AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Gunnison Valley Health Proposed Purchase of the Mountain Clinic

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Discussion and memo from Deputy County Attorney regarding Gunnison Valley Hospital proposed purchase of Mountain Clinic. Includes Business Plan from GVH.

Fiscal Impact:

Submitted by: County Attorney **Submitter's Email Address:** bwiseman@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:

Gunnison County is financially accountable for component units such as GVH. Should the analysis presented be insufficient to render your decision, this time-line can't be met.

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 10/31/2014

County Attorney Review: ( ) Required (●) Not Required

Comments:

Reviewed by: Discharge Date: Certificate of Insurance Required Yes ( ) No ( )

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\khaase Discharge Date: 10/31/2014

( ) Consent Agenda (●) Regular Agenda ( ) Worksession Time Allotted: 20 minutes

Agenda Date: 11/4/2014 Follow Up Agenda Date:

Revised April 2013

Memorandum

To: Members of BOCC
Matthew Birnie

From: Linda Nienhueser

Date: November 1, 2014

Re: GVH proposed purchase of Mountain Clinic

I have reviewed the information provided regarding GVH's intent to purchase the assets and lease clinic space of the Crested Butte Mountain Clinic from Dr. Roger Sherman. The asset valuation report provided by HAI appears thorough and reliable.

I also reviewed the Operation Review Report for the period ending June 30, 2014 provided by GVH during our last Staff-to-Staff meeting. The year-to-date net income is well above budget for the same period, and 113.8% above the previous year, same period.

The 2012 Pledge Agreement for the reissue of 1998 Hospital Bonds required the County to establish a reserve fund, originally in the amount of $750,000. As of 12/31/13 the amount was reduced by half to $375,000 and is expected to go to zero as of 12/31/14 as long as these requirements are maintained by GVH: (i) maintain at least 150 days cash on hand balance for twelve (12) consecutive months, (ii) have 2.0x the Combined Maximum Annual Principal and Interest Requirements for twelve (12) consecutive months, and (iii) increase the balance in the Hospital Reserve Fund to $500,000. According to the Quarterly Compliance

Certificate for the Calendar Quarter Ending September 30, 2014 provided by GVH, the first two items are satisfied (304 days compared to required 150 days, and 5.18 debt service coverage ratio compared to required 2.0). The expectation is that the Hospital Reserve Fund will be increased to $500,000 (an increase of $125,000) by 12/31/14 and we have anticipated the decrease of the County Reserve to zero in the 2015 staff-proposed budget document.

Based on my review of these documents, I see no reason to believe the acquisition of the Mountain Clinic would jeopardize the fulfilment of these Pledge Agreement requirements.

I will be present at the discussion on Tuesday should you have additional questions of me.

Thank you.

Office of the Gunnison County Attorney
David Baumgarten, County Attorney
Art Trezise, Deputy County Attorney
Rachel Magruder, Paralegal
Brenda Wiseman, Legal Assistant

TO: **Gunnison County Board of County Commissioners**

FROM: **Art Trezise, Deputy County Attorney**

RE: **GVH proposed purchase of Mountain Clinic**

DATE: **10/29/2014**

Rob Santilli of the Gunnison Valley Hospital ("GVH") contacted our office regarding GVH's desire to purchase the assets of the Crested Butte Mountain Clinic from Dr. Roger Sherman, and to lease the clinic space for the future operation of the clinic. To that end, GVH has conducted due diligence by hiring Health Care Appraisers Incorporated ("HAI") to conduct a fair market value analysis of the proposed asset purchase and lease. The analysis is attached to this memo for your reference.

Pursuant to CRS 25-3-304, "[t]he hospital board may acquire by lease real and personal property subject to the approval of the board of county commissioner." Rob approached our office for purposes of securing BOCC approval of the proposed asset purchase and lease.

We have reviewed the fair market value analysis for the proposed asset purchase and lease. While asset valuation is not an area of expertise for our office, the materials provided by HAI seem to address all items that one would expect in an asset valuation; namely, anticipated revenues based on the Mountain Clinic's past financials statements, percentage of collection of charges, anticipated patient encounter numbers, and anticipated operating expenses. There were no obvious deficiencies in the analysis conducted by HAI.

To the extent the foregoing materials adequately address all questions you may have regarding the proposed asset purchase and lease agreement, you may proceed with rendering your decision based on these materials alone. However, if you are desirous of an additional opinion we may contract out for a second opinion on the valuation. On a related note, Rob has offered to have the law firm that they are utilizing to consummate the transaction to be available to answer any questions you may have.

Mountain Clinic Business plan

The Gunnison Valley Health (GVH) Board has a top strategy to establish a health system presence in Crested Butte.

GVH has an opportunity to purchase the Crested Butte Mountain Clinic. The purchase of the clinic will satisfy this strategic goal and is consistent with the health system mission and vision.

Current situation

Dr. Roger Sherman owns and operates the mountain clinic as a longtime resident of Crested Butte. Dr. Sherman is a Board Certified Family Practice Physician and has a presence at the clinic approximately 2 days out of 7 during the winter months of operation. The remainder of the week a mid-level provider is available to offer care. The physician is available via phone. The clinic operates November through March or approximately 5 months coinciding with the operation of the Crested Butte Mountain Resort (CBMR) winter season. The clinic also has an agreement with CBMR to be the exclusive provider for on mountain medical services and the only destination for ski patrol to deliver injured patients (unless requested by the patient otherwise).

History

GVH in April 2008 engaged the firm Clifton Gunderson to provide a professional Practice Valuation for the Crested Butte Medical Clinic.

In October of 2009 the hospital was inclined to purchase the clinic for 1.4M, and lease the clinic space for a seven year period.

In 2010, GVH continued the same agreement but also intended to enter into a Medical Director Agreement with Dr. Sherman for $62,500 for a six year period. GVH also intended to employ Dr. Sherman to provide medical services to the clinic.

Business Strategy

The Mountain Clinic offers several opportunities

GVH plans to offer "first class" medical services at the mountain. The medical oversight will be provided as a combined Emergency Department and orthopedic partnership to achieve:

- To have GVH recognized/Branded as the major health care provider in Crested Butte
- The GVH orthopedic strategy will now have a key foundation for execution. 65% of the GVH surgical services I orthopedics.
    1. Develop an orthopedic service line in conjunction with the mountain. Orthopedic physicians can respond to the mountain clinic in conjunction with the ED physician.
    2. Patients at the clinic are now stabilized and sent out of state. The presence of orthopedics will allow patients to be served at Gunnison Hospital
    3. Consideration will be given to a mountain concierge service to accommodate patient and family needs due to a disruption in their trip
    4. Allows for an alignment with orthopedic physicians
    5. Allows for a branding of Orthopedic services on a regional basis
    6. Provides for a sports medicine service
- Rehabilitation services can be centralized with the mountain clinic
- Dr. Scott Timothy (husband of our new surgeon Dr. Steph Timothy) has a specialty in Physical medicine and Rehabilitation. There is potential synergy with this program and sports medicine.
- The mountain clinic is not operated during the summer months. The activities around CBMR are growing over the summer. We plan to review the cost and potential volumes at a later date.

Overall the Mountain Clinic offers a strong fit and continuum of care with the Gunnison Hospital and Health System

<u>Fair Market Value</u>

The fair market value report is attached

The firm Health Care Appraisers completed an in-depth fair market value analysis of the mountain clinic. The final values are provided as two (2) separate values based on a 17.00% and a 15.40% capitalization rate. This results in a Fair Market Value of $970,000 and a $1,075,000 respectively

We are recommending the GVH enter into an agreement for the Fair Market Value of $1,075,000. The reasons why we feel the higer value is justified includes:

- The exclusive agreement with the CBMR for sled traffic through 2023.
- The inclusion of expenses in the practice which include physician malpractice and association fees that the hospital will generally not pay. This can impact the value in a range of $60,000.
- The value of this continuum to the health system coupled with the time frame to execute on a business deal prior to the winter season.

Financial Analysis

Karen Fowler prepared the attached business pro forma with the assistance of GVH staff. The proforma in year one (1) shows a profit of 125,000. Over a three (3) year period the net income is projected to be $439,000. The analysis has a physician salary component of 167,000 for a .5 Emergency Dept trained physician. The second year a .4 orthopedic physician is added to the salary component for an additional $229,000.

The Enterprise value provides for the health system receiving additional revenue for utilizing hospital services, primarily surgery, imaging and physical therapy. The model provides assumptions for 2% to 10% additional volumes coming into hospital services. At the minimum enterprise value of 2% the system net income for the first year is $222,378 and $730,288 after three (3) years.

The pro forma is predicated on the mountain clinic operating 12 months out of the year. Understanding the off season and summer volume still needs to be addressed for the purpose of staffing and additional services.

Space Rent

The Fair market value study provided for a rent of $34.00 for the available 3000 square feet for a total annual rent of $102,000. The company Health Care Appraisers performed market research and determined the rent meets fair market value. The ability to determine rent for a medical facility at the base of the mountain is difficult. GVH plans to enter into an annual rental agreement for 3-5 years. The mountain clinic has an additional 3000 sq. ft. that is available if needed. GVH is not planning to utilize this space during the coming winter season.

Ski Clinic Roll Up

	Year 1	Year 2	Year 3	3 Year Total
VOLUME:				
OFFICE VISITS	2,523	4,038	4,038	**10,599**
HOSPITAL VISITS	28	29	29	**87**
TOTAL PATIENT ENCOUNTERS	**2,551**	**4,067**	**4,067**	**10,685**
TOTAL GROSS REVENUES	**$1,628,755**	**$2,528,776**	**$2,528,776**	**$6,686,307**
DEDUCTIONS:	**$754,918**	**$1,243,834**	**$1,243,834**	**$3,242,586**
NET REVENUE:	**$873,837**	**$1,284,942**	**$1,284,942**	**$3,443,720**
TOTAL COLLECTIONS	**$722,687**	**$1,221,935**	**$1,284,942**	**$3,229,563**
OPERATING EXPENSES				
SW&B:				
Salaries - Office	$148,398	$225,359	$232,120	**$605,876**
Taxes - Payroll (SS and Medicare)	$11,352	$17,240	$17,757	**$46,350**
Employee Benefits	$37,099	$56,340	$58,030	**$151,469**
Physician Compensation	$167,192	$396,818	$396,818	**$960,827**
Medical Director	$40,000	$40,000	$40,000	**$120,000**
Relocation	$0	$0	$0	**$0**
Physician and NP Benefits	$34,626	$34,626	$34,626	**$103,879**
Physician and NP Payroll Taxes - Salary	$9,678	$9,678	$9,678	**$29,035**
TOTAL SWB	**$448,346**	**$780,061**	**$789,029**	**$2,017,436**

Ski Clinic Roll Up

	Year 1	Year 2	Year 3	3 Year Total
OCE:				
Rent	$90,000	$90,000	$90,000	**$270,000**
Professional Services	$12,178	$12,178	$12,178	**$36,534**
Marketing	$15,000	$20,000	$20,000	**$55,000**
Dues, Memberships, Books, Literature, Licensure	$4,430	$4,430	$4,430	**$13,290**
Medical Supplies & Drugs	$82,100	$95,180	$95,180	**$272,460**
Business Office Supplies	$4,562	$9,098	$9,098	**$22,759**
Phone Expenses	$5,720	$5,720	$5,720	**$17,160**
Equipment & Furnishings (Under $500)	$0	$0	$0	**$0**
Equipment & Furnishings (Over $500)	$0	$0	$0	**$0**
Utilities	$26,486	$26,486	$26,486	**$79,458**
Malpractice Insurance	$8,541	$17,687	$17,687	**$43,916**
Consulting and Management Fees	$24,000	$24,000	$24,000	**$72,000**
Computer Software	$5,738	$13,378	$13,378	**$32,493**
Billing Services @ 6.49% Minimum $1,500	$0	$0	$0	**$0**
Postage	$1,102	$1,428	$1,428	**$3,959**
Other Expenses Credit Card	$20,224	$23,824	$23,824	**$67,872**
TOTAL OCE	**$300,081**	**$343,410**	**$343,410**	**$986,902**
1) TOTAL EXPENSES	**$748,427**	**$1,123,471**	**$1,132,439**	**$3,004,338**
2) NET INCOME (Cash Basis)	**-$25,741**	**$98,464**	**$152,502**	**$225,225**
3) ACTUAL COLLECTIONS	**$722,687**	**$1,221,935**	**$1,284,942**	**$3,229,563**
4) PROJECTED TOTAL NET INCOME OR LOSS	**$125,409**	**$161,471**	**$152,502**	**$439,382**

Ski Clinic Roll Up

	Year 1	Year 2	Year 3	3 Year Total
INCREMENTAL FACILITY ACCIDENT SERVICES				
2% Annual Increase	$ 96,968.82	$ 96,968.82	$ 96,968.82	**$ 290,906.46**
5% Annual Increase	$ 242,422.05	$ 242,422.05	$ 242,422.05	**$ 727,266.14**
7.5% Annual Increase	$ 363,633.07	$ 363,633.07	$ 363,633.07	**$ 1,090,899.21**
10% Annual Increase	$ 484,844.09	$ 484,844.09	$ 484,844.09	**$ 1,454,532.28**
ENTERPRISE NET INCOME OR LOSS				
2% Annual Increase	$ 222,378.29	$ 258,439.35	$ 249,471.19	**$ 730,288.82**
5% Annual Increase	$ 367,831.52	$ 403,892.58	$ 394,924.41	**$ 1,166,648.51**
7.5% Annual Increase	$ 489,042.54	$ 525,103.60	$ 516,135.44	**$ 1,530,281.58**
10% Annual Increase	$ 610,253.56	$ 646,314.62	$ 637,346.46	**$ 1,893,914.65**

	Low	Median	High
PURCHASE PRICE RANGE	$ 970,000.00	$ 1,022,000.00	$ 1,074,000.00

EST. YEARS TO RECOVER PURCHASE PRICE	# Years
2% Annual Increase	4
5% Annual Increase	3
7.5% Annual Increase	2
10% Annual Increase	1.8

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September [11], 2014

Mr. Robert J. Santilli
Gunnison Valley Hospital
711 North Taylor Street
Gunnison, CO 81230

RE: Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Dear Mr. Santilli:

Gunnison Valley Hospital ("Client") engaged Healthcare Appraisers, Inc. ("HAI") to determine the fair market value ("FMV") of the acquired assets (the "Acquired Assets") of Crested Butte Medical Center, PLLC ("CBMC") as of June 30, 2014 (the "Valuation Date").

