The CRO and GE have signed a detailed term sheet relating to 29 facilities. Negotiations and mediations are currently in progress with lenders relating to another 70+ facilities. Mediation with Columbia Pacific will take place on June 16-17 with Judge Perris.

User names and passwords have now been distributed to lenders, providing them with direct web access to financial reporting on the facilities they finance. This service is aimed primarily at the business contacts on the loans, but access information was also distributed to many attorneys. If you did not receive access and would like to have it, please let Kelsey Clarkson know (kclarkson@hamstreet.net).

Sunwest Estate
 Cash Forecast - Summary
 Weeks Beginning May 25 through August 31, 2009

week>>>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Totals
	5/25/09	6/1/09	6/8/09	6/15/09	6/22/09	6/29/09	7/6/09	7/13/09	7/20/09	7/27/09	8/3/09	8/10/09	8/17/09	8/24/09	8/31/09	
Uses																
Facilities -total net change in low point - managed facilities	(564,000)	-	-	-	(96,000)	-	(40,000)	(151,000)	(154,000)	-	-	(510,000)	(244,000)	(195,000)	-	(1,954,000)
Not included in facility cash flow																
Deferred maintenance	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(17,500)	(262,500)
Capital Expenditures	-	(231,000)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(115,500)	(1,732,500)
Subtotal Facilities before allocation for professional fees	(581,500)	(248,500)	(133,000)	(133,000)	(229,000)	(133,000)	(173,000)	(284,000)	(287,000)	(133,000)	(133,000)	(643,000)	(377,000)	(328,000)	(133,000)	(3,949,000)
Sunwest Operations	48,000	584,000	(75,000)	(94,000)	(162,000)	585,000	(248,000)	(127,000)	(57,000)	(157,000)	642,000	(95,000)	(88,000)	(56,000)	845,000	1,545,000
Professional fees & expenses	-	(3,014,880)	-	-	(1,509,344)	-	-	-	(1,412,080)	-	-	-	-	(1,366,240)	-	(7,302,544)
Advanced to Federal Equity Receiver	-	(1,000,000)	-	-	(500,000)	-	-	-	(500,000)	-	-	-	-	-	-	(2,000,000)
Lonestar Distributions - Harder, Fisher, Gutzler per agreement	(5,000)		-	(37,000)	-	-	-	-	(37,000)	-	-	-	(37,000)	-	-	(116,000)
Lonestar Distribution - Trust Payment SEC	-	(100,000)	-	(20,000)	-	-	-	-	(20,000)	-	-	-	(20,000)	-	-	(160,000)
Contingency - percent of certain line items	10%	(74,000)	(326,000)	(13,000)	(14,000)	(174,000)	(18,000)	(23,000)	(35,000)	(176,000)	(13,000)	(13,000)	(219,000)	(205,000)	(170,000)	(1,486,000)
Total Uses	(612,500)	(4,105,380)	(221,000)	(298,000)	(2,574,344)	434,000	(444,000)	(446,000)	(2,489,080)	(303,000)	496,000	(957,000)	(727,000)	(1,920,240)	699,000	(13,468,544)
Sources (from sources attributable to Harder, Fisher & Gutzler)																
Funds On Hand																
Lonestar Proceeds- Harder, Fisher, Gutzler FBO accounts	350,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,000
Lonestar Proceeds - Funds to be transferred to Federal Equity Receiver	262,500	4,105,380	221,000	298,000	2,265,120	-	-	-	-	-	-	-	-	-	-	7,152,000
Preferred Pharm. - Funds to be transferred to Federal Equity Receiver	0	0	0	0	309,224		10,000	160,776								480,000
Funds Anticipated - during this projection period																
Lonestar - partial monetization of remaining assets	-	-	-	-	-	-	-	285,224	2,489,080	303,000	-	461,000	727,000	1,920,240	-	6,185,544
Total Sources	612,500	4,105,380	221,000	298,000	2,574,344	-	10,000	446,000	2,489,080	303,000	-	461,000	727,000	1,920,240	-	14,167,544
Excess Funds	-	-	-	-	-	434,000	(434,000)	-	-	-	496,000	(496,000)	-	-	699,000	699,000
Lonestar - estimate of balance of assets to be monetized																3,557,000
Total remaining funds available																4,256,000

DISCLAIMER: This presentation is provided only as a general guideline to the estimated potential performance of the Company, given the assumptions documented, and cannot be relied upon to reflect actual circumstances or results. It is based upon historical data, management's estimates and assumptions made by Hamstreet & Associates. It is provided solely for the internal use of the Company.

