



SHIPMAN & GOODWIN LLP®
COUNSELORS AT LAW

Joan W. Feldman
Phone: (860) 251-5104
Fax: (860) 251-5211
jfeldman@goodwin.com

September 4, 2015

Via Hand-Delivery

Kimberly Martone
Director of Operations
Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134-0308



Re: CON Application

Dear Ms. Martone:

On behalf of CT Clinical Services, Inc. d/b/a Turning Point, enclosed please find a Certificate of Need Application for the transfer of ownership. As you requested in your email of September 3, 2015, I have included 1 original hard copy of the Certificate of Need Application in a 3-ring binder and a USB flash drive with the electronic version of the enclosed documents and materials. Also attached to this letter is a check for the \$500.00 filing fee.

Please do not hesitate to contact me at 860-251-5104 if you have any questions.

Sincerely,

Joan W. Feldman

JWF:mg
Enclosures
7193v10

Checklist



Instructions:

1. Please check each box below, as appropriate; and
 2. The completed checklist *must* be submitted as the first page of the CON application.
- Attached is a paginated hard copy of the CON application including a completed affidavit, signed and notarized by the appropriate individuals.
 - (*New*). A completed supplemental application specific to the proposal type, available on OHCA's website under "OHCA Forms." A list of supplemental forms can be found on page 2.
 - Attached is the CON application filing fee in the form of a check made out to the "Treasurer State of Connecticut" in the amount of \$500.
 - Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 418-7053, at the time of the publication)
 - Attached is a completed Financial Attachment
 - Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.
 - The following have been submitted on a CD
 1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format.
 2. An electronic copy of the applicant's responses in MS Word (the applications) and MS Excel (the financial attachment).

For OHCA Use Only:

Docket No.: 15-32027 - CON
OHCA Verified by: SOL

Check No.: 285615
Date: 9/4/15



SHIPMAN & GOODWIN LLP
COUNSELORS AT LAW

One Constitution Plaza
Hartford, Connecticut 06103-1919

Bank of America

51-57/119 CT

VOID AFTER 6 MONTHS

285615

Pay: ***Five hundred and 00/100 Dollars

Date Amount
09/03/2015 \$*****500.00

PAY TO THE ORDER OF: **TREASURER, STATE OF CONNECTICUT**

SHIPMAN & GOODWIN, LLP

TWO SIGNATURES REQUIRED OVER \$20,000.00

By



SHIPMAN & GOODWIN, LLP

285615

Payee ID: 065401

09/03/2015

| Invoice # | Inv. Date | G/L Acct | Client | Matter | Narrative | Amount | Inv. Total |
|-----------------|-----------|----------|--------|--------|---|----------|------------|
| 090215.500.00 | 9/3/2015 | | | | CON application filing fee | | |
| 090215.500.00 | Sep 03/15 | | 12859 | 01 | VENDOR: Treasurer, State of Connecticut; INVOICE#: 090215.500.00; DATE: 9/3/2015 - CON application filing fee | 500.00 | 500.00 |
| Invoice Totals: | | | | | | \$500.00 | \$500.00 |

09/04/15


0002

Affidavit


Applicant: CT Clinical Services, Inc.

Project Title: Transfer of Ownership

I, David Vieau, President & CEO of CT Clinical Services, Inc., being duly sworn, depose and state that CT Clinical Services, Inc. d/b/a "Turning Point" complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

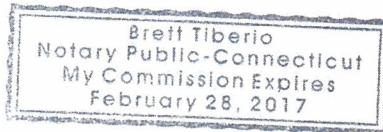

Signature _____ Date 08/28/2015

Subscribed and sworn to before me on 08/28/2015



Notary Public/Commissioner of Superior Court

My commission expires: February 28/2017



Affidavit

Applicant: North Castle Partners V, L.P.


Project Title: _____

I, Louis Marinaccio, Managing Director
(Name) (Position – CEO or CFO)

of North Castle Partners V, L.P. being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 9/3/2015
Signature Date

Subscribed and sworn to before me on Sept. 3, 2015



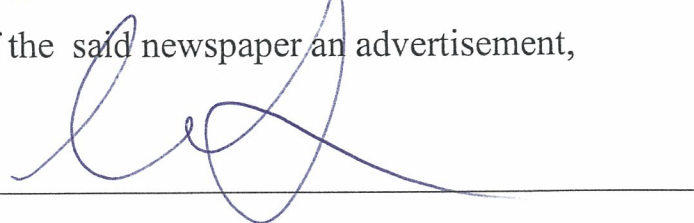
Notary Public/Commissioner of Superior Court

My commission expires: **ELISSA G. HARVEY**
NOTARY PUBLIC
MY COMMISSION EXPIRES NOV. 30, 2017