It is our understanding that the intended use of this report (the "Report") is related to the contemplated acquisition of CBMC by Client. This report is to be used solely by Client for this purpose alone. This report may not be disclosed to any other third party, other than for regulatory purposes, without the prior written consent of HealthCare Appraisers, Inc., and we hereby disclaim any liability arising from the unauthorized use of this report by any party.

Scope

The scope of our analysis is an "Appraisal", defined by the American Society of Appraisers as having the following characteristics:

- Its conclusion of value is expressed as either a single dollar amount or a range;
- It considers all relevant information as of the appraisal date available to the appraiser at the time of performance of the valuation;
- The appraiser conducts appropriate procedures to collect and analyze all information expected to be relevant to the valuation; and
- The valuation considers all conceptual approaches deemed to be relevant by the appraiser.

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The objective of an appraisal is to express an unambiguous opinion as to the value of a business, business ownership interest, or security, which opinion is supported by all procedures that the appraiser deems to be relevant to the valuation.

The scope of the Report is a "Restricted Appraisal Report", defined under Uniform Standards of Professional Appraisal Practice, Standards Rule 10-2, as having the following characteristics:

- The intended users do not include parties other than the client;
- The client is identified by name;
- Sufficient information is stated to identify the business or intangible asset and the interest appraised;
- States the extent to which the interest appraised contains elements of ownership control, including the basis for that determination;
- States the extent to which the interest appraised lacks elements of marketability and/or liquidity, including the basis for that determination;
- States the standard (type) of value and the premise of value, and cites the source of its definition;
- States the effective date of the appraisal and the date of the report;
- States the scope of work used to develop the appraisal;
- States the appraisal procedures followed, states the value opinion(s) and conclusion(s) reached, and references the work file; exclusion of the market approach, asset-based approach, or income approach must be explained;
- Clearly and conspicuously states all extraordinary assumptions and hypothetical conditions and states that their use might have affected the assignment results; and
- Includes a signed certification in accordance with Standards Rule 10-3.

Furthermore, the scope of the Report, as defined according to the Reporting Standards set forth by the National Association of Certified Valuators and Analysts ("NACVA"), is consistent with a *Summary Report*.

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Standard of Value

Based on the understood purpose of this appraisal, we have used the "fair market value" standard of value. The term fair market value is defined as:

> "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."[1]

Within a healthcare setting, fair market value is also defined as:

> "the value in arm's-length transactions, consistent with the general market value. "General market value" means the price that an asset would bring, as the result of bona fide bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party; or the compensation that would be included in a service agreement, as the result of bona fide bargaining between well-informed parties to the agreement who are not otherwise in a position to generate business for the other party, on the date of acquisition of the asset or at the time of the service agreement."

Usually, the fair market price is the price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market at the time of acquisition, or the compensation that has been included in bona fide service agreements with comparable terms at the time of the agreement.[2]

Premise of Value

The premise of value is defined as an assumption regarding the most likely set of transactional circumstances that might be applicable to the subject valuation. Virtually all businesses or interests in businesses may be appraised under each of these following four alternative premises of value, as defined in *Valuing a Business* by Shannon Pratt, Robert Reilly, and Robert Schweihs.

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[1] Defined by the International Glossary of Business Valuation Terms as accepted by the American Society of Appraisers and the National Association of Certified Valuation Analysts.

[2] 42 CFR §411.351 (as set forth by the Centers for Medicare and Medicaid Services or "CMS" with respect to physicians' referrals to healthcare entities with which they have financial relationships).

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1. *Value as a going concern*: Value in continued use, as a mass assemblage of income producing assets, and as a going-concern business enterprise.
2. *Value as an assemblage of assets*: Value in place, as part of a mass assemblage of assets, but not in current use in the production of income, and not as a going-concern business enterprise.
3. *Value as an orderly disposition*: Value in exchange, on a piecemeal basis (not part of a mass assemblage of assets), as part of an orderly disposition; this premise contemplates that all of the assets of the business enterprise will be sold individually, and that they will enjoy normal exposure to their appropriate secondary market.
4. *Value as a forced liquidation*: Value in exchange, on a piecemeal basis (not part of a mass assemblage of assets), as part of a forced liquidation; this premise contemplates that the assets of the business will be sold individually and that they will experience less than normal exposure to their appropriate secondary market.

In absence of a transaction, CBMC is expected to continue to operate into the foreseeable future in substantially its current form. Accordingly, HAI believes the appropriate premise of value for this appraisal is *value as a going concern*.

Contingent and Limiting Conditions

The Report is subject to the following contingent and limiting conditions:

1. Our report is based upon information provided to us by CBMC. All facts and data set forth in the report are true and accurate to the best of the appraiser's knowledge and belief. We have not knowingly withheld or omitted anything from our report affecting our value estimate.

2. Though HAI may employ CPAs, our firm does not provide attestation services, and we have not performed an audit or review of the underlying financial data used in this report. Had we done so, matters may have come to our attention which would have resulted in our using amounts which differ from those provided. Accordingly, we take no responsibility for the underlying data presented or relied upon in this report.

3. This report has been prepared for the specific purpose stated in the professional services agreement between HAI and Client and is intended for no other purpose. Possession of this report, or a copy thereof, does not carry

with it the right of publication of all or part of it. It may not be used for any purpose other than the purpose indicated.

4. None of the contents of this valuation report shall be conveyed to any third party or to the public through any means without the express written consent of HAI, and in any event, only with the proper written qualifications, for the stated purpose alone, and only in its entirety.

5. No investigation of title to property or claims on ownership on the property by any individuals or company has been undertaken. Unless otherwise stated in our report, title is assumed to be clear and free of encumbrances and as provided to the appraiser.

6. This report gives no consideration to any contingent assets or liabilities other than those specified, if any, within this report, and HAI assumes no hidden or unapparent conditions regarding the subject assets, properties or business interests.

7. The conclusions reached in this report assume that the current level of managerial expertise and the character and integrity of the entity could be reasonably maintained in the event of any sale, reorganization, or change in ownership composition.

8. The appraisal estimate of fair market value reached in this report is necessarily based on the definition of fair market value as stated above. HAI makes no guarantees as to what values individual buyers and sellers may reach in an actual transaction.

9. The various estimates of value presented in this report apply to this appraisal only and may not be used out of the context presented therein. Any other use of this report may lead user to an incorrect conclusion for which HAI assumes no responsibility.

10. No opinion is intended to be expressed for matters that require legal or other specialized expertise, investigation or knowledge beyond that customarily employed by appraisers valuing similar property.

11. It is assumed that there are no regulations of any government entity to control or restrict the use of the underlying assets, unless specifically referred

to in the report, and that the underlying assets will not operate in violation of any applicable government regulations, codes, ordinances or statutes.

12. Valuation reports may contain prospective financial information, estimates or opinions that represent the view of the appraiser about reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, or that specific events will occur.

13. This report does not consider events or transactions occurring after the Valuation Date. HAI has no obligation to provide future services related to this report, including updates, expert testimony, or appearance in court, unless specifically requested by Client. In any event, all services related thereto will be billed at our then prevailing hourly rates.

Valuation Approaches Considered

In preparing this appraisal, we have given consideration to the three most commonly used approaches to valuing a closely held business or business interest, including intellectual property: the Income, Market, and Asset Approaches.

- Income Approach – A general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods that convert anticipated future economic benefits into a single present amount.

- Market Approach – A general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

- Asset (Asset-based) Approach – A general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets, net of liabilities.

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Summary Description of CBMC

Crested Butte Medical Center, PLLC (*e.g.*, CBMC) is an urgent care and injury care center located at the base of Crested Butte Mountain Resort in Crested Butte, Colorado. CBMC was founded in 1973 and is the oldest urgent care clinic in Crested Butte. CBMC operates during the Crested Butte Mountain Resort ski season, which is typically between November and April. CBMC is a limited liability company and is taxed as a pass-through entity.

Providers

Roger S. Sherman, M.D. is the sole physician at CBMC and is licensed in the areas of emergency medicine, family medicine, and sports medicine. CBMC also employs two physician assistants, Jeff Isaac and John Holder.

Competition

CBMC is one of only a few ski clinics designated as a Colorado State certified "Community Clinic providing Emergency Care". This is required of freestanding emergency centers to operate independently of a licensed or certified hospital. Additionally, CBMC is currently the only "on-slope" urgent care location at Crested Butte Mountain Resort and has the exclusive ski-patrol sled contract with Crested Butte Mountain Resort. The "on-slope" location is unique to only a few clinics in North America. There are two other urgent care centers in Crested Butte, but competition is limited due to the prime location of CBMC and the exclusive sled contract.

Ownership

Roger S. Sherman, M.D. is the sole owner of Crested Butte Medical Center, PLLC.

Prior Sales of Stock

HAI is unaware of any third-party transactions in the units of CBMC.

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Sources of Information

In preparing this Report, we have relied upon the following information:

Information provided by CBMC

1. Through conversations with management, HAI was provided with information regarding the history and outlook of CBMC;
2. Financial statements compiled by CBMC's outside accountant for the years ended December 31st, 2011 through 2013, and the year-to-date period ended June 30, 2014;
3. CPT volume, charges, adjustments, and collections for the years ended December 31st, 2012 through 2013, and the year-to-date period ended June 30, 2014;
4. Charge volume, charges, adjustments, and collections by payor class for the years ended December 31st, 2012 through 2013, and the year-to-date period ended June 30, 2014;
5. Charges, adjustments, and collections by month for CBMC and Dr. Sherman's urgent care clinic in the town of Crested Butte ("Town Clinic") combined, for the years ended December 31st, 2005 through 2010; and
6. Charges specific to CBMC by month for the years ended December 31st, 2005 through 2013, and the year-to-date period ended June 30, 2014.

Third Party Information

1. Centers for Medicare and Medicaid Services, *www.cms.hhs.gov*;
2. Daily Interest Rates from the Federal Reserve Board Statistical Releases;
3. Aswath Damodaran's published equity risk premium, *http://pages.stern.nyu.edu/~adamodar/*;
4. Duff & Phelps, Valuation Handbook;
5. State Corporate Income Tax Rates, *http://www.taxfoundation.org/taxdata/show/230.html*;
6. Snowfall reports for Crested Butte Mountain Resort *http://www.OnTheSnow.com*; and
7. Other information publicly available via the internet.

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Summary of Valuation Approaches

Application of the Income Approach

In our appraisal of CBMC we have relied upon the Capitalization of Earnings Method, which is discussed below. The Capitalization of Earnings Method is most appropriate for companies demonstrating a history of stable earnings which are indicative of future earnings. Even when this is not the case, buyers may consider this methodology because its' result is derived from the *demonstrated* earnings capacity of the company, as opposed to projections that may be speculative.

In our application of the Capitalization of Earnings Method, shown in **Exhibits D.3.a through D.3.c**, we have estimated future maintainable earnings by drawing reference to the reported earnings between 2011 through 2014. In each historical period we have made normalizing adjustments to income and expense items in order to estimate future maintainable earnings. These adjustments are summarized in the following paragraphs.

Revenue Adjustments

HAI received revenue for the calendar years ended December 31, 2011 through 2013. Although CBMC operates only during the Crested Butte Mountain Resort ski season (typically November through April), HAI has assumed that the calendar year results are a reasonable proxy for the results from each respective ski season. As such, no adjustments were made to 2011 through 2013 reported revenue.

HAI also received revenue for the six-months ended June 30, 2014. As the 2013 / 2014 ski season ended in late April 2014, and collections will continue to come-in as charges go through the adjudication process, HAI believes reported 2014 revenue is materially understated. As such, and as detailed within the following paragraphs, HAI has estimated 2014 collections for purposes of this engagement using the Matched Collection Percentage Technique and the Percentage of Charges Technique.

1. *Matched Collection Percentage Technique* – Under the Matched Collection Percentage Technique HAI divides reported collections over a specific period of time by the sum of adjustments (matched to the charges that were collected) and collections.

   Matched Collection % = Total Collections / (Total Adjustments + Total Collections)

   a. As shown in **Exhibits C.1** and **D.3.b**, HAI calculated the matched collection percentage for each ski season since 2005. Based on this

analysis, we observed that CBMC has an average *unadjusted* matched collection percentage of 75.1%.

b. Based on HAI's observation that the matched collection percentages in 2010 and 2011 are materially lower than the matched collection percentages in the other observed years, we performed further due-diligence into the operational reports provided and learned that CBMC had abnormally high adjustments and write-offs in those years, as it moved to a new billing provider and old uncollected charges were written-off. As such, HAI removed the impact from the 2010 and 2011 results, and calculated CBMC's average *adjusted* matched collection percentage of 78.6%.

c. As HAI believes the average *adjusted* collection percentage of 78.6% is representative of what should be expected in 2014, we applied it to reported charges of $784,666 to calculate estimated 2014 collections of $616,595.

2. *Collections as a Percentage of Charges Technique* – HAI calculated collections as a percentage of charges (presented within **Exhibit C.1**) and then calculated the average collections as a percentage of charges since 2005 of 76.3% (as shown within **Exhibit D.3.b**). As we already know that 2014 collections are artificially low, as 2014 charges are not fully adjudicated, we recalculated the historical average to exclude 2014 results. Based on this adjustment we determined that CBMC's average collections as a percentage of charges since 2005 is 78.9%. Applying this percentage to actual 2014 charges results in estimated 2014 collections of $618,720.

Averaging estimated 2014 collections from both the Matched Collection Percentage Technique and the Collections as a Percentage of Charges Technique, HAI calculated estimated 2014 collections of $617,658 (shown within **Exhibit D.3.a**). This level of revenue suggests an increase to reported revenue, and, as such, reported earnings before interest and taxes ("EBIT"), of $113,695.

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Expense Adjustments

Based on HAI's review of CBMC's historical expenses, and on commentary / schedules provided by Dr. Sherman and CBMC's accountant, HAI made the following adjustments:

Adjustments to Eliminate Discretionary Expenses

1) Employee parties have been classified as discretionary in nature by CBMC's accountant and, as such, have been eliminated within HAI's determination of normalized earnings.
2) Dr. Sherman represented that contributions expense is related to discretionary donations made in the surrounding community. As such, HAI has removed the impact from this expense account for purposes of this analysis.
3) Dr. Sherman represented that the employee benefit expense account represents the cost of providing ski passes to Crested Butte Mountain Resort. Dr. Sherman represents that this expense account has been eliminated going-forward. Based on these representations, HAI has removed employee benefit expenses.