**Sunwest Estate
 Cash Flow Projections
 Assumptions**

	# of Facilities	# of Units
Facility Receivers	40	3,306
Chapter 11	26	2,130
SW Managed	134	10,730
	200	16,166
	# of Facilities	# of Units
Hold Co	130	10,487
Divest Co	43	3,447
Pending Co	27	2,232
	200	16,166

Facility Receivers For the purpose of analyzing the cash flows of facilities in receivership, assumptions are made of the receiver:
 Facility Receivers' management fees are 7% of receipts
 Debt service payments are being made

Cash Flow

Facility Receiver	Based on SMI Property Detail report for most recent information, adjusted for occupancy, rate and expense changes
Chapter 11	Based on SMI Property Detail report, average of 90 days Jan - Mar 09, adjusted for occupancy, rate and expense changes
SMI Managed	Based on SMI Property Detail report, average of 90 days Jan - Mar 09, adjusted for occupancy, rate and expense changes
Occupancy	Occupancy decreased 2% for balance of 2009; flat in 2010 and 2010
Rates	Private rate revenue increase 1.5% in 2010 and 2011 as a result of turnover
Expenses	Expense increase 3% in 2010 and 2011

Operating Cash Shortfalls

Facility Receiver	Hold Co & Pending Co: Operating cash shortfalls will be funded by the Facility Receiver, no funding for Divest Co
Chapter 11	Operations will be funded per the DIP budget.
SMI Managed	Operating cash shortfalls will be funded

**Executive Summary
 Presentation**

- Two views are provided, with same results:
1. Facilities categorize Lonestar Proceeds - Funds to be transferred to Federal Equity Receiver
 2. Facilities categorized as Hold Co, Divest Co and Pending Co
 Preferred Pharm. - Funds to be transferred to Federal Equity Receiver

Debt Service

1. If facility cash flow supports full debt service payment, debt service payment made from cash flow for facility, regardless of category.

Payment Scenarios

2. If facility cash flow is insufficient to pay debt service:
 - a. Hold Co & Pending Co: Will borrow to pay adequate protection
 - b. Divest Co (Managed and Receiver): Will not borrow to pay debt service
 - c. Chapter 11: Will be paid in accordance with the DIP budget.

Adequate Protection

Adequate protection debt service includes interest expense at contract rate (no default interest) and swap interest. The CRO is still reviewing the interest swaps and reserves the right to discontinue those payments, in which case an unsecured claim would be allowed.

Capital Expenditures

Total facility-wide capex is assumed to be \$500,000 per month

Deferred Maintenance

Total facility-wide deferred maintenance is assumed to be \$75,000 per month

Professional Fees

Professional fees have not been allocated to the facilities in the cash forecast; however, it is intended that facilities will be charged a pro rata share

Management Fees

Facility Receiver	Facility pays management fee to Receiver; Sunwest may receive part of the management fees.
Chapter 11	Facility pays to Sunwest Management per the DIP budgets.
SMI Managed	Facility pays to Sunwest Management

Sunwest Mgt

Headcount	217
Past Due AP	Not being paid (exception for one month timing difference only)

