



**SOLOMON**  
DEVELOPMENT  
SERVICES, LLC

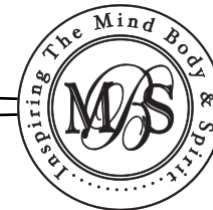
## **SOLOMON-TRINITY CASE STUDY OF OPERATIONAL IMPROVEMENT \$650,000 Capital Improvement Program**

On November 1, 2005 Solomon-Trinity assumed management services for four assisted living communities (“Dogwood Forest”) located in the Atlanta suburbs of Alpharetta, Stockbridge – Eagles Landing, Gainesville, and Fayetteville, Georgia.

Immediately Trinity performed the following:

- Execution of a new accounting and financial management system including new billing and collection procedures and budget management
- Implementation of new management procedures taking many of the corporate overhead functions, such as billing and payable input, to the community level
- Implementation of new policies and procedures
- Development and execution of new marketing materials creating a unique identity in the marketplace
- Provision of new training materials
- Execution of new quality assurance programs commensurate with the performance of quality audits
- Establishment of objectives, goals and financial performance measurements for the communities
- Development of an associate profit sharing plan by community

Results are on back page





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## CASE STUDY ONE - DOGWOOD FOUR RESULTS

Financial results for the eighteen month period after assuming management was as follows:

	2005 Prior Management Actual Results	2007 Trinity Management Actual Results
Revenues	\$8,791,031	\$9,541,338
Expenses	(\$6,761,726)	(\$6,277,144)
EBITDA	\$2,029,305	\$3,264,194
Margin	23.1%	34.2%
Valuation	\$29,100,000	\$48,800,000
Value Creation		\$19,700,000

These results occurred primarily for the following reasons:

- Repositioning assets and \$650,000 Capital Improvement Program
- Increasing revenues through:
  1. Improved occupancy levels
  2. Initiating new ancillary revenue generators
  3. Focusing on annual rent increases
  4. Assessments and charging for increased levels of care
- Reduction of expenses in the following areas:
  1. Better management of overtime and agency employment
  2. Negotiation of lower insurance premiums
  3. Negotiation of group discounts in contracts and purchasing
  4. Elimination of specific corporate overhead expenses
  5. Negotiation of lower employee benefit costs
  6. Reduction of bad debt expense through effective collection efforts
  7. Negotiation of a group food contract commensurate with cost-control training
- Assuming standard costs at the management company level