Adjustments to Eliminate Personal Expenses

4) Dr. Sherman, as well as CBMC's accountant, isolated the following expenses as personal expenses of Dr. Sherman.
    a) *Automobile Expense* – CBMC's accountant classified this entire account as personal in nature.
    b) *Meals Expense* – CBMC's accountant classified this entire account as personal in nature.
    c) *Entertainment Expense* – CBMC's accountant classified this entire account as personal in nature.
    d) *Travel Expense* – CBMC's accountant classified this entire account as personal in nature.
    e) *Telephone Expense* – CBMC's accountant isolated the expenses associated with Dr. Sherman's personal satellite telephone.
    f) *Computer Supplies and Services Expense* – CBMC's accountant isolated expenses associated with computers purchased for Dr. Sherman's family.
    g) *Liability Insurance* – Dr. Sherman represents that this account reflects his personal malpractice insurance. As malpractice insurance is needed to operate CBMC HAI *has not* adjusted this expense account.

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Adjustments to Eliminate Non-Recurring Expenses

1) *Repairs and Maintenance Expense*: Dr. Sherman represents that the fire suppression system was triggered and caused some water damage in 2014. HAI has normalized this one-time expense to equal the 2013 actual expense within this account.
2) *Promotion Expense*: CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represent that promotion expense historically should be classified as non-recurring in nature. As this represents an adjustment of less than $200 a year, HAI made this adjustment without further due-diligence.
3) *Penalties Expense*: CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represented that penalties expense in 2012 should be classified as non-recurring in nature. As this represents an adjustment of only $412 in 2012, HAI made this adjustment without further due-diligence.
4) *X-Ray Repair & Maintenance Expense*: Dr. Sherman represents that x-ray repair and maintenance expense was high in 2014, as he had to replace an electric feeder cable for the x-ray unit. HAI has normalized this one-time expense to equal the 2013 actual expense within this account.
5) *Continuing Education Expense*: CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represented that continuing education expense in 2012 should be classified as non-recurring in nature. As this expense was only $490, HAI made this adjustment without further due-diligence.

Adjustments to Normalize Expenses

1) *Billing Fees*: Due-to timing issues, billing expense did not remain consistent at the negotiated rate of 2.5% of revenue. As such, HAI has adjusted this account in each historical year to equal 2.5% of net revenue.
2) *Advertising Expense*: Dr. Sherman represented that he is scaling back advertising expense, as a review of the business suggests that very little patient volume results from his advertising efforts. Dr. Sherman represented that the majority of patient volume is a result of ski-in or sled traffic rather than walk-in traffic. Dr. Sherman estimates that a normal operator of this business would likely spend half to two-thirds less than what was spent historically.
3) *Dues and Subscriptions*: Dr. Sherman represented that dues and subscriptions expense is not needed to operate the ski clinic and as such should be normalized-out historically.
4) *Legal and Accounting*: Dr. Sherman represents that the majority of legal and accounting expense is not related to CBMC. CBMC does its own accounting and has not required legal services in any of the reported years. The only accounting

expense that should be booked as an operating expense is CBMC's portion of tax return preparation services. HAI has normalized this account within **Exhibit D.3.c.**

5) *Business Insurance*: Dr. Sherman represented that business insurance declined historically, as CBMC changed insurance companies to receive a better rate. Dr. Sherman represented that 2014 business insurance expense should be similar to the 2013 expense.
6) *X-Ray Supplies*: Dr. Sherman represented that in 2012 he purchased a digital processor which was booked under x-ray supplies. This purchase allowed x-ray supplies going-forward to be eliminated.
7) *Certification / Testing Expense*: Certification/testing expense is primarily related to x-ray certification and medical equipment testing. Dr. Sherman represents that the 2013 expense includes both the 2013 and 2014 expense amounts. HAI has normalized this expense account within **Exhibit D.3.c.**
8) *Office Wages*: Offices wages includes office employee salaries as well as hourly nurse and EMT wages. Based on a conversation with Dr. Sherman and his accountant, the decline in the office wages account historically is the result of better oversight of clinical hours as well as a transition from staffing multiple nurses in CBMC to staffing one nurse and having EMT's on-hand. Additionally, for tax purposes, Mrs. Sherman was paid approximately $28,000 in 2011 and $30,000 in 2012. As Mrs. Sherman did not perform any operational duties to receive these moneys, HAI has adjusted these amounts out of office wages within **Exhibit D.3.c.**
9) *Payroll Taxes*: HAI normalized payroll taxes to be a consistent percentage of adjusted offices wages historically.
10) *Equipment Lease*: Equipment lease expense is related to CBMC's Xerox copier. A new lease was recently signed which Dr. Sherman represents will reduce this expense to approximately $800 per year.
11) *Equipment Repairs*: Dr. Sherman represents that a number of normal equipment repairs were made to the EKG machine and gurneys in 2014. Dr. Sherman represents that approximately $1,500 per ski season is spent on equipment repairs.

Adjustments to Eliminate Discretionary (Income) / Expenses

1) *Owner's Compensation and Benefits*: Dr. Sherman's historical compensation was paid primarily in the form of year-end distributions. As such, HAI has estimated Dr. Sherman's fair market value compensation for the services he performs as a physician at CBMC. Dr. Sherman represents that he works 1.5 to 2.0 days per week during the ski season. Practice is open 8 hours per day. As such, HAI

calculated that Dr. Sherman works approximately 350 hours during the ski season. HAI then applied an hourly compensation rate of $115.00 to calculate annual compensation. Benefit expense has been estimated at 15.0% of salary expense.

2) *Occupancy Expense*: As Dr. Sherman owns the space in which CBMC operates, the level of occupancy expense recorded historically was adjusted to a market level. This adjustment is based on the 3,000 square feet occupied and the agreed upon rental rate with Client of $34.00 per square feet. *HAI performed market research and determined that $34.00 per square foot consistent with the market. However, we note that HAI did not perform a separate appraisal of the real estate or the FMV rental rate.*

After making all of the adjustment discussed above, HAI consolidated the net impact of the adjustments within **Exhibit D.3.a**. By applying the net adjustments to reported EBIT HAI was able to determine adjusted historical EBIT for CBMC.

HAI typically places the majority of weight on the most recent year; however, as the estimated future maintainable earnings presented must take into account both good and bad snow years, HAI has placed approximately 25.0% weight on the 2011 through 2013 results and 75.0% weight on the adjusted annualized 2014 results. The resulting estimate of future maintainable earnings is $223,420.

To calculate free cash flow ("FCF") we have applied taxes equal to 20.7%[3], added back the expected ongoing depreciation expense of $5,000 (which is a non-cash charge subtracted for tax purposes), and subtracted routine capital expenditures of $5,000 (when capital expenditures are equal to depreciation it is assumed that assets will be replaced as they wear out or become obsolete). We have also estimated incremental additions to working capital of $2,000 based on the analysis presented in **Exhibit C.6**. This results in maintainable free cash flow of $175,000.

Derivation of the Discount Rate

HAI estimated the appropriate rate of return using the build-up method. The build-up method is an additive model in which the required return is estimated as the sum of a risk-free rate and one or more risk premia. Risk and return are directly related, and each premium represents the additional amount of return an investor will require for accepting a specific risk. The building blocks are summed and provide an estimate of the cost of equity.

[3] A description of HAI's determination of the applicable tax rate for the valuation of CBMC is presented within Appendix A of this Report.

The required return on equity for CBMC was determined as follows (see **Exhibit D.1**):

Required Return on Equity

	As of June 30, 2014	Low	High
	Risk Free Rate	3.08%	3.08%
+	Market Equity Risk Premium	5.59%	5.59%
+/-	Industry Risk Premium	0.00%	0.00%
+/-	Size Risk Premium	5.99%	5.99%
+/-	Company Specific Risk Premium	8.00%	10.00%
=	**Required Return on Equity**	**22.70%**	**24.70%**

The risk free rate is the published yield on 20-year Treasury bonds as of June 30, 2014.

The equity risk premium ("ERP") reflects the generalized risk of investing in a well-diversified portfolio of equity securities (i.e., as opposed to risk-free securities) and is based upon research performed by Aswath Damodaran, Professor of Finance at the Stern School of Business at New York University. Professor Damodaran created a quantitative model for the implied equity risk premium based on numerous market data factors which are discussed further in the publication, "Equity Risk Premiums: Determinants, Estimation and Implication". Based on Professor Damodaran's research, the indicated ERP on June 30, 2014 was 5.59%.

For the industry premium we have considered the published Morningstar data for standard industry classification code 8011 – Offices and Clinics of Doctors of Medicine. However, we have elected not to apply this premium as Morningstar did not publish a value in their most recent publication for SIC 8011. In lieu of applying an industry premium, we have considered industry risk factors in our company specific risk premium.

The size risk premium considers Duff & Phelps size decile 10, which includes stocks with market capitalizations less than $338.8 million. According to Duff & Phelps research, the risk associated with these stocks warrants an additional return of 5.99%.

For the company specific risk premium, HAI has developed a framework to assess the perceived risk associated with financial, geographical and other considerations specific to CBMC. Within this framework, HAI initially evaluates 16 individual risk factors, assigning risk to each factor as either N/A, low, moderate, significant, or severe.

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Fundamentally, the determination of company specific risk involves judgment; however, it provides HAI with a means to consistently assess company specific risk from company to company. Based upon HAI's assessment of the risk factors for CBMC, we have determined company specific risk to be between 8.0% and 10.0% (as shown in **Exhibit D.2**). HAI selected this specific risk based on perceived risk in financial projections. CBMC's patient volume is heavily dependent on the tourism industry during the ski months which can be negatively impacted by the economy as well as unpredictable snow fall.

The resulting required return on equity is between 22.70% and 24.70%.

When using debt-free cash flow, the capital structure is accounted for in the cost of capital. Accordingly we must also consider the relevant capital structure and cost of debt. To determine the costs of debt, we have assumed a borrower would have access to debt capital at the prevailing interest rate, which as of June 30, 2014 was estimated at 4.71% based on published rate for Baa rated corporate bonds. Because interest on debt is deductible for income tax purposes, we must reduce this rate by (1 – the tax rate). Using an estimated tax rate of 20.70%, the after tax cost of debt is 3.70%.

When combining the cost of equity and debt into a weighted average cost of capital, the appraiser must decide what capital structure to use for the market value weightings. In our valuation of CBMC, we have selected a capital structure of 20.0% debt and 80.0% equity based upon our experience valuing similar entities and considering the fixed assets which CBMC is able to leverage. Using these weightings, the weighted average cost of capital ("WACC") ranges from 18.90% to 20.50%.

Capitalization of Earnings Method Conclusion

Value under this Method is determined by capitalizing the cash flow by the appropriate discount rate adjusted for expected long-term growth. Subtracting 3.0% growth from our WACC of 18.90% to 20.50% results in a forward period capitalization range of 15.9% to 17.5%. This is considered a "forward period" capitalization rate because the financial theory behind this approach states that the present value of an asset is equal to the cash flow it produces 1 period into the future divided by the capitalization rate[4]. Since we are dealing with historical information to arrive at our estimate of maintainable earnings we must adjust our capitalization rate so that it can be applied to a current period cash flow.

[4] Variation of the Gordon Growth Formula which states that Value at present time = Cash Flow 1 period into the future / (cost of capital – growth)

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This is done by simply dividing the capitalization rate by (1+ the growth rate), which results in a current period capitalization range of 15.4% to 17.0%.

Dividing future maintainable earnings of $175,000 by a capitalization range of 15.4% to 17.0% yields a market value of invested capital rage of $1,030,000 to $1,133,648. Subtracting estimated net working capital of $60,000, the indicated market value of acquired assets ranges between $970,000 and $1,074,000.

Application of the Asset Approach

The net tangible assets of CBMC do not take into consideration the intangible value of CBMC, such as the exclusive ski patrol sled contract, reputation in the community, and goodwill. We believe other indicators of value should be considered which would take into account the value of all corporate assets, both tangible and intangible. Accordingly, HAI did not rely on the Asset Approach.

Application of the Market Approach

Under the Market Approach, HAI considered the Comparable Transaction Method. We searched the PrattsStats® and Irving Levin databases for acquisitions of companies in SIC Code 8011 – Offices and Clinics of Doctors of Medicine. The financial details surrounding the transactions obtained were limited due to the private nature of the vast majority of physician practice acquisitions. Additionally, the size of the transactions that include financial details were much larger than CBMC. Accordingly, HAI did not rely upon the Market Approach.

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Conclusion

In **Exhibit A.1** we summarize the values indicated by each of our valuation approaches:

Valuation Synthesis

	Fair Market Value of Assets	
	Low	High
Income Approach – Capitalization of Earnings Method	$970,000	$1,074,000
Asset Approach	*Not Relied Upon*	
Market Approach	*Not Relied Upon*	
Fair Market Value of Acquired Assets	**$970,000**	**$1,074,000**

Accordingly, it is our opinion that the fair market value range of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014 is reasonably represented as $970,000 to $1,074,000.

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Certificate of Appraiser

The undersigned certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the stated assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. This analysis and report were completed in accordance with "The National Association of Certified Valuators and Analysts" Professional Standards.
10. A personal inspection of the business that is subject of this report has not been made by HAI.
11. David M. Walline, ASA, and David Lo assisted in this appraisal.

Date: September [11], 2014 Todd J. Mello, ASA, CVA, MBA
Partner

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Appendix A – Description of Pass-Through Entity Adjustment

Most valuation theory is derived from the analysis and observation of publicly traded entities which are C-Corporations. Such entities have a dual layer of taxation, once on the income of the entity itself, and again on any distributions received by its shareholders. Valuation methodologies such as the Income Approach value the cash flow stream after entity level taxation, but prior to shareholder level taxation.

Unlike C-Corporations, pass-through entities pay no taxes on corporate level earnings, but all earnings are taxed as ordinary income to its shareholders. This creates challenges for business appraisers, as the avoided level of taxation is presumed by some to be an economic benefit to the shareholder that creates some form of value. In the landmark case Gross v. Commissioner5, the tax court concluded that no tax should be applied when valuing pass-through entities, a position widely rejected by the valuation community. Since Gross, several well-known business appraisers have written papers on this subject, including Daniel VanVleet, Nancy Fannon and Roger Grabowski, among others, each of whom has a different solution and opinion as to how this taxation issue should be handled.

Unfortunately, no consensus has been reached on this issue, and business valuation is rarely affected by any single variable in isolation. Many appraisers argue that any benefit created by the tax status of the interest is offset by decreases in marketability (restricted pool of buyers to retain tax status), additional discounts for lack of control due to restrictions in the articles of incorporation and/or operating agreement, and other factors that may lead to increases in risk.