**Sunwest Facilities
Executive Summary
Facility Cash Flows for the Periods Indicated**

week >>>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Totals
	5/25/09	6/1/09	6/8/09	6/15/09	6/22/09	6/29/09	7/6/09	7/13/09	7/20/09	7/27/09	8/3/09	8/10/09	8/17/09	8/24/09	8/31/09	
Facility Receiver Facilities (40)																
Beg Cash	4,436,503	4,217,847	4,937,410	5,071,988	4,719,519	4,588,980	7,066,430	5,348,899	4,908,312	4,689,656	7,344,107	5,842,278	4,429,338	4,076,868	3,946,329	4,436,503
Receipts	1,547,519	3,095,038	1,547,519	-	1,547,519	3,095,038	1,547,519	-	1,547,519	3,095,038	1,547,519	-	-	1,547,519	3,095,038	23,212,783
Payroll	1,325,588	265,118	1,060,470	-	1,325,588	265,118	1,060,470	-	1,325,588	-	265,118	1,060,470	-	1,325,588	265,118	9,544,234
OpEx	440,587	352,470	352,470	352,470	352,470	352,470	440,587	440,587	440,587	440,587	352,470	352,470	352,470	352,470	352,470	5,727,633
Mgt Fees	-	433,305	-	-	-	-	433,305	-	-	-	433,305	-	-	-	-	1,299,916
Insurance	-	239,661	-	-	-	-	239,661	-	-	-	958,644	-	-	-	-	1,437,966
Debt Service	-	1,084,922	-	-	-	-	1,091,026	-	-	-	1,039,811	-	-	-	-	3,215,759
Ending Cash	4,217,847	4,937,410	5,071,988	4,719,519	4,588,980	7,066,430	5,348,899	4,908,312	4,689,656	7,344,107	5,842,278	4,429,338	4,076,868	3,946,329	6,423,780	6,423,780

Facilities in Chapter 11 (26 facilities)

Beg Cash	6,338,658	6,364,744	6,634,768	6,884,089	6,699,108	6,771,439	8,693,991	7,244,539	7,013,312	7,039,398	9,092,694	7,874,766	6,981,825	6,796,844	6,869,175	6,338,658
Receipts	1,142,262	2,284,524	1,142,262	-	1,142,262	2,284,524	1,142,262	-	1,142,262	2,284,524	1,142,262	-	-	1,142,262	2,284,524	17,133,928
Payroll	884,949	176,990	707,959	-	884,949	176,990	707,959	-	884,949	-	176,990	707,959	-	884,949	176,990	6,371,632
OpEx	231,227	184,982	184,982	184,982	184,982	184,982	231,227	231,227	231,227	231,227	184,982	184,982	184,982	184,982	184,982	3,005,952
Mgt Fees	-	295,955	-	-	-	-	295,955	-	-	-	295,955	-	-	-	-	887,864
Insurance	-	115,230	-	-	-	-	115,230	-	-	-	460,921	-	-	-	-	691,381
Debt Service	-	1,241,343	-	-	-	-	1,241,343	-	-	-	1,241,343	-	-	-	-	3,724,030
Ending Cash	6,364,744	6,634,768	6,884,089	6,699,108	6,771,439	8,693,991	7,244,539	7,013,312	7,039,398	9,092,694	7,874,766	6,981,825	6,796,844	6,869,175	8,791,727	8,791,727

Sunwest Managed Facilities, other than Chapter 11 (134 facilities)

Beg Cash	6,413,936	6,133,734	9,171,059	10,110,113	8,933,236	8,947,253	18,477,489	12,659,752	11,188,656	10,908,454	21,069,507	16,163,175	11,286,153	10,109,276	10,123,293	6,413,936
Receipts	5,816,075	11,632,149	5,816,075	-	5,816,075	11,632,149	5,816,075	-	5,816,075	11,632,149	5,816,075	-	-	5,816,075	11,632,149	87,241,118
Payroll	4,625,181	925,036	3,700,145	-	4,625,181	925,036	3,700,145	-	4,625,181	-	925,036	3,700,145	-	4,625,181	925,036	33,301,303
OpEx	1,471,096	1,176,877	1,176,877	1,176,877	1,176,877	1,176,877	1,471,096	1,471,096	1,471,096	1,471,096	1,176,877	1,176,877	1,176,877	1,176,877	1,176,877	19,124,247
Mgt Fees	-	1,628,501	-	-	-	-	1,628,501	-	-	-	1,628,501	-	-	-	-	4,885,503
Insurance	-	730,553	-	-	-	-	730,553	-	-	-	2,922,211	-	-	-	-	4,383,316
Debt Service	-	4,133,857	-	-	-	-	4,103,517	-	-	-	4,069,783	-	-	-	-	12,307,156
Ending Cash	6,133,734	9,171,059	10,110,113	8,933,236	8,947,253	18,477,489	12,659,752	11,188,656	10,908,454	21,069,507	16,163,175	11,286,153	10,109,276	10,123,293	19,653,529	19,653,529