According to Valuing a Business 4th Edition, "Whether a premium or discount should be applied to business valuation simply because of the pass-through status of the legal organization structure should be examined on a case by case basis. Unfortunately, there isn't a simple solution that applies universally."

HAI has elected to impact the subject entity's earnings through use of a "C-Corporation equivalent" tax rate, recognizing that pass through entities do not avoid tax altogether, but simply pay a higher rate at the shareholder level. Because valuation theory applies to the earnings of an entity after corporate level taxes, but before shareholder (i.e. dividend or capital gains) taxes, we have calculated the effective tax rate on corporate earnings that would result in the same total cash flow to the shareholder of a pass-through entity if both corporate level and shareholder level taxes were applied.

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[5] Estate of Gross v. Commissioner, T.C. Memo 1999-254

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Assuming a 35.0% corporate tax rate and 23.8% dividends tax rate on a C-Corporation, and a 39.6% shareholder level tax on a pass-through entity's earnings, we determined a 20.7% effective corporate tax rate on the subject pass-through entity.

Appendix B – Valuation Exhibits

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.4 - Top 20 CPT Code Analysis

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CPT Code	Description	Contractual Allowances and Adjustments			Collection % [1]		
		2012	2013	2014	2012	2013	2014
99203	Office/outpatient visit new	17,417	16,811	19,277	82.6%	83.8%	84.5%
99204	Office/outpatient visit new	14,465	9,167	8,492	82.6%	85.4%	84.3%
99213	Office/outpatient visit est	7,530	8,114	5,417	77.1%	77.0%	76.8%
25600	Treat fracture radius/ulna	8,540	5,683	4,811	72.1%	76.7%	78.7%
99354	Prolonged service office	8,421	5,517	9,702	47.3%	66.1%	43.7%
23500	Treat clavicle fracture	6,826	2,488	3,145	59.8%	76.8%	77.9%
27530	Treat knee fracture	4,028	10,875	6,069	46.0%	51.0%	62.8%
25605	Treat fracture radius/ulna	4,162	3,755	3,652	81.9%	67.0%	76.3%
36000	Place needle in vein	6,763	6,833	3,934	26.4%	37.7%	55.2%
73560	X-ray exam of knee 1 or 2	3,994	3,692	2,235	72.7%	71.8%	80.6%
MISCMED	Medicine	268	384	10	93.6%	94.9%	99.9%
73030	X-ray exam of shoulder	2,179	2,846	2,624	74.8%	69.5%	73.5%
23650	Treat shoulder dislocation	2,207	4,185	2,787	80.6%	65.6%	65.7%
27750	Treatment of tibia fracture	4,807	2,913	1,811	69.3%	38.5%	69.4%
L1831	Knee Ortho Lock Knee Jnt Pstn Ortho Prfa	945	929	592	86.7%	83.3%	91.6%
73110	X-ray exam of wrist	2,544	1,189	1,457	78.2%	81.4%	79.7%
99205	Office/outpatient visit new	196	1,404	612	89.0%	75.8%	89.1%
99202	Office/outpatient visit new	985	1,530	1,024	82.7%	83.2%	84.7%
27538	Treat knee fracture(s)	885	1,450	2,721	47.5%	70.1%	62.5%
22310	Closed tx vert fx w/o manj	864	4,888	249	37.5%	57.9%	91.1%
All Other		68,351	58,669	47,643	68.5%	68.9%	71.5%
Totals		**166,374**	**153,322**	**128,264**	**73.2%**	**73.4%**	**76.6%**

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit A.1 - Valuation Summary

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	Fair Market Value of Assets	
	Low	**High**
Income Approach		
Capitalization of Earnings Method	$970,000	$1,074,000
Market Approach	*Not Relied Upon*	
Asset Approach	*Not Relied Upon*	
Concluded Fair Market Value of 100% of Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014	**$970,000**	**$1,074,000**

** *Rationale for concluded value and inclusion/exclusion of valuation approaches is discussed at length in our valuation report*

Value shown above reflects the value of certain assets. To the extent assets and/or liabilities are excluded, the purchase price should be adjusted accordingly.

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit A.1 - Valuation Summary

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	Fair Market Value of Assets	
	Low	**High**

The conclusion on the previous page reflects the following assets and liabilities, which may deviate from actual deal terms:

	Low	*High*
Estimated Inventory	$1,000	$1,000
Fixed Assets at Net Book Value	39,000	39,000
Intangible Assets	930,000	1,034,000
Total Invested Capital	$970,000	$1,074,000
Non-Debt Liabilities	$0	$0
Debt Liabilities	0	0
Indicated Asset Value (rounded)	$970,000	$1,074,000

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.a - Historical Income Statements

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	Assigned Category		2011	2012	2013	2014	% of Net Revenue 2011	2012	2013	2014	Historical Average
Fee-for-Service Revenue	FFS Revenue	(1)	554,058	457,686	438,574	503,962	100.0%	100.0%	100.0%	100.0%	100.0%
Physician Salary	Physician Salary and Benefits		0	32,400	3,888	2,400	0.0%	7.1%	0.9%	0.5%	2.1%
Salaries and Benefits	Salaries and Benefits		176,798	149,745	121,977	112,201	31.9%	32.7%	27.8%	22.3%	28.7%
Medical, Lab, and Other Supplies	Medical, Lab, and Other Supplies		55,938	40,059	38,011	46,200	10.1%	8.8%	8.7%	9.2%	9.2%
Occupancy	Occupancy		98,291	63,234	64,449	60,832	17.7%	13.8%	14.7%	12.1%	14.6%
Repairs and Maintenance	Repairs and Maintenance		12,575	2,994	6,170	11,494	2.3%	0.7%	1.4%	2.3%	1.7%
Billing Expense	Billing Expense		1,200	12,865	10,881	10,909	0.2%	2.8%	2.5%	2.2%	1.9%
Overhead	Overhead		66,071	52,071	48,775	46,989	11.9%	11.4%	11.1%	9.3%	10.9%
Total Operating Costs			410,873	353,369	294,152	291,025	74.2%	77.2%	67.1%	57.7%	69.0%
Operating Margin			143,185	104,317	144,422	212,937	25.8%	22.8%	32.9%	42.3%	31.0%
Other (Income) / Expense	Other		900	(446)	(150)	0	0.2%	-0.1%	0.0%	0.0%	0.0%
EBITDA			142,285	104,763	144,572	212,937	25.7%	22.9%	33.0%	42.3%	30.9%
Depreciation	Depreciation		10,749	38,627	1,390	695	1.9%	8.4%	0.3%	0.1%	2.7%
Amortization	Amortization		9,866	9,866	9,866	4,933	1.8%	2.2%	2.2%	1.0%	1.8%
EBIT			121,670	56,270	133,316	207,309	22.0%	12.3%	30.4%	41.1%	26.4%

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.a - Historical Income Statements

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Assigned Category	2011	2012	2013	2014	% of Net Revenue 2011	% of Net Revenue 2012	% of Net Revenue 2013	% of Net Revenue 2014	Historical Average

**Dr. Sherman, who is the sole owner of Crested Butte Medical Center, PLLC ("CBMC"), also ran an urgent care clinic in the town of Crested Butte (the "Town Center") prior to 2011. As the operations of the Town Center were not tracked separate from CBMC it was not possible to receive accurate financial statements prior to 2011. Furthermore, Dr. Sherman also provides other medical services within the community, including on-call services at Gunnison Valley Hospital. HAI was informed that these services, along with the operations of CBMC, are combined under Roger Sherman, M.D., P.C. for tax purposes (even though Crested Butte Medical Center, PLLC is a separate legal entity). As such, CBMC's accountant provided HAI with compiled financial statements for CBMC that were created by breaking-out CBMC's operations from the Roger Sherman, M.D., P.C. tax returns.*

Footnotes:

1) CBMC only operates during the Crested Butte Ski Resort season (approximately November through April); however, the 2011 through 2013 data presented above includes all revenue and expenses incurred during each full calendar year (as it was compiled from tax returns). The 2014 data reflects only the first six-months of 2014. As the 2013 / 2014 season ended at the end of April 2014 the expenses included within 2014 are likely representative of total expense incurred for the season. HAI did discuss the need to add additional expenses to the provided 2014 income statement with CMBC's accountant. Furthermore, as collections will continue to come-in throughout the remainder of 2014 the revenue figure presented above is likely understated. All additional expenses and adjustments are presented within Exhibit D.3.a.

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.b - Historical Income Statement Detail

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	Assigned Category		2011	2012	2013	2014	% of Net Revenue 2011	2012	2013	2014	Historical Average
Fee-for-Service Revenue	FFS Revenue		568,712	465,578	439,130	505,529	102.6%	101.7%	100.1%	100.3%	101.2%
Refunds - Patient	FFS Revenue		(14,654)	(7,892)	(556)	(1,566)	-2.6%	-1.7%	-0.1%	-0.3%	-1.2%
Net Revenue		(1)	554,058	457,686	438,574	503,962	100.0%	100.0%	100.0%	100.0%	100.0%
Meals 100% (Employee Parties)	Overhead	(2)	0	950	0	2,929	0.0%	0.2%	0.0%	0.6%	0.2%
Penalties	Overhead	(3)	0	412	0	0	0.0%	0.1%	0.0%	0.0%	0.0%
Payroll Expense (Processing and Software)	Overhead		0	0	15	(3)	0.0%	0.0%	0.0%	0.0%	0.0%
Billing Fees	Billing Expense	(4)	1,200	12,865	10,881	10,909	0.2%	2.8%	2.5%	2.2%	1.9%
Automobile Expense	Overhead	(5)	0	0	70	57	0.0%	0.0%	0.0%	0.0%	0.0%
Real Estate Property Taxes	Occupancy	(6)	8,365	274	273	158	1.5%	0.1%	0.1%	0.0%	0.4%
Business Insurance	Overhead	(7)	3,639	2,900	2,275	0	0.7%	0.6%	0.5%	0.0%	0.5%
Clinic Supplies	Medical, Lab, and Other Supplies		19,948	18,403	20,123	25,015	3.6%	4.0%	4.6%	5.0%	4.3%
Lab Expense	Medical, Lab, and Other Supplies		149	105	244	324	0.0%	0.0%	0.1%	0.1%	0.0%
X-Ray Supplies	Medical, Lab, and Other Supplies	(8)	881	4,443	886	0	0.2%	1.0%	0.2%	0.0%	0.3%
Medication Expense	Medical, Lab, and Other Supplies		8,973	217	1,000	1,684	1.6%	0.0%	0.2%	0.3%	0.6%
Ortho Supplies	Medical, Lab, and Other Supplies		12,078	10,221	10,998	14,027	2.2%	2.2%	2.5%	2.8%	2.4%
Certification/Testing	Overhead	(9)	225	1,577	2,345	150	0.0%	0.3%	0.5%	0.0%	0.2%
Office Wages	Salaries and Benefits	(10)	109,218	80,127	58,254	37,326	19.7%	17.5%	13.3%	7.4%	14.5%
Shareholder Payroll	Physician Salary and Benefits	(11)	0	30,000	3,600	0	0.0%	6.6%	0.8%	0.0%	1.8%
PA and NP Wages	Salaries and Benefits		44,600	48,900	48,523	47,242	8.0%	10.7%	11.1%	9.4%	9.8%
Physician Wages	Physician Salary and Benefits	(11)	0	0	0	2,400	0.0%	0.0%	0.0%	0.5%	0.1%
Payroll Tax Expenses	Salaries and Benefits		14,754	14,930	9,950	23,883	2.7%	3.3%	2.3%	4.7%	3.2%
Shareholder Payroll Taxes	Physician Salary and Benefits	(11)	0	2,400	288	0	0.0%	0.5%	0.1%	0.0%	0.1%
Employee Benefits	Salaries and Benefits	(12)	6,497	48	2,214	0	1.2%	0.0%	0.5%	0.0%	0.4%
Resident Housing	Overhead	(13)	2,450	644	1,350	257	0.4%	0.1%	0.3%	0.1%	0.2%
Temporary Services	Overhead		419	0	0	530	0.1%	0.0%	0.0%	0.1%	0.0%
Advertising	Overhead	(14)	11,616	11,061	8,638	10,285	2.1%	2.4%	2.0%	2.0%	2.1%
Depreciation Expense	Depreciation		10,749	38,627	1,390	695	1.9%	8.4%	0.3%	0.1%	2.7%
Amortization Exp - Goodwill	Amortization		9,866	9,866	9,866	4,933	1.8%	2.2%	2.2%	1.0%	1.8%
Rent Ski Area	Occupancy	(6)	84,000	56,000	56,000	56,000	15.2%	12.2%	12.8%	11.1%	12.8%
Rent Storage	Occupancy	(6)	544	0	0	0	0.1%	0.0%	0.0%	0.0%	0.0%

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.b - Historical Income Statement Detail