Total All Facilities (200)

Beg Cash	17,189,098	16,716,326	20,743,237	22,066,190	20,351,862	20,307,672	34,237,911	25,253,191	23,110,281	22,637,508	37,506,308	29,880,219	22,697,316	20,982,988	20,938,798	17,189,098
Receipts	8,505,855	17,011,711	8,505,855	-	8,505,855	17,011,711	8,505,855	-	8,505,855	17,011,711	8,505,855	-	-	8,505,855	17,011,711	127,587,829
Payroll	6,835,718	1,367,144	5,468,574	-	6,835,718	1,367,144	5,468,574	-	6,835,718	-	1,367,144	5,468,574	-	6,835,718	1,367,144	49,217,168
OpEx	2,142,910	1,714,328	1,714,328	1,714,328	1,714,328	1,714,328	2,142,910	2,142,910	2,142,910	2,142,910	1,714,328	1,714,328	1,714,328	1,714,328	1,714,328	27,857,831
Mgt Fees	-	2,357,761	-	-	-	-	2,357,761	-	-	-	2,357,761	-	-	-	-	7,073,282
Insurance	-	1,085,444	-	-	-	-	1,085,444	-	-	-	4,341,776	-	-	-	-	6,512,663
Debt Service	-	6,460,122	-	-	-	-	6,435,886	-	-	-	6,350,937	-	-	-	-	19,246,946
Ending Cash	16,716,326	20,743,237	22,066,190	20,351,862	20,307,672	34,237,911	25,253,191	23,110,281	22,637,508	37,506,308	29,880,219	22,697,316	20,982,988	20,938,798	34,869,036	34,869,036

Cumulative Negative Balances in Totals

Operational Shortfall, Funding Req'd

Managed HoldCo/PendingCo/DivestCo	(564,032)	(450,322)	(458,564)	(557,162)	(659,699)	(359,890)	(700,357)	(851,225)	(1,005,242)	(568,029)	(984,420)	(1,514,953)	(1,758,721)	(1,954,148)	(1,077,480)
Ch11 HoldCo/PendingCo/DivestCo	(9,514)	(27,330)	(31,831)	(36,174)	(56,451)	(13,977)	(86,641)	(92,069)	(122,828)	(66,817)	(133,737)	(186,569)	(202,088)	(230,505)	(139,382)
Facility Receiver HoldCo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Receiver PendingCo	(28,785)	(81,220)	(54,229)	(92,054)	(80,469)	(18,082)	(138,841)	(186,122)	(183,993)	(45,234)	(233,708)	(333,157)	(370,982)	(359,397)	(159,748)
Total	(602,332)	(558,872)	(544,624)	(685,390)	(796,619)	(391,949)	(925,838)	(1,129,416)	(1,312,063)	(680,080)	(1,351,865)	(2,034,679)	(2,331,791)	(2,544,050)	(1,376,610)