DRAFT - For Discussion Purposes Only

	Assigned Category		2011	2012	2013	2014	% of Net Revenue 2011	2012	2013	2014	Historical Average
Utilities	Occupancy	(6)	5,382	6,960	8,176	4,674	1.0%	1.5%	1.9%	0.9%	1.3%
Telephone	Overhead	(5)	3,211	4,121	3,705	2,860	0.6%	0.9%	0.8%	0.6%	0.7%
Equipment Repairs	Repairs and Maintenance	(15)	147	0	0	3,117	0.0%	0.0%	0.0%	0.6%	0.2%
Equipment Lease	Repairs and Maintenance	(16)	1,701	1,880	1,669	965	0.3%	0.4%	0.4%	0.2%	0.3%
X-Ray Repair/ Maintenance	Repairs and Maintenance	(17)	2,094	0	1,503	2,559	0.4%	0.0%	0.3%	0.5%	0.3%
Carpet Cleaning	Overhead		604	0	724	712	0.1%	0.0%	0.2%	0.1%	0.1%
Waste Management	Overhead		2,084	700	298	172	0.4%	0.2%	0.1%	0.0%	0.2%
Maintenance & Repairs	Repairs and Maintenance	(18)	8,633	1,114	2,999	4,852	1.6%	0.2%	0.7%	1.0%	0.9%
Computer Supplies	Medical, Lab, and Other Supplies	(5)	8,035	3,906	1,838	2,869	1.5%	0.9%	0.4%	0.6%	0.8%
Laundry	Overhead		2,243	2,071	2,433	2,833	0.4%	0.5%	0.6%	0.6%	0.5%
Office Supplies	Medical, Lab, and Other Supplies		5,874	2,764	2,920	2,281	1.1%	0.6%	0.7%	0.5%	0.7%
Legal & Accounting	Overhead	(19)	4,759	5,804	1,617	6,089	0.9%	1.3%	0.4%	1.2%	0.9%
Licenses	Overhead	(20)	3,936	1,126	5,615	343	0.7%	0.2%	1.3%	0.1%	0.6%
Interest Expense	Interest Expense		3,873	3,840	4,307	258	0.7%	0.8%	1.0%	0.1%	0.6%
Bank Service Charges	Overhead		2,714	672	219	258	0.5%	0.1%	0.0%	0.1%	0.2%
Merchant Fees (CC)	Overhead		3,231	4,514	3,684	3,920	0.6%	1.0%	0.8%	0.8%	0.8%
Postage & Shipping	Overhead		2,414	741	564	551	0.4%	0.2%	0.1%	0.1%	0.2%
Dues & Subscriptions	Overhead	(21)	3,040	4,194	2,716	1,722	0.5%	0.9%	0.6%	0.3%	0.6%
Travel	Overhead	(5)	267	0	59	603	0.0%	0.0%	0.0%	0.1%	0.0%
Meals	Overhead	(5)	4,521	2,255	2,354	4,112	0.8%	0.5%	0.5%	0.8%	0.7%
Contributions	Salaries and Benefits	(22)	1,730	5,250	3,035	3,750	0.3%	1.1%	0.7%	0.7%	0.7%
Promotion	Overhead	(3)	0	0	179	156	0.0%	0.0%	0.0%	0.0%	0.0%
Liability Insurance	Overhead	(5)	13,533	7,048	10,059	8,103	2.4%	1.5%	2.3%	1.6%	2.0%
Entertainment	Overhead	(5)	77	205	56	0	0.0%	0.0%	0.0%	0.0%	0.0%
Bad Debt/Credit Bureau	Overhead		382	32	12	0	0.1%	0.0%	0.0%	0.0%	0.0%
Work Comp Insurance	Overhead		707	1,044	(212)	352	0.1%	0.2%	0.0%	0.1%	0.1%
Continuing Education	Salaries and Benefits	(3)	0	490	0	0	0.0%	0.1%	0.0%	0.0%	0.0%
Miscellaneous Expenses	Other		900	0	0	0	0.2%	0.0%	0.0%	0.0%	0.0%
Other Income	Other		0	(446)	(150)	0	0.0%	-0.1%	0.0%	0.0%	0.0%
Total Operating Expenses		(1)	436,261	405,255	309,565	296,911	78.7%	88.5%	70.6%	58.9%	74.2%

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.b - Historical Income Statement Detail

DRAFT - For Discussion Purposes Only

	Assigned Category	2011	2012	2013	2014	% of Net Revenue 2011	% of Net Revenue 2012	% of Net Revenue 2013	% of Net Revenue 2014	Historical Average

Footnotes:

1) As discussed within Exhibit B.1.a, the 2011 through 2013 income statements reflect full calendar years (not the ski seasons which overlap calendar years). The 2014 data is for the first six-months of 2014.
2) Employee parties have been classified as discretionary in nature and, as such, have been eliminated within HAI's determination of normalized earnings (as shown in Exhibit D.3.c).
3) These expenses were classified as discretionary by CBMC's accountant and are of a non-material amount. As such, HAI has adjusted for these expenses within Exhibit D.3.c.
4) HAI has normalized billing expense to be 2.5% of revenue.
5) CBMC's accountant isolated expenses that are run through CBMC's income statement but are related to personal expenses of Dr. Sherman and his family.
   a) CBMC's accountant isolated personal telephone expense related to Dr. Sherman's satellite telephone. HAI has normalized this portion of telephone expense within Exhibit D.3.c.
   b) CBMC's accountant isolated personal computer expense related to Dr. Sherman's family computers. HAI has normalized this portion of computer expense within Exhibit D.3.c.
   c) HAI has normalized other personal expenses such as automobile, meals, entertainment, and travel expenses within Exhibit D.3.c.

   Dr. Sherman represents liability insurance is his personal malpractice insurance, and, as such, this expense should be eliminated. As malpractice insurance is needed to operate a physician practice HAI has not made this adjustment.
6) As Dr. Sherman owns the building in which CBMC operates, HAI has removed reported occupancy expenses and applied a market occupancy expense adjustment within Exhibit D.3.c.
7) Dr. Sherman represented that business insurance declined historically, as CBMC changed insurance companies to receive a better rate. Dr. Sherman represented that 2014 business insurance expense should be similar to the 2013 expense.
8) Dr. Sherman represented that in 2012 he purchased a digital processor which was booked under x-ray supplies. This purchase allowed x-ray supplies going-forward to be eliminated (no more film or chemicals).
9) Certification/testing expense is primarily related to x-ray certification and medical equipment testing. Dr. Sherman represents that the 2013 expense shown above includes both the 2013 and 2014 expense amounts. As such, HAI has normalized this expense account with Exhibit D.3.c.
10) Offices wages includes office employee salaries as well as hourly nurse and EMT wages. Based on a conversation with Dr. Sherman and his accountant, the decline in the office wages account historically is the result of better oversight of clinical hours as well as a transition from staffing multiple nurses in CBMC to staffing one nurse and having EMT's on-hand. Additionally, for tax purposes, Mrs. Sherman was paid approximately $28,000 in 2011 and $30,000 in 2012. As Mrs. Sherman did not perform any operational duties to receive these moneys HAI has adjusted these amount out of office wages with Exhibit D.3.c.
11) HAI has adjusted Dr. Sherman's salary and benefit expense to a market level within Exhibit D.3.c.
12) Dr. Sherman represented that the employee benefit expense account includes discretionary benefits such as ski passes to Crested Butte Mountain Resort. Additionally, Dr. Sherman represents that this expense account has been eliminated going-forward.
13) Dr. Sherman represented that all resident related expenses are reimbursed by Colorado State University. As such, HAI has left both the revenue and expenses related to the residency program unadjusted as to allow them to offset each other.
14) Dr. Sherman represented that he is scaling back advertising expense, as a review of the business suggests that very little patient volume results from his advertising efforts. Dr. Sherman represented that the majority of patient volume is a result of ski-in or sled traffic rather than walk-in traffic. Dr. Sherman estimates that a normal operator of this business would likely spend half to two-thirds less than what was spent historically.
15) Dr. Sherman represents that a number of normal equipment repairs were made to the EKG machine and gurneys in 2014. Dr. Sherman represents that approximately $1,500 per ski season is spent on equipment repairs.
16) Equipment lease expense is related to CBMC's Xerox copier. A new lease was recently signed which Dr. Sherman represents will reduce this expense to approximately $800 per year.
17) Dr. Sherman represents that x-ray repair and maintenance expense was high in 2014, as he had to replace an electric feeder cable for the x-ray unit. HAI has normalized this one-time expense in Exhibit D.3.c.
18) Dr. Sherman represents that the fire suppression system was triggered and caused some water damage to the Ski Clinic in 2014. HAI has normalized this one-time expense in Exhibit D.3.c.
19) Dr. Sherman represents that the majority of legal and accounting expense presented above is not related to CBMC. CBMC does its own accounting and has not required legal services in any of the reported years. The only accounting expense that should be booked as an operating expense is CBMC's portion of tax return preparation services. HAI has normalized this account within Exhibit D.3.c.
20) Dr. Sherman adjusted out all of his medical and state licenses as discretionary. HAI believes these licenses are both necessary and contribute to the success if CBMC. To the extent State licenses are expenses which are not mandatory these licenses still likely contribute as a marketing benefit to CBMC (patients feel more comfortable because these licenses are held).

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.1.b - Historical Income Statement Detail

DRAFT - For Discussion Purposes Only

					% of Net Revenue				Historical
Assigned Category	2011	2012	2013	2014	2011	2012	2013	2014	Average

21) Dr. Sherman adjusted out all of his dues and subscriptions as discretionary. HAI believes these expenses are both necessary and contribute to the success if CBMC (e.g., allows Dr. Sherman to stay on-top of the rapidly changing healthcare environment).

22) Dr. Sherman represented that contributions expense is related to discretionary donations made in the surrounding community.

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.2 - Historical Balance Sheets

DRAFT - For Discussion Purposes Only

						% of Total Assets				Historical
As of		**12/31/11**	**12/31/12**	**12/31/13**	**6/30/14**	**12/31/11**	**12/31/12**	**12/31/13**	**6/30/14**	**Average**
Assets										
Checking and Savings		7,581	(164)	(16,757)	20,582	9.6%	-0.3%	-49.2%	31.3%	-2.1%
Total Current Assets		7,581	(164)	(16,757)	20,582	9.6%	-0.3%	-49.2%	31.3%	-2.1%
Town Depreciable Assets	(1)	165,042	165,042	165,042	165,042	209.7%	276.5%	485.0%	251.1%	305.6%
Mountain Depreciable Assets		7,685	7,685	9,435	9,435	9.8%	12.9%	27.7%	14.4%	16.2%
Ski Area Depreciable Assets		102,283	137,645	138,075	138,075	130.0%	230.6%	405.8%	210.0%	244.1%
Gross Fixed Assets		275,010	310,372	312,552	312,552	349.5%	519.9%	918.5%	475.4%	565.8%
Accumulated Depreciation		(235,103)	(271,855)	(273,245)	(273,940)	-298.7%	-455.4%	-803.0%	-416.7%	-493.5%
Net Fixed Assets	(1)	39,907	38,517	39,308	38,613	50.7%	64.5%	115.5%	58.7%	72.4%
Goodwill	(2)	147,987	147,987	147,987	147,987	188.0%	247.9%	434.9%	225.1%	274.0%
Organizational Costs	(2)	1,916	1,916	1,916	1,916	2.4%	3.2%	5.6%	2.9%	3.5%
Accum. Amort. - Goodwill + Org. Costs	(2)	(122,598)	(132,464)	(142,330)	(147,263)	-155.8%	-221.9%	-418.3%	-224.0%	-255.0%
Refundable Deposits		3,259	3,259	3,259	3,259	4.1%	5.5%	9.6%	5.0%	6.0%
Loan Fees		645	645	645	645	0.8%	1.1%	1.9%	1.0%	1.2%
Total Assets		78,698	59,696	34,027	65,739	100.0%	100.0%	100.0%	100.0%	100.0%

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit B.2 - Historical Balance Sheets

DRAFT - For Discussion Purposes Only

As of		12/31/11	12/31/12	12/31/13	6/30/14	% of Total Assets 12/31/11	12/31/12	12/31/13	6/30/14	Historical Average
Liabilities and Equity										
Direct Deposit Liabilities		0	0	(6,580)	0	0.0%	0.0%	-19.3%	0.0%	-4.8%
Payroll Liabilities		10,983	9,234	7,526	5,577	14.0%	15.5%	22.1%	8.5%	15.0%
Line of Credit		77,000	82,000	82,000	49,869	97.8%	137.4%	241.0%	75.9%	138.0%
Landmark Financial Corp	(3)	0	25,362	25,034	20,054	0.0%	42.5%	73.6%	30.5%	36.6%
Ready Reserve		2,598	0	3,000	0	3.3%	0.0%	8.8%	0.0%	3.0%
Total Current Liabilities		90,581	116,596	110,980	75,499	115.1%	195.3%	326.2%	114.8%	187.9%
Total Long Term Liabilities		0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total Liabilities		90,581	116,596	110,980	75,499	115.1%	195.3%	326.2%	114.8%	187.9%
Capital Stock		5,000	5,000	5,000	5,000	6.4%	8.4%	14.7%	7.6%	9.3%
Retained Earnings - Prior		(22,847)	(16,883)	(59,663)	(81,953)	-29.0%	-28.3%	-175.3%	-124.7%	-89.3%
Shareholder Distributions		(111,833)	(97,448)	(151,299)	(139,859)	-142.1%	-163.2%	-444.6%	-212.8%	-240.7%
Net Income		117,797	52,430	129,009	207,051	149.7%	87.8%	379.1%	315.0%	232.9%
Book Equity		(11,883)	(56,901)	(76,953)	(9,761)	-15.1%	-95.3%	-226.2%	-14.8%	-87.9%
Total Liabilities and Equity		78,698	59,696	34,027	65,739	100.0%	100.0%	100.0%	100.0%	100.0%
Supplemental Balance Sheet Detail										
Debt Balance		77,000	107,362	107,034	69,923	97.8%	179.8%	314.6%	106.4%	174.7%

Footnotes:

1) CBMC's accountant was unable to provide the detail behind what assets are included in "Town Depreciable Assets". It is likely that the net fixed asset figure presented above reflects more than just the fixed assets attributable to CBMC.

2) Goodwill and organizational costs are related to the purchase of CBMC in 1999. These assets will be fully amortized by the end of 2014.

3) The "Landmark Financial Corp" liability is attributable to the financing of CBMC's new digital processor.

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.1 - Operational Summary

DRAFT - For Discussion Purposes Only

	Inches of Snow [1]									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Snowfall	N/A	N/A	N/A	407	304	161	277	140	143	248

	Charges [2]									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Charges	891,141	945,596	1,018,644	1,042,028	978,313	949,869	755,494	624,445	583,489	784,666

	Contractual Allowances and Adjustments [2, 3]									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Adjustments	132,985	165,094	212,544	200,682	205,332	446,501	433,894	166,374	153,322	128,264

	Collections / (Collection + Adjustments)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Adjustments	84.7%	82.8%	78.8%	81.3%	77.8%	63.7%	58.3%	73.2%	73.4%	76.6%

	Collections [2, 4]									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Collections	736,224	793,761	790,671	873,038	719,775	784,023	607,067	453,824	423,367	420,978
Variance to Income Statement	*Not Applicable as includes Town Clinic*						53,009	[illegible]	[illegible]	[illegible]

	Collections as a Percentage of Charges									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Collections	82.6%	83.9%	77.6%	83.8%	73.6%	82.5%	80.4%	72.7%	72.6%	53.7%

Footnotes:

1) HAI researched historical snow totals for Crested Butte Mountain Resort. The data presented above is from OnTheSnow.com, which is a nationally recognized website for skiers and snowboarders to track snow accumulation during ski seasons on a per resort basis.

2) Charges, adjustments, and collections presented above for 2005 through 2010 reflect both Crested Butte Medical Center and Dr. Sherman's other urgent care clinic in the town of Crested Butte (e.g., the "Town Clinic"). Charges, adjustments, and collections presented above for 2011 through 2014 reflect only Crested Butte Medical Center and, as such, are matched to the ski season ending in the Spring of the respective years presented above. *It should be noted again that the financial statements provided to HAI, and presented in Exhibits B.1.a through B.2, are on a calendar year basis, and, as such, are not directly comparable to the data presented above which is on a ski season basis.*

3) As shown above, CBMC had significantly higher allowances and adjustments in 2010 and 2011. Based on discussions with Dr. Sherman and his staff, the higher allowances and adjustments in 2010 and 2011 were driven by both the transition to a new billing company (the new billing company wanted to start with a clean slate and wrote-off a material amount of accounts receivable going back a decade) and the separation of tracking the Town Clinic and CBMC together.