**Sunwest Facilities
Executive Summary
Facility Cash Flows for the Periods Indicated**

week>>>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Totals
	5/25/09	6/1/09	6/8/09	6/15/09	6/22/09	6/29/09	7/6/09	7/13/09	7/20/09	7/27/09	8/3/09	8/10/09	8/17/09	8/24/09	8/31/09	
HoldCo (130 facilities)																
Beg Cash	14,099,114	14,118,819	17,449,803	18,730,265	17,574,661	17,883,267	28,402,794	22,213,819	20,769,314	20,789,018	31,991,502	26,881,654	21,838,622	20,683,017	20,991,623	14,099,114
Receipts	6,323,494	12,646,989	6,323,494	-	6,323,494	12,646,989	6,323,494	-	6,323,494	12,646,989	6,323,494	-	-	6,323,494	12,646,989	94,852,417
Payroll	4,859,284	971,857	3,887,427	-	4,859,284	971,857	3,887,427	-	4,859,284	-	971,857	3,887,427	-	4,859,284	971,857	34,986,846
OpEx	1,444,506	1,155,605	1,155,605	1,155,605	1,155,605	1,155,605	1,444,506	1,444,506	1,444,506	1,444,506	1,155,605	1,155,605	1,155,605	1,155,605	1,155,605	18,778,574
Mgt Fees	-	1,746,700	-	-	-	-	1,746,700	-	-	-	1,746,700	-	-	-	-	5,240,099
Insurance	-	710,304	-	-	-	-	710,304	-	-	-	2,841,216	-	-	-	-	4,261,824
Debt Service	-	4,731,539	-	-	-	-	4,723,532	-	-	-	4,717,965	-	-	-	-	14,173,037
Ending Cash	14,118,819	17,449,803	18,730,265	17,574,661	17,883,267	28,402,794	22,213,819	20,769,314	20,789,018	31,991,502	26,881,654	21,838,622	20,683,017	20,991,623	31,511,151	31,511,151
PendingCo (27 facilities)																
Beg Cash	1,723,480	1,620,057	1,605,754	1,707,383	1,485,015	1,437,184	2,909,030	1,468,918	1,190,957	1,087,534	2,653,248	1,329,109	508,902	286,533	238,703	1,723,480
Receipts	921,837	1,843,674	921,837	-	921,837	1,843,674	921,837	-	921,837	1,843,674	921,837	-	-	921,837	1,843,674	13,827,554
Payroll	747,299	149,460	597,839	-	747,299	149,460	597,839	-	747,299	-	149,460	597,839	-	747,299	149,460	5,380,554
OpEx	277,960	222,368	222,368	222,368	222,368	222,368	277,960	277,960	277,960	277,960	222,368	222,368	222,368	222,368	222,368	3,613,486
Mgt Fees	-	258,114	-	-	-	-	258,114	-	-	-	258,114	-	-	-	-	774,343
Insurance	-	129,333	-	-	-	-	129,333	-	-	-	517,331	-	-	-	-	775,996
Debt Service	-	1,098,702	-	-	-	-	1,098,702	-	-	-	1,098,702	-	-	-	-	3,296,106
Ending Cash	1,620,057	1,605,754	1,707,383	1,485,015	1,437,184	2,909,030	1,468,918	1,190,957	1,087,534	2,653,248	1,329,109	508,902	286,533	238,703	1,710,548	1,710,548
DivestCo Facilities (43 facilities)																
Beg Cash	1,366,504	977,450	1,687,681	1,628,542	1,292,187	987,221	2,926,087	1,570,454	1,150,010	760,955	2,861,559	1,669,455	349,792	13,437	(291,528)	1,366,504
Receipts	1,260,524	2,521,048	1,260,524	-	1,260,524	2,521,048	1,260,524	-	1,260,524	2,521,048	1,260,524	-	-	1,260,524	2,521,048	18,907,859