4) Based on conversations with Dr. Sherman, and as shown by the snow totals above, the ski seasons ending in 2012 and 2013 were two of the worst seasons in the last decade for Crested Butte Mountain Resort. As CBMC is solely reliant on the tourism and subsequent injuries associated with Crested Butte Mountain Resort, the collections for the ski seasons ended in 2012 and 2013 were low. Furthermore, as can be seen through a review of both snow totals and charges, the ski season ended in 2014 was more in-line with what Dr. Sherman represents is a normal year; however, as the ski season ended in April of 2014 and the 2014 operational report was generated shortly after, total collections presented above for 2014 are not fully adjudicated.

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.2 - Historical Revenue Calculation

DRAFT - For Discussion Purposes Only

Inches of Snow									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
N/A	N/A	N/A	407	304	161	277	140	143	248

Ski Clinic Charges [1]									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
716,250	786,959	865,460	898,255	821,556	768,896	752,679	624,445	583,489	786,324

Ski Clinic + Town Center - Collections / (Collection + Adjustments) [1]									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
84.7%	82.8%	78.8%	81.3%	77.8%	63.7%	58.3%	73.2%	73.4%	76.6%

Implied Ski Clinic Collections [1]									
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
606,667	651,461	682,101	730,368	639,208	489,899	438,947	456,931	428,359	602,694

Low	*$428,359*
Average	*$572,664*
High	*$730,368*

Footnotes:

1) Dr. Sherman was able to provide HAI with charges specific to CBMC; however, collections specific to CBMC were not available. As such, HAI calculated implied CBMC collections based on the matched collection percentage calculated within Exhibit C.1, which utilizes total CBMC and Town Clinic adjustments and collections.

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.3 - Volume by Payor Class

DRAFT - For Discussion Purposes Only

	Charge Volume			% of Charge Volume		
	2012	2013	2014	2012	2013	2014
Aetna	250	234	287	10.8%	7.4%	7.2%
BCBS (1)	1,364	1,118	1,373	59.0%	35.3%	34.4%
CIGNA	183	190	279	7.9%	6.0%	7.0%
Medicaid (2)	0	42	161	0.0%	1.3%	4.0%
Medicare	6	129	169	0.3%	4.1%	4.2%
Self Pay	373	406	367	16.1%	12.8%	9.2%
United Health Care	0	387	496	0.0%	12.2%	12.4%
Other	134	665	861	5.8%	21.0%	21.6%
Totals	**2,310**	**3,171**	**3,993**	**100.0%**	**100.0%**	**100.0%**

	Charges			Per Charge		
	2012	2013	2014	2012	2013	2014
Aetna	42,166	44,435	58,027	168.66	189.89	202.18
BCBS (1)	244,162	199,092	286,782	179.00	178.08	208.87
CIGNA	32,875	33,622	49,945	179.64	176.96	179.01
Medicaid (2)	0	8,891	23,175	N/A	211.69	143.94
Medicare	1,107	24,758	34,670	184.50	191.92	205.14
Self Pay	53,466	65,093	62,222	143.34	160.33	169.54
United Health Care	0	73,796	97,154	N/A	190.69	195.88
Other	22,274	133,802	172,693	166.22	201.21	200.57
Totals	**396,050**	**583,489**	**784,666**	**171.45**	**184.01**	**196.51**

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.3 - Volume by Payor Class

DRAFT - For Discussion Purposes Only

	Contractual Allowances and Adjustments			Collection % [3]		
	2012	2013	2014	2012	2013	2014
Aetna	14,356	15,820	16,898	47.8%	48.0%	47.9%
BCBS (1)	34,613	22,866	33,225	77.4%	83.5%	82.5%
CIGNA	3,340	3,936	7,323	81.8%	81.2%	71.1%
Medicaid (2)	0	3,755	10,044	N/A	28.6%	24.3%
Medicare	442	14,570	18,369	42.3%	30.1%	30.3%
Self Pay	567	1,558	9,575	99.7%	99.1%	93.8%
United Health Care	0	7,084	8,876	100.0%	87.4%	82.2%
Other	3,302	30,892	28,723	99.1%	93.2%	93.8%
Totals	**56,620**	**100,481**	**133,033**	**86.3%**	**80.8%**	**76.7%**

	Collections			Per Charge		
	2012	2013	2014	2012	2013	2014
Aetna	13,145	14,611	15,561	52.58	62.44	54.22
BCBS (1)	118,709	115,676	157,088	87.03	103.47	114.41
CIGNA	15,012	17,056	17,973	82.03	89.77	64.42
Medicaid (2)	0	1,507	3,230	N/A	35.89	20.06
Medicare	324	6,263	7,972	54.07	48.55	47.17
Self Pay	205,395	172,218	145,411	550.66	424.18	396.21
United Health Care	0	46,888	48,780	N/A	121.16	98.35
Other	4,841	49,147	40,899	36.13	73.91	47.50
Totals	**357,427**	**423,367**	**436,913**	**154.73**	**133.51**	**109.42**
Variance to Income Statement (4), (5)	*(100,259)*	*(15,207)*	*(67,049)*			

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.3 - Volume by Payor Class

DRAFT - For Discussion Purposes Only

Footnotes:

1) Dr. Sherman represents that his contract with BCBS stipulates reimbursement at 95% of billed charges. As such, Dr. Sherman has increased charges per BCBS patient, and collections per charge have subsequently increased.
2) Although not shown above, Dr. Sherman represents that Medicaid patients have been treated since 1991. As such, Medicaid is not new to CBMC and has been incorporated in CBMC's collections historically.
3) [Collections / (Collections+Adjustments)]
4) The data presented above is on a fiscal year basis that corresponds directly with the opening and closing days at Crested Butte Mountain Resort. As such, a direct comparison between collections, as presented above, and calendar year revenue, as shown in Exhibit B.1.a, is not possible. Furthermore, it should be noted that a variance is typical, resulting from differences in reporting between the income statement (reported on a date of collection basis) and operational reports (reported on a date of service basis).
5) HAI notes that the 2012 data presented above shows charge volume and collections that are materially less than the charge volume and collections presented within the provided 2012 CPT report. As the 2012 CPT report is more in-line with the provided financial statements HAI believes that the 2012 data presented above is misleading and as such we have not consider the 2012 payor mix within our valuation.

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.4 - Top 20 CPT Code Analysis

DRAFT - For Discussion Purposes Only

		CPT Count			CPT Count as a % of Total		
CPT Code	Description	2012	2013	2014	2012	2013	2014
99203	Office/outpatient visit new	437	447	647	11.9%	14.1%	16.2%
99204	Office/outpatient visit new	256	187	221	7.0%	5.9%	5.5%
99213	Office/outpatient visit est	242	261	220	6.6%	8.2%	5.5%
25600	Treat fracture radius/ulna	29	24	26	0.8%	0.8%	0.7%
99354	Prolonged service office	39	38	54	1.1%	1.2%	1.4%
23500	Treat clavicle fracture	24	15	32	0.7%	0.5%	0.8%
27530	Treat knee fracture	5	15	17	0.1%	0.5%	0.4%
25605	Treat fracture radius/ulna	13	6	11	0.4%	0.2%	0.3%
36000	Place needle in vein	56	63	97	1.5%	2.0%	2.4%
73560	X-ray exam of knee 1 or 2	108	97	129	2.9%	3.1%	3.2%
MISCMED	Medicine	174	246	485	4.7%	7.8%	12.1%
73030	X-ray exam of shoulder	47	49	72	1.3%	1.5%	1.8%
23650	Treat shoulder dislocation	12	13	14	0.3%	0.4%	0.4%
27750	Treatment of tibia fracture	13	4	10	0.4%	0.1%	0.3%
L1831	Knee Ortho Lock Knee Jnt Pstn Ortho Prfa	46	37	77	1.3%	1.2%	1.9%
73110	X-ray exam of wrist	76	39	60	2.1%	1.2%	1.5%
99205	Office/outpatient visit new	4	13	19	0.1%	0.4%	0.5%
99202	Office/outpatient visit new	32	52	47	0.9%	1.6%	1.2%
27538	Treat knee fracture(s)	1	3	6	0.0%	0.1%	0.2%
22310	Closed tx vert fx w/o manj	1	7	3	0.0%	0.2%	0.1%
All Other		2,056	1,555	1,746	56.0%	49.0%	43.7%
Totals		**3,671**	**3,171**	**3,993**	**100.0%**	**100.0%**	**100.0%**

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.4 - Top 20 CPT Code Analysis

DRAFT - For Discussion Purposes Only

		Charges			Charges per CPT		
CPT Code	Description	2012	2013	2014	2012	2013	2014
99203	Office/outpatient visit new	100,353	104,825	159,809	229.64	234.51	247.00
99204	Office/outpatient visit new	83,884	62,926	77,792	327.67	336.50	352.00
99213	Office/outpatient visit est	32,823	36,066	32,984	135.63	138.18	149.93
25600	Treat fracture radius/ulna	30,558	24,729	27,846	1,053.72	1,030.38	1,071.00
99354	Prolonged service office	15,990	16,290	24,138	410.00	428.68	447.00
23500	Treat clavicle fracture	16,959	10,731	23,008	706.63	715.40	719.00
27530	Treat knee fracture	7,455	22,182	22,236	1,491.00	1,478.80	1,308.00
25605	Treat fracture radius/ulna	24,873	11,637	21,692	1,913.31	1,939.50	1,972.00
36000	Place needle in vein	9,184	10,976	18,513	164.00	174.22	190.86
73560	X-ray exam of knee 1 or 2	14,760	13,266	17,688	136.67	136.76	137.12
MISCMED	Medicine	4,193	7,561	14,003	24.10	30.74	28.87
73030	X-ray exam of shoulder	8,820	9,318	13,616	187.66	190.16	189.11
23650	Treat shoulder dislocation	11,388	12,174	13,412	949.00	936.48	958.00
27750	Treatment of tibia fracture	15,405	4,740	11,850	1,185.00	1,185.00	1,185.00
L1831	Knee Ortho Lock Knee Jnt Pstn Ortho Prfa	7,132	5,550	11,700	155.04	150.00	151.95
73110	X-ray exam of wrist	11,733	6,591	9,446	154.38	169.00	157.43
99205	Office/outpatient visit new	1,774	5,847	9,044	443.50	449.77	476.00
99202	Office/outpatient visit new	5,622	9,264	8,883	175.69	178.15	189.00
27538	Treat knee fracture(s)	1,685	4,849	8,874	1,685.00	1,616.33	1,479.00
22310	Closed tx vert fx w/o manj	1,382	11,604	8,285	1,382.00	1,657.71	2,761.67
All Other		218,472	192,363	249,847	106.26	123.71	143.10
Totals		**624,445**	**583,489**	**784,666**	**170.10**	**184.01**	**196.51**

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.4 - Top 20 CPT Code Analysis

DRAFT - For Discussion Purposes Only

CPT Code	Description	Collections			Collections per CPT		
		2012	2013	2014	2012	2013	2014
99203	Office/outpatient visit new	82,605	86,916	105,449	189.03	194.44	162.98
99204	Office/outpatient visit new	68,761	53,585	45,440	268.60	286.55	205.61
99213	Office/outpatient visit est	25,282	27,138	17,938	104.47	103.98	81.54
25600	Treat fracture radius/ulna	22,018	18,717	17,776	759.25	779.89	683.71
99354	Prolonged service office	7,569	10,773	7,532	194.08	283.51	139.49
23500	Treat clavicle fracture	10,133	8,243	11,083	422.23	549.52	346.34
27530	Treat knee fracture	3,427	11,307	10,242	685.47	753.82	602.44
25605	Treat fracture radius/ulna	18,778	7,624	11,769	1,444.48	1,270.73	1,069.89
36000	Place needle in vein	2,421	4,143	4,852	43.24	65.76	50.02
73560	X-ray exam of knee 1 or 2	10,632	9,415	9,262	98.44	97.06	71.80
MISCMED	Medicine	3,924	7,167	13,140	22.55	29.13	27.09
73030	X-ray exam of shoulder	6,456	6,472	7,282	137.37	132.09	101.13
23650	Treat shoulder dislocation	9,181	7,989	5,346	765.10	614.53	381.83
27750	Treatment of tibia fracture	10,862	1,827	4,114	835.56	456.65	411.38
L1831	Knee Ortho Lock Knee Jnt Pstn Ortho Prfa	6,187	4,622	6,477	134.49	124.91	84.12
73110	X-ray exam of wrist	9,102	5,212	5,726	119.76	133.63	95.44
99205	Office/outpatient visit new	1,579	4,393	5,000	394.63	337.90	263.17
99202	Office/outpatient visit new	4,718	7,557	5,678	147.45	145.32	120.80
27538	Treat knee fracture(s)	800	3,399	4,538	800.38	1,132.88	756.37
22310	Closed tx vert fx w/o manj	518	6,716	2,536	518.38	959.43	845.26
All Other		148,869	130,154	119,798	72.41	83.70	68.61
Totals		**453,824**	**423,367**	**420,978**	**123.62**	**133.51**	**105.43**
Variance to Income Statement [2]		*(3,862)*	*(15,207)*	*(82,984)*			

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.4 - Top 20 CPT Code Analysis

DRAFT - For Discussion Purposes Only

Footnotes:

1) [Collections / (Collections+Adjustments)]
2) The data presented above is on a fiscal year basis that corresponds directly with the opening and closing days at Crested Butte Mountain resort. As such, a direct comparison between collections, as presented above, and calendar year revenue, as shown in Exhibit B.1.a, is not possible. Furthermore, it should be noted that a variance is typical, resulting from differences in reporting between the income statement (reported on a date of collection basis) and operational reports (reported on a date of service basis).