Payroll	1,229,135	245,827	983,308	-	1,229,135	245,827	983,308	-	1,229,135	-	245,827	983,308	-	1,229,135	245,827	8,849,768
OpEx	420,444	336,355	336,355	336,355	336,355	336,355	420,444	420,444	420,444	420,444	336,355	336,355	336,355	336,355	336,355	5,465,771
Mgt Fees	-	352,947	-	-	-	-	352,947	-	-	-	352,947	-	-	-	-	1,058,840
Insurance	-	245,807	-	-	-	-	245,807	-	-	-	983,229	-	-	-	-	1,474,843
Debt Service	-	629,881	-	-	-	-	613,652	-	-	-	534,270	-	-	-	-	1,777,803
Ending Cash	977,450	1,687,681	1,628,542	1,292,187	987,221	2,926,087	1,570,454	1,150,010	760,955	2,861,559	1,669,455	349,792	13,437	(291,528)	1,647,337	1,647,337
Total All Facilities (200)																
Beg Cash	17,189,098	16,716,326	20,743,237	22,066,190	20,351,862	20,307,672	34,237,911	25,253,191	23,110,281	22,637,508	37,506,308	29,880,219	22,697,316	20,982,988	20,938,798	17,189,098
Receipts	8,505,855	17,011,711	8,505,855	-	8,505,855	17,011,711	8,505,855	-	8,505,855	17,011,711	8,505,855	-	-	8,505,855	17,011,711	127,587,829
Payroll	6,835,718	1,367,144	5,468,574	-	6,835,718	1,367,144	5,468,574	-	6,835,718	-	1,367,144	5,468,574	-	6,835,718	1,367,144	49,217,168
OpEx	2,142,910	1,714,328	1,714,328	1,714,328	1,714,328	1,714,328	2,142,910	2,142,910	2,142,910	2,142,910	1,714,328	1,714,328	1,714,328	1,714,328	1,714,328	27,857,831
Mgt Fees	-	2,357,761	-	-	-	-	2,357,761	-	-	-	2,357,761	-	-	-	-	7,073,282
Insurance	-	1,085,444	-	-	-	-	1,085,444	-	-	-	4,341,776	-	-	-	-	6,512,663
Debt Service	-	6,460,122	-	-	-	-	6,435,886	-	-	-	6,350,937	-	-	-	-	19,246,946
Ending Cash	16,716,326	20,743,237	22,066,190	20,351,862	20,307,672	34,237,911	25,253,191	23,110,281	22,637,508	37,506,308	29,880,219	22,697,316	20,982,988	20,938,798	34,869,036	34,869,036
Cumulative Negative Balances in Totals																
Operational Shortfall, Funding Req'd																
HoldCo	(471,631)	(357,489)	(328,760)	(367,848)	(385,091)	(246,274)	(342,336)	(393,727)	(417,932)	(233,751)	(344,986)	(555,439)	(648,356)	(681,982)	(300,625)	
PendingCo	(54,368)	(151,880)	(134,921)	(192,419)	(212,267)	(81,830)	(364,644)	(470,789)	(513,119)	(248,542)	(651,702)	(893,512)	(990,572)	(1,021,154)	(618,846)	
DivestCo Ch11	(9,514)	(27,330)	(31,831)	(36,174)	(56,451)	(13,977)	(86,641)	(92,069)	(122,828)	(66,817)	(131,988)	(184,793)	(200,284)	(230,505)	(139,382)	
DivestCo Managed	(66,819)	(22,173)	(49,112)	(88,949)	(142,809)	(49,868)	(132,218)	(172,830)	(258,184)	(130,970)	(223,189)	(400,935)	(492,579)	(610,409)	(317,758)	
Total	(602,332)	(558,872)	(544,624)	(685,390)	(796,619)	(391,949)	(925,838)	(1,129,416)	(1,312,063)	(680,080)	(1,351,865)	(2,034,679)	(2,331,791)	(2,544,050)	(1,376,610)	

Sunwest Management Cash Forecast
through 8/31/09



Sunwest Management Inc. (the management company)

Cashflow Forecast

Vendor	Week Number >	1 25-May-09	2 1-Jun-09	3 8-Jun-09	4 15-Jun-09	5 22-Jun-09	6 29-Jun-09	7 6-Jul-09	8 13-Jul-09	9 20-Jul-09	10 27-Jul-09	11 3-Aug-09	12 10-Aug-09	13 17-Aug-09	14 24-Aug-09	15 31-Aug-09	
Total Mgt Fees & Misc Deposits Collected		-	2,260,881	-	-	-	2,260,881	-	-	-	-	2,260,881	-	-	-	2,260,881	9,043,524
Total Payroll, Taxes & Benefits		-	1,421,418	-	-	100,000	1,421,418	200,000	-	-	100,000	1,374,674	-	-	-	1,374,674	5,992,184
Total Leases		15,451	64,137	4,506	24,764	2,943	78,404	1,996	42,046	1,943	15,852	63,628	4,506	23,689	1,943	16,991	362,799
Total Insurance		-	16,105	-	-	-	16,105	-	-	-	-	16,105	25,000	-	-	-	73,315
Total Marketing		-	1,500	-	15,000	-	1,500	-	15,000	-	-	1,500	-	15,000	-	-	49,500
Total Misc Operating Exp		17,489	93,148	32,652	21,077	25,577	85,998	17,652	37,627	26,577	13,477	88,148	32,652	21,477	25,577	20,228	559,352
Total Travel		25,356	30,000	27,500	27,500	27,500	27,500	27,500	27,500	27,500	27,500	30,000	27,500	27,500	27,500	27,500	387,856
Total Utilities		-	44,620	4,700	-	258	44,620	-	4,700	258	-	44,620	4,700	-	258	3,770	152,505
Total Sunwest Operating Expenses		58,295	1,670,928	69,357	88,341	156,277	1,675,545	247,148	126,873	56,277	156,828	1,618,676	94,357	87,666	55,277	1,415,664	7,577,510
Total Non-Recurring/Non-Ops		500	5,500	5,500	5,500	5,500	500	500	500	500	500	500	500	500	500	500	27,500
Total Sunwest Expenditures		58,795	1,676,428	74,857	93,841	161,777	1,676,045	247,648	127,373	56,777	157,328	1,619,176	94,857	88,166	55,777	1,416,164	7,605,010
Increase/(Decrease) in Cash		(58,795)	584,453	(74,857)	(93,841)	(161,777)	584,836	(247,648)	(127,373)	(56,777)	(157,328)	641,705	(94,857)	(88,166)	(55,777)	844,717	1,438,514
Add: Beginning Cash		106,474	47,679	632,132	557,274	463,434	301,656	886,492	638,844	511,471	301,656	297,366	939,071	844,214	756,048	700,271	106,474
Ending Cash Balance		47,679	632,132	557,274	463,434	301,656	886,492	638,844	511,471	454,694	297,366	939,071	844,214	756,048	700,271	1,544,988	1,544,988

Professional Services	Description of Services	Month of Scheduled Payment				
		April	May	June	July	August
Sunwest Management, Inc. & Entities						
Lawyers and legal support						
Greene & Markley	Counsel to CRO and involved in strategy and defense of SEC claims.	50,000	60,000	35,000	60,000	60,000
Haglund Kelley Horngren	Defense of judgment claims and receivership hearings.	10,000	10,000	10,000	10,000	10,000
Lane Powell	Responsible for Sunwest response to SEC and State of OR securities claims.	20,000	20,000	10,000	-	-
Step toe & Johnson	Providing Sunwest general counsel. Heavily involved in GE finance issues and Lone Star deal.	108,000	108,000	108,000	108,000	108,000
Tonkon Torp	Overall strategic development support (See facility Ch. 11 below)	75,000	75,000	75,000	75,000	50,000
Luce Forward Hamilton & Scripps	1031 Specialist	25,000	40,000	25,000	25,000	15,000
Total SMI legal		288,000	313,000	263,000	278,000	243,000
Restructuring Advisors						
Hamstreet & Associates	CRO and restructuring services (see Ch. 11 entities below)	444,000	571,400	589,080	467,400	440,000
Alvarez & Marsal	Restructuring services	95,000	122,200	117,100	122,200	127,300
Moss Adams	Accounting Firm - tax and forensics	-	75,000	150,000	150,000	150,000
Management Committee	Advisory committee (3) including expenses	45,000	55,000	75,000	55,000	55,000
Total SMI restructuring		584,000	823,600	931,180	794,600	772,300
Total SMI restructuring and legal		872,000	1,136,600	1,194,180	1,072,600	1,015,300
Michael Grassmeuck	Federal Equity Receiver	500,000	500,000	500,000	500,000	
Mediation		50,000	50,000	50,000	50,000	50,000
Grove Mueller						
Sunwest employee indemnification cost		35,000	35,000	10,000	10,000	10,000
Lonestar Proceeds - Funds to be						
Total Sunwest		1,457,000	1,721,600	1,754,180	1,632,600	1,075,300
Preferred Pharm. - Funds to be transferred to Federal Equity Receiver						
Equity Contributors						
Perkins Coie	J Wallace Gutzler	10,000	10,000	10,000	10,000	10,000
Ater Wynne	Darryl Fisher	10,000	10,000	10,000	10,000	10,000
Harder TIC & UCC		100,000	125,000	200,000	200,000	200,000
Harder Professionals	Jon Harder	800,000	500,000	400,000	400,000	400,000
Total professional fees for equity contributors		920,000	645,000	620,000	620,000	620,000
Senior Living Entity Bankruptcies						
Tonkon Torp	Bankruptcy counsel for approximately 30 various Sunwest entities	-	-	130,000	60,000	60,000
Hamstreet & Associates	Fees associated with Ch. 11 facilities	31,000	25,000	55,000	31,000	30,000
KCC	Noticing	10,000	10,000	10,000	10,000	10,000
Grove Mueller	Tax returns for Ch. 11 facilities					
Total Chapter 11		41,000	35,000	195,000	101,000	100,000
Total all professional fees		2,418,000	2,401,600	2,569,180	2,353,600	1,795,300
Less Chapter 11 fees funded by facility		(41,000)	(35,000)	(195,000)	(101,000)	(100,000)
Other Funding Required		2,377,000	2,366,600	2,374,180	2,252,600	1,695,300
Advanced to Receiver		500,000	500,000	500,000	500,000	-
Expenses		50,000	50,000	50,000	50,000	50,000
Professional Fees subject to holdback		1,827,000	1,816,600	1,824,180	1,702,600	1,645,300
80%		1,461,600	1,453,280	1,459,344	1,362,080	1,316,240