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.5 - Outpatient Evaluation & Management CPT Code Analysis

DRAFT - For Discussion Purposes Only

CPT Code	Description	CPT Count			CPT Count as a % of Subtotal			Benchmarks [1], [2], [3]	
		2012	2013	2014	2012	2013	2014	Medicare	UCAOA
99201	New Patient Level 1	2	5	0	0.3%	0.7%	0.0%	1.2%	6.0%
99202	New Patient Level 2	32	52	47	4.4%	7.4%	5.0%	15.8%	14.0%
99203	New Patient Level 3	437	447	647	59.8%	63.5%	69.3%	46.8%	44.0%
99204	New Patient Level 4	256	187	221	35.0%	26.6%	23.7%	29.8%	30.0%
99205	New Patient Level 5	4	13	19	0.5%	1.8%	2.0%	6.3%	6.0%
Subtotal		731	704	934	100.0%	100.0%	100.0%	100.0%	100.0%
99211	Established Patient Level 1	1	4	3	0.3%	1.1%	1.0%	3.5%	4.0%
99212	Established Patient Level 2	62	82	41	19.3%	21.9%	13.9%	4.1%	10.0%
99213	Established Patient Level 3	242	261	220	75.2%	69.8%	74.6%	47.5%	32.0%
99214	Established Patient Level 4	17	26	29	5.3%	7.0%	9.8%	41.7%	48.0%
99215	Established Patient Level 5	0	1	2	0.0%	0.3%	0.7%	3.3%	6.0%
Subtotal		322	374	295	100.0%	100.0%	100.0%	100.0%	100.0%

CPT Code	Description	Charges						Charges per CPT		
		2012	%	2013	%	2014	%	2012	2013	2014
99201	New Patient Level 1	284	0.1%	720	0.4%	0	0.0%	142.00	144.00	N/A
99202	New Patient Level 2	5,622	2.9%	9,264	5.0%	8,883	3.5%	175.69	178.15	189.00
99203	New Patient Level 3	100,353	52.3%	104,825	57.1%	159,809	62.5%	229.64	234.51	247.00
99204	New Patient Level 4	83,884	43.7%	62,926	34.3%	77,792	30.4%	327.67	336.50	352.00
99205	New Patient Level 5	1,774	0.9%	5,847	3.2%	9,044	3.5%	443.50	449.77	476.00
Subtotal		191,917	100.0%	183,582	100.0%	255,528	100.0%	262.54	260.77	273.58
99211	Established Patient Level 1	77	0.2%	296	0.6%	252	0.6%	77.00	74.00	84.00
99212	Established Patient Level 2	6,610	15.3%	8,750	17.3%	4,879	10.8%	106.61	106.71	119.00
99213	Established Patient Level 3	32,823	75.8%	36,066	71.2%	32,984	73.0%	135.63	138.18	149.93
99214	Established Patient Level 4	3,793	8.8%	5,245	10.4%	6,380	14.1%	223.12	201.73	220.00
99215	Established Patient Level 5	0	0.0%	311	0.6%	706	1.6%	N/A	311.00	353.00
Subtotal		43,303	100.0%	50,668	100.0%	45,201	100.0%	134.48	135.48	153.22

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.5 - Outpatient Evaluation & Management CPT Code Analysis

DRAFT - For Discussion Purposes Only

CPT Code	Description	Contractual Allowances and Adjustments 2012	%	2013	%	2014	%	Collection % [4] 2012	2013	2014
99201	New Patient Level 1	0	0.0%	29	0.1%	0	0.0%	100.0%	96.0%	N/A
99202	New Patient Level 2	985	3.0%	1,530	5.3%	1,024	3.5%	82.7%	83.2%	84.7%
99203	New Patient Level 3	17,417	52.7%	16,811	58.1%	19,277	65.6%	82.6%	83.8%	84.5%
99204	New Patient Level 4	14,465	43.8%	9,167	31.7%	8,492	28.9%	82.6%	85.4%	84.3%
99205	New Patient Level 5	196	0.6%	1,404	4.9%	612	2.1%	89.0%	75.8%	89.1%
Subtotal		33,063	100.0%	28,941	100.0%	29,405	100.0%	82.7%	84.1%	84.6%
99211	Established Patient Level 1	0	0.0%	135	1.1%	8	0.1%	100.0%	54.3%	96.7%
99212	Established Patient Level 2	1,874	17.4%	2,211	18.5%	766	9.6%	71.6%	74.6%	79.2%
99213	Established Patient Level 3	7,530	70.1%	8,114	68.0%	5,417	68.1%	77.1%	77.0%	76.8%
99214	Established Patient Level 4	1,339	12.5%	1,298	10.9%	1,404	17.6%	62.8%	74.3%	70.2%
99215	Established Patient Level 5	0	0.0%	171	1.4%	364	4.6%	N/A	44.9%	28.8%
Subtotal		10,743	100.0%	11,930	100.0%	7,960	100.0%	75.1%	76.0%	75.5%

CPT Code	Description	Collections 2012	%	2013	%	2014	%	Collections per CPT 2012	2013	2014	Medicare Rates 2012	2013	2014
99201	New Patient Level 1	284	0.2%	691	0.5%	0	0.0%	142.00	138.22	N/A	42.47	43.82	43.52
99202	New Patient Level 2	4,718	3.0%	7,557	4.9%	5,678	3.5%	147.45	145.32	120.80	72.35	74.37	74.77
99203	New Patient Level 3	82,605	52.3%	86,916	56.8%	105,449	65.3%	189.03	194.44	162.98	104.77	107.80	108.52
99204	New Patient Level 4	68,761	43.5%	53,585	35.0%	45,440	28.1%	268.60	286.55	205.61	159.94	163.97	166.64
99205	New Patient Level 5	1,579	1.0%	4,393	2.9%	5,000	3.1%	394.63	337.90	263.17	198.61	202.97	207.55
Subtotal		157,946	100.0%	153,142	100.0%	161,568	100.0%	216.07	217.53	172.98	123.01	126.35	122.83
99211	Established Patient Level 1	77	0.2%	161	0.4%	244	1.0%	77.00	40.16	81.20	19.75	20.43	20.16
99212	Established Patient Level 2	4,736	14.6%	6,495	17.2%	2,916	11.9%	76.38	79.21	71.12	42.47	43.82	43.88
99213	Established Patient Level 3	25,282	78.1%	27,138	72.0%	17,938	73.1%	104.47	103.98	81.54	70.29	72.65	73.32
99214	Established Patient Level 4	2,259	7.0%	3,752	10.0%	3,302	13.5%	132.88	144.32	113.85	103.92	106.61	108.16
99215	Established Patient Level 5	0	0.0%	140	0.4%	147	0.6%	N/A	139.54	73.46	139.54	142.55	144.79
Subtotal		32,354	100.0%	37,685	100.0%	24,546	100.0%	100.48	100.76	83.21	66.55	68.73	68.91

Footnotes

1) The Medicare distribution of new and established patient evaluation and management ("E&M") CPT codes is based on 2011 Medicare charge volume for Family Medicine (without OB) physicians.

2) HAI used the 2012 Urgent Care Benchmarking Survey published by Urgent Care Association of America ("UCAOA") to benchmark Practice's E&M CPT code distribution.

3) HAI noted CBMCs E&M CPT mix is more conservative than industry benchmarks. CBMC's revenue would likely increase as a result of CBMC coding closer to the industry benchmarks assuming documentation supports such an adjustment.

4) [Collections / (Collections+Adjustments)]

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.6 - Working Capital Analysis

DRAFT - For Discussion Purposes Only

	Historical				Historical	Selected	
	2011	2012	2013	2014	Average	Data	Notes:
Net Revenue	$554,058	$457,686	$438,574	$503,962			
Cash and Equivalents	7,581	(164)	(16,757)	20,582			
Operating Expenses	410,873	353,369	294,152	291,025			
% of Operating Expenses	*1.8%*	*0.0%*	*-5.7%*	*7.1%*	*0.8%*		
Days Operating Expenses in Cash	*6.7*	*-0.2*	*-20.8*	*25.8*	*2.9*	**14.0**	*Estimated based on HAI experience*
Gross Accounts Receivable	N/A	N/A	N/A	N/A			*Practice was unable to supply A/R data.*
Days Sales Outstanding (DSO)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	**35.0**	*Estimated based on HAI experience*
Inventories	N/A	N/A	N/A	N/A			
Supplies Expense	55,938	40,059	38,011	46,200			
Days Supplies in Inventory (DSI)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	**7.0**	*Estimated based on HAI experience*
Accounts Payable	N/A	N/A	N/A	N/A			
Days Payables Outstanding (DPO)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	**7.0**	*Estimated based on HAI experience*
Accrued Expenses	13,581	9,234	3,946	5,577			
Days Accrued Expense Outstanding	*12.1*	*9.5*	*4.9*	*7.0*	*8.4*	7.0	*Estimated based on HAI experience*

Gunnison Valley Hospital / 002

Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit C.6 - Working Capital Analysis

DRAFT - For Discussion Purposes Only

	Historical				
	2011	2012	2013	2014	Comments
Build-up Normalized Levels Based on Industry/Historical Averages					
Cash and Equivalents	$15,760	$13,554	$11,283	$11,163	
Accounts Receivable	53,129	43,888	42,055	48,325	
Inventories	1,073	768	729	886	
Accounts Payable	7,880	6,777	5,641	5,581	
Accrued Expenses	7,880	6,777	5,641	5,581	
Indicated Level of Required Net Working Capital	$54,202	$44,656	$42,784	$49,211	
% of Revenue	*9.8%*	*9.8%*	*9.8%*	*9.8%*	
Concluded Working Capital Requirement	54,202	44,656	42,784	49,211	Build-Up
% of Revenue	*9.8%*	*9.8%*	*9.8%*	*9.8%*	

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Exhibit D.1 - Build-Up Approach

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Cost of Equity Estimation	Low	High	Source:
Risk Free Rate of Interest	3.08%	3.08% [1]	Federal Reserve Board - 20 Year Bond Yield as of 06/30/2014
+ Equity Risk Premium	5.59%	5.59% [2]	Implied equity risk premium as of 06/30/2014
= **Market Return on Equity**	**8.67%**	**8.67%**	**sum of above**
+/- Industry Risk Premium	0.00%	0.00% [3]	Morningstar SBBI - SIC # 8011 - Offices and Clinics of Doctors of Medicine
+/- Size Risk Premium	5.99%	5.99% [4]	Morningstar SBBI - Size Decile 10
+/- Company Specific Risk Premium	8.00%	10.00%	Estimated by HealthCare Appraisers, Inc. on Exhibit D.2
= Required Return On Equity (K_e)	**22.70%**	**24.70%**	**sum of above, rounded**

Selected Data From Duff & Phelps, Valuation Handbook [4]

Size Premium Data

Decile	2014 Market Capitalization (000s) Min	Max	2012	2013	2014
1	$21,753,411	$428,699,798	-0.38%	-0.37%	-0.37%
2	$9,196,656	$21,739,006	0.78%	0.76%	0.75%
3	$5,572,648	$9,196,480	0.94%	0.92%	0.86%
4	$3,581,547	$5,569,840	1.17%	1.14%	1.16%
5	$2,432,888	$3,573,079	1.74%	1.70%	1.75%
6	$1,626,386	$2,431,229	1.75%	1.72%	1.86%
7	$1,056,204	$1,621,792	1.77%	1.73%	1.94%
8	$636,747	$1,055,320	2.51%	2.46%	2.36%
9	$339,987	$632,770	2.80%	2.70%	2.81%
10	$2,395	$338,829	6.10%	6.03%	5.99%

Cost of Debt Estimation			
Nominal Borrowing Rate	4.71%	4.71% [1]	Federal Reserve Board - Baa Interest Rate as of 06/30/2014
Effective Tax Rate	20.70%	20.70%	See Exhibit E.1
After Tax Cost of Debt (K_d)	3.70%	3.70%	**nominal rate x (1-tax rate), rounded**

Weighted Average Cost of Capital (WACC)			
% Equity In Capital Structure (W_e)	80.00%	80.00%	
% Debt In Capital Structure (W_d)	20.00%	20.00%	Based on HAI's experience valuing similar entities
Weighted Average Cost of Capital	18.90%	20.50%	WACC = (K_e x W_e) + (K_d x W_d)

Footnotes:

1) Federal Reserve System's Selected Weekly Interest Rates H.15; http://www.federalreserve.gov/releases/h15/
2) Implied equity risk premium as calculated by Aswath Damodaran; http://pages.stern.nyu.edu/~adamodar/
3) Due to the limited number of publicly traded urgent care clinics, we believe this industry premium/(discount) to be inconsistent. Accordingly we have used 0.0% and have accounted for this risk in the company specific risk premium.
4) Duff & Phelps, Valuation Handbook

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.2 - Company Specific Risk Premium Matrix

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Risk Factor	Perceived Risk Level					Comments:
	N/A	Low	Moderate	Significant	Severe	
Scoring Factor	*0*	*1*	*2*	*5*	*10*	
Financial Considerations						
1) Quality / Accuracy of Financial Information			x			Compiled cash basis financial statements provided; a number of adjustments needed to normalize revenue and expenses
2) Historical Financial Performance		x				Increasing revenue and earnings in most recent period; dip in revenue and earnings in prior two years attributable to lower snow fall
3) Physician Base (ownership%, age, specialty, availability, etc.)			x			One physician owner; employed mid-level providers
4) Referral Base / Concentration			x			No concerns noted; 8 yrs left of 10 yr ski patrol contract, Dr. Sherman notes the contract has automatically renewed historically and there are no signs that this trend will not continue
5) Historical Payor Mix / Payor Trends/ Contract Terms		x				High commercial payor mix; very good negotiated rates (e.g., 95% of charges for largest payor, BCBS)
6) Asset Base		x				No concerns noted
7) Liquidity		x				No concerns noted
8) Financial Leverage / Borrowing Capacity		x				No concerns noted
9) Technology		x				Minimal risk of technological obsolescence, Dr. Sherman represents all equipment is up-to-date
10) Perceived Risk in Financial Projections			x			Based on HAI's analysis surrounding historical performance, in conjunction with the diligence performed with Dr. Sherman's accountant, HAI believes moderate risk exists in achieving the estimated future maintainable earnings presented in Exhibit D.3.a
Geographical Considerations						
11) Regulatory Environment			x			There is uncertainty in the healthcare industry, however, primary care focused services are likely to be impacted to a lesser degree and in certain instances may benefit from changes
12) Local Competitive Environment	x					There are two other urgent care practices in Crested Butte that HAI found, including the Town Clinic of Crested Butte, PLLC (Dr. Eric Thorson) and Crested Butte Mountain Clinic (Dr. Thomas Moore); Dr. Sherman represents that his exclusive sled contract with Crested Butte Mountain Resort limits the amount of competition he faces
13) Local Population Demographics / Trends			x			Economy driven by tourism in Winter (only time Practice operates), high-end resort town; significant percentage of patient base insured
14) Location / Condition of Facility	x					Modern facility at base of main chair lift at Crested Butte Ski Resort
15) Availability/Ability to Attract and Retain Qualified Staff		x				No concerns noted
16) Availability/Ability to Attract and Retain Qualified Physicians		x				No concerns noted
Other Considerations						
17) Exclusive Sled Contract					-2.0%	CBMC has the exclusive ski-patrol sled contract with CBMR
Assigned Company Specific Risk Premium (CSRP)			8.0%	to	10.0%	