SUNWEST ESTATE
CASH FORECAST - BUDGET TO ACTUAL
 For Periods Indicated

	Current Week				Cumulative				
	Week of	Week of	Difference	Favorable/ (Unfav.) Diff %	25-May-09	25-May-09	Difference	Favorable/ (Unfav.) Diff %	
	25-May-09	25-May-09			Budget	Actual			Over(under)
	Budget	Actual	Over(under)	Diff %	Budget	Actual	Over(under)	Diff %	
FACILITIES (excludes Facility Receivers)									
Projected Cash before adjustments	12,498,478				12,498,478				
Deferred Maintenance	(17,500)				(17,500)				
Cap Expenditures	-				-				
Contingency	(68,120)				(68,120)				
Ending Cash	12,412,858	13,737,460	1,324,602	11%	12,412,858	13,737,460	1,324,602	11%	
SUNWEST MANAGEMENT (Mgmt. Co.)									
Collections	-	32,622	32,622		-	32,622	32,622		
Transfer - Other Sources of Funds	-	-	-		-	-	-		
Operating costs	Note 1	(63,699)	(132,065)	(68,366)	-107%	(63,699)	(132,065)	(68,366)	-107%
Subtotal		(63,699)	(99,443)	(35,745)	-56%	(63,699)	(99,443)	(35,745)	-56%
Non Recurring costs	(500)	(296)	204	41%	(500)	(296)	204	41%	
Facility Pass Through Costs		28,070	28,070		-	28,070	28,070		
Professional fees & expenses		-	-		-	-	-		
Advances to Federal Equity Reciver		-	-		-	-	-		
Lonestar Distribution - Harder, Fisher, Gutzler	(5,000)	(5,000)	-	0%	(5,000)	(5,000)	-	0%	
Lonestar Distribution - Trust Payment		-	-		-	-	-		
Contingency	(5,880)	-	5,880	100%	(5,880)	-	5,880	100%	
Net change in cash	(75,078)	(76,669)	(1,591)	-2%	(75,078)	(76,669)	(1,591)	-2%	
Beginning Cash	106,474	106,474			106,474	106,474			
Ending Cash	31,396	29,805	(1,591)	-5%	31,396	29,805	(1,591)	-5%	
USE OF OTHER SOURCES OF FUNDS									
Lonestar Proceeds - Harder, Fisher, Gutzler	612,500	350,000	262,500		612,500	350,000	262,500	43%	
Preferred Pharmacy	-	-	-		-	-	-		
Other									
Total Use of Other Funds	612,500	350,000	262,500	43%	612,500	350,000	262,500	43%	

Note 1 - variance explanations

Actual Includes unbudgeted payment to Cascadia Canyon for building lease (storage) \$13,500

Includes portion of Sunwest office building lease payment, \$17K; timing difference (\$55K total budgeted for week of 6/1/09)

Includes additional credit card payment of \$10K due to over limit

Miscellaneous other time differences