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.3.a - Capitalization of Earnings Method

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		Reported				
		2011	2012	2013	2014	Comments:
(a)	Reported Revenue	$554,058	$457,686	$438,574	$503,962	*from Exhibit B.1.a*
(b)	EBIT as Reported	$121,670	$56,270	$133,316	$207,309	*from Exhibit B.1.a*
	Normalize Revenue for Fully-Adjudicated Claims					
(c)	Implied Collections - Matched Collection Percentage Technique				616,595	*Exhibit D.3.b; 50.0% weight*
(d)	Implied Collections - Collections as a Percentage of Charges Technique				618,720	*Exhibit D.3.c; 50.0% weight*
(e)	Adjusted Revenue For Fully Adjudicated Claims	554,058	457,686	438,574	617,658	*(e) = ((c) * 50.0%) + ((d) * 50.0%)*
(f)	**Increase (Decrease) - Revenue Related Adjustment to EBIT as Reporte**	$0	$0	$0	$113,695	*(f) = (e) - (a)*
(g)	**(Increase) Decrease - Expense Related Adjustment to EBIT as Reporte**	$32,236	$13,198	($56,946)	($63,615)	*from Exhibit D.3.c*
(h)	**Adjusted EBIT**	$153,906	$69,468	$76,370	$257,389	*(h) = (b) + (f) + (g)*
	Assigned Weighting (Relevance) to Future Maintainable Earnings	15.0%	5.0%	5.0%	75.0%	*Footnote 2*
	Estimated Future Maintainable Earnings				$223,420	

HealthCare Appraisers INCORPORATED

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.3.b - Capitalization of Earnings Method - Revenue Back-Up

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***As stated previously, CBMC operates only during the ski season for Crested Butte Mountain Resort (CBMR). As the last day of the season at CBMR was April 6th, 2014, the 2013 reported revenue figure of $503,962 (as presented within Exhibit B.1.a) and the collections figure through May 12th, 2014 of $420,978 (as presented within Exhibit C.1) do not truly reflect 2014 revenue as there has not been enough time elapsed for claims to be fully adjudicated. As such, HAI has performed the following analyses to estimate 2014 cash collections.**

	Collections / (Collection + Adjustments)										Hist.	Adj. Hist.	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Avg.	Comments
HAI Calculated	84.7%	82.8%	78.8%	81.3%	77.8%	63.7%	58.3%	73.2%	73.4%	76.6%	75.1%	78.6%	Footnote 1

2014 Actual Charges	$784,666	from Exhibit C.1
Slected Collections Percentage	78.6%	Adj. Hist Avg. from Above
Implied 2014 Collections	$616,595	Actual Charges x Collection %

Footnotes:

1) HAI adjusted the historical average to exclude the matched collection figures presented in 2010 and 2011 as these two years had abnormally high adjustments and write-offs due-to the change in billing providers (discussed further within Exhibit C.1).

	Collections as a Percentage of Charges										Hist.	Adj. Hist.	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Avg.	Avg.	Comments
HAI Calculated	82.6%	83.9%	77.6%	83.8%	73.6%	82.5%	80.4%	72.7%	72.6%	53.7%	76.3%	78.9%	Footnote 1

2014 Actual Charges	$784,666	from Exhibit C.1
Slected Collections Percentage	78.9%	Adj. Hist Avg. from Above
Implied 2014 Collections	$618,720	Actual Charges x Collection %

Footnotes

1) HAI adjusted the historical average to exclude the 2014 collections as a percentage of charges as the 2014 collections are not fully adjudicated.

2) Based on the analysis performed within Exhibit C.2, a 2014 collection figure between $616,595 and $618,720 is well supported by the level of revenue generated historically.

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.3.c - Capitalization of Earnings Method - Expense Adjustments Back-Up

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	Reported				
	2011	2012	2013	2014	Comments:
Adjustments to Eliminate Discretionary Expenses					
Less: Discretionary Expense - Employee Party Meals	0	950	0	2,929	*from Exhibit B.1.b*
Less: Discretionary Expense - Contributions	1,730	5,250	3,035	3,750	*from Exhibit B.1.b*
Less: Discretionary Expense - Employee Benefits	6,497	48	2,214	0	*from Exhibit B.1.b*
Increase (Decrease) to Reported EBIT	8,226	6,248	5,249	6,679	*Footnote 1*
Adjustments to Eliminate Personal Expenses					
Less: Personal Expense - Automobile	0	0	70	57	*from Exhibit B.1.b*
Less: Personal Expense - Meals	4,521	2,255	2,354	4,112	*from Exhibit B.1.b*
Less: Personal Expense - Entertainment	77	205	56	0	*from Exhibit B.1.b*
Less: Personal Expense - Travel	267	0	59	603	*from Exhibit B.1.b*
Less: Personal Expense - Telephone	411	420	362	917	*from Exhibit B.1.b*
Less: Personal Expense - Computer Supplies and Services	7,340	3,610	1,045	2,463	*from Exhibit B.1.b*
Increase (Decrease) to Reported EBIT	12,615	6,490	3,946	8,152	*Footnote 2*
Adjustments to Eliminate Non-Recurring Expenses					
Less: Non-Recurring - Repairs and Maintenance	0	0	0	1,854	*Footnote 3*
Less: Non-Recurring - Promotion	0	0	179	156	*Footnote 4*
Less: Non-Recurring Expense - Penalties	0	412	0	0	*Footnote 5*
Less: Non-Recurring - X-Ray Repair and Maintenance	0	0	0	1,056	*Footnote 6*
Less: Non-Recurring - Continuing Education	0	490	0	0	*Footnote 7*
Increase (Decrease) to Reported EBIT	0	902	179	3,066	
Adjustments to Normalize Expenses					
Normalizing Adjustment - Billings Fees	(12,651)	1,423	(83)	(4,532)	*Footnote 8*
Normalizing Adjustment - Advertising	5,808	5,531	4,319	5,143	*Footnote 9*
Normalizing Adjustment - Dues and Subscriptions	3,040	4,194	2,716	1,722	*Footnote 10*
Normalizing Adjustment - Legal and Accounting	2,759	3,804	(383)	4,089	*Footnote 11*
Normalizing Adjustment - Business Insurance	0	0	0	(2,275)	*Footnote 12*
Normalizing Adjustment - X-Ray Supplies	0	3,559	886	0	*Footnote 13*
Normalizing Adjustment - Certification / Testing Expense	0	0	1,098	(1,098)	*Footnote 14*
Normalizing Adjustment - Office Wages	51,218	22,127	254	(20,674)	*Footnote 15*
Normalizing Adjustment - Payroll Taxes	10,317	10,493	5,513	19,446	*Footnote 16*
Normalizing Adjustment - Equipment Lease	901	1,080	869	165	*Footnote 17*
Normalizing Adjustment - Equipment Repairs	0	0	(1,558)	1,558	*Footnote 18*
Increase (Decrease) to Reported EBIT	61,392	52,211	13,630	3,543	

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.3.c - Capitalization of Earnings Method - Expense Adjustments Back-Up

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	Reported				
	2011	2012	2013	2014	Comments:
Adjustments to Eliminate Discretionary (Income) / Expenses					
Add: FMV Owner's Compensation	(40,250)	(40,250)	(40,250)	(40,250)	*Footnote 19*
Add: FMV Owner's Benefits	(6,038)	(6,038)	(6,038)	(6,038)	*Footnote 19*
Less: Reported Physician Compensation and Benefits	0	32,400	3,888	2,400	*Footnote 19; Exhibit B.1.a*
Add: Market Rent Expense	(102,000)	(102,000)	(102,000)	(102,000)	*Footnote 20*
Less: Reported Occupancy Expense	98,291	63,234	64,449	60,832	*Footnote 20; Exhibit B.1.a*
Increase (Decrease) to Reported EBIT	(49,997)	(52,653)	(79,950)	(85,055)	
Total Increase (Decrease) to Reported EBIT	$32,236	$13,198	($56,946)	($63,615)	*Sum of all adjustments*

Footnotes:

1) CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, isolated the discretionary expenses presented above. As discussed within Exhibit B.1.b, employee parties are at Dr. Sherman's discretion, contributions are charitable in-nature and are at Dr. Sherman's discretion, and the employee benefits account includes ski passes paid by Dr. Sherman for his employees.
2) CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, isolated the personal expenses of Dr. Sherman and his family that were expenses through CBMC.
3) Dr. Sherman represents that the fire suppression system was triggered and caused some water damage to the Ski Clinic in 2014. HAI has normalized this one-time expense.
4) CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represented that promotion expense historically should be classified as non-recurring in nature.
5) CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represented that penalties expense in 2012 should be classified as non-recurring in nature.
6) Dr. Sherman represents that x-ray repair and maintenance expense was high in 2014 as he had to replace an electric feeder cable for the x-ray unit. HAI has normalized this one-time expense.
7) CBMC's accountant, in conjunction with Dr. Sherman and Gunnison Valley Hospital, represented that continuing education expense in 2012 should be classified as non-recurring in nature.
8) Based on conversations with Dr. Sherman HAI has normalized billing fees to be 2.5% of adjusted fee-for-service revenue.
9) Dr. Sherman represented he is scaling back advertising expense as a review of the business suggests that very little patient volume results from his advertising efforts. Dr. Sherman represented that the majority of patient volume is a result of ski-in or sled traffic rather than walk-in traffic. Dr. Sherman estimates that a normal operator of this business would likely spend half to two-thirds less than what was recorded historically. HAI has subtracted half of the recorded advertising expense to be conservative.
10) Dr. Sherman represented that dues and subscriptions expense is not needed to operate the ski clinic and as such should be normalized-out historically.
11) Dr. Sherman represents that the majority of legal and accounting expense is not related to CBMC. CBMC does its own accounting and has not required legal services historically. Dr. Sherman represented that the only accounting expense that should be booked as an operating expense is CBMC's portion of tax return preparation services. HAI has estimated this expense to be $2,000.
12) Dr. Sherman represented that business insurance decline historically as CBMC changed insurance companies to receive a better rate. Dr. Sherman represented that 2014 business insurance expense should be similar to the 2013 expense.
13) Dr. Sherman represented that in 2012 he purchased a digital processor which was booked under x-ray supplies. This purchase allowed x-ray supplies going-forward to be reduced (no more film or chemicals). As this expense was not booked in 2014, HAI has applied an expense amount consistent with the 2013 figure to normalized earnings in 2012 and 2014.
14) Certification/testing expense is primarily related to x-ray certification and medical equipment testing. Dr. Sherman represents that the 2013 expense shown above includes both the 2013 and 2014 expense amounts. As such, HAI adjusted both 2013 and 2014 to normalize the timing of this expense.

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit D.3.c - Capitalization of Earnings Method - Expense Adjustments Back-Up

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	Reported				
	2011	2012	2013	2014	Comments:

15) Based on a conversation with Dr. Sherman and his accountant, Dr. Sherman started monitoring clinical staff hours in 2013 and realized that his staff had been recording too many hours historically. This better oversight of clinical hours, as well as a change to a more efficient staffing model, reduced office wages in 2013. Furthermore, in 2011 and 2012, Dr. Sherman's wife was taking a salary from CBMC for tax purposes. To account for the inefficiencies inherent within 2011 and 2012 office wages, as well as Mrs. Sherman's wages, HAI has adjusted this account for those two years to the 2013 normalized figure. Dr. Sherman represents that the 2014 office wages reported are accurate and do not need to be normalized.

16) HAI normalized payroll taxes to be a consistent percentage of offices wages (on an adjusted basis) historically.

17) Dr. Sherman represented that CBMC's Xerox machine lease was outdated and as such the annual payments were historically high. Dr. Sherman represented a new Xerox lease was signed which will have an annual cost of approximately $800.

18) Dr. Sherman represented that the equipment repairs expense for 2013 was booked within 2014. As such, HAI has spread the 2014 reported expense amount evenly between 2013 and 2014.

19) Dr. Sherman represents that he works 1.5 to 2.0 days per week during the ski season. Practice is open 8 hours per day. As such, HAI calculated that Dr. Sherman works approximately 350 hours during the ski season. HAI applied an hourly compensation rate of $115.00 to calculate annual compensation. Benefit expense has been estimated at 15.0% of salary expense.

20) As Dr. Sherman owns the space in which CBMC operates the level of occupancy expense recorded historically was adjusted to a market level. This adjustment is based on the 3,100 square feet occupied and the agreed upon rental rate of $34.00 per square feet.

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Determination of the Fair Market Value of the Acquired Assets of Crested Butte Medical Center, PLLC as of June 30, 2014

Exhibit E.1 - Tax Rate Calculation

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Federal Tax Rates				
Taxable Income Over	Not Over	Rate	Tax	
$ -	$ 50,000	15.00%	$ 7,500	
50,000	75,000	25.00%	$ 6,250	
75,000	100,000	34.00%	$ 8,500	
100,000	335,000	39.00%	$ 48,134	
335,000	10,000,000	34.00%	$ -	
10,000,000	15,000,000	35.00%	$ -	
15,000,000	18,333,333	38.00%	$ -	
18,333,333	-	35.00%	$ -	

	C-Corporation Tax Structure		Pass-Through Tax Structure		C-Corp Equivalent Tax Structure	
Earnings Before Taxes	100.00		100.00		100.00	
Corporate Tax	(35.00)	35.0%	0.00		(20.73)	20.7%
Net Income	65.00		100.00		79.27	
Tax on Dividends/Distributions	(15.47)	23.8%	(39.60)	39.6%	(18.87)	23.8%
Total After Tax Income	49.53		60.40		60.40	

Footnotes:

This schedule is intended to adjust the earnings on pass through entities to an "after corporate tax" amount using a C-Corp equivalent tax rate. Using 35.0%, a C-Corp equivalent tax rate of 20.7% would result in the same total after tax income to shareholders (i.e., $60.40).

State Tax - Colorado			
Taxable Income Over	Not Over	Rate	Tax
$ -		4.63%	$ -

Tax rate found using: http://www.taxfoundation.org/taxdata/show/230.html

Crested Butte Medical Center, PLLC		
Taxable Income	$ 223,420	Estimated Future Maintainable Earnings
Effective Federal Tax Rate	31.5%	
Effective State Tax Rate	4.6%	
Effective Combined Rate	**35.0%**	C-Corporation rate