AFFIDAVIT OF PUBLICATION NEW HAVEN REGISTER

STATE OF CONNECTICUT, County of New Haven

I, Christopher Gilson of New Haven, Connecticut, being duly sworn,
do depose and say that I am a Sales Representative of the New Haven Register,
and that on the following date 7/22, 23, 24/15 to wit.....
there was published in the regular daily edition of the said newspaper an advertisement,



PUBLIC NOTICE
CT Clinical Services, Inc. d/b/a Turning Point and CT Clinical Partners, Inc. (the "Applicants") intend to file a Certificate of Need Application under Section 19a-638(2) of the Connecticut General Statutes for a change of ownership of Turning Point. The Applicants are requesting permission for CT Clinical Partners, Inc. to acquire a controlling interest in CT Clinical Services, Inc. d/b/a Turning Point. The capital expenditure is \$30,000,000.

And that the newspaper extracts hereto annexed were clipped from each of the above-named issues of said newspaper.

Subscribed and sworn to this 24th..... day of July..... 2015 Before me.



My commission expires July 31, 2019
09/04/15



**State of Connecticut
Department of Public Health
Office of Health Care Access**

**Certificate of Need Application
Main Form**
Required for all CON applications

Contents:

- Checklist
- List of Supplemental Forms
- General Information
- Affidavit
- Abbreviated Executive Summary
- Project Description
- Public Need and Access to Health Care
- Financial Information
- Utilization

General Information

Applicant # 1

| | | | | |
|------------------|----------------------------|----------------------|---------------------------------|--|
| Main Site | MAIN SITE | MEDICAID PROVIDER ID | TYPE OF FACILITY | MAIN SITE NAME |
| | CT Clinical Services, Inc. | N/A | Behavioral Health/Substance Use | CT Clinical Services, Inc. d/b/a Turning Point |
| | STREET & NUMBER | | | |
| | 139 Orange Street | | | |
| | TOWN | | | ZIP CODE |
| | New Haven | | | 06510 |

| | | | | |
|---------------------|----------------------------|----------------------|---------------------------------|--|
| Project Site | PROJECT SITE | MEDICAID PROVIDER ID | TYPE OF FACILITY | PROJECT SITE NAME |
| | CT Clinical Services, Inc. | N/A | Behavioral Health/Substance Use | CT Clinical Services, Inc. d/b/a Turning Point |
| | STREET & NUMBER | | | |
| | 139 Orange Street | | | |
| | TOWN | | | ZIP CODE |
| | New Haven | | | 06510 |

| | | | |
|-----------------|---|---------------------------------|---|
| Operator | OPERATING CERTIFICATE NUMBER | TYPE OF FACILITY | LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator) |
| | License Nos. 0425, 0509, and CLPOL-0485 | Behavioral Health/Substance Use | CT Clinical Services, Inc. d/b/a Turning Point |
| | STREET & NUMBER | | |
| | 139 Orange Street | | |
| | TOWN | | ZIP CODE |
| | New Haven | | 06510 |

| | | | | |
|------------------------|-------------------|--------------|---------------------------------|----------|
| Chief Executive | NAME | | TITLE | |
| | David Vieau | | President & CEO | |
| | STREET & NUMBER | | | |
| | 139 Orange Street | | | |
| | TOWN | | STATE | ZIP CODE |
| | New Haven | | CT | 06510 |
| | TELEPHONE | FAX | E-MAIL ADDRESS | |
| | 203-937-2309 | 203-604-0542 | dvieau@tpaddictiontreatment.com | |

Transfer of Ownership

Title of Attachment:

| | | | |
|---|---|-----------------------------|------------------------------------|
| Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | Resolution Please see Exhibit 1 |
|---|---|-----------------------------|------------------------------------|

| | | |
|--|--|--------------|
| as the case may be, authorizing the project. | | |
| Does the Applicant have non-profit status? If yes, attach documentation. | YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> | |
| Identify the Applicant's ownership type. | PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input checked="" type="checkbox"/> | Other: _____ |
| Applicant's Fiscal Year (mm/dd) | Start 01/01 | End 12/31 |

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

| | | | | | |
|----------------------------|-------------------|----------|----------------|--|-----------------------------------|
| Contact Information | NAME | | TITLE | | |
| | Brett Tiberio | | Vice President | | |
| | STREET & NUMBER | | | | |
| | 139 Orange Street | | | | |
| | TOWN | | STATE | | ZIP CODE |
| | New Haven | | CT | | 06510 |
| | TELEPHONE | | FAX | | E-MAIL ADDRESS |
| | 203-937-2309 | | 203-604-0542 | | btiberio@tpaddictiontreatment.com |
| RELATIONSHIP TO APPLICANT | | employee | | | |

Identify the person primarily responsible for preparation of the application (optional):

| | | | | | |
|---------------------------|-------------------|----------|----------------|--|-----------------------------------|
| Prepared by | NAME | | TITLE | | |
| | Brett Tiberio | | Vice President | | |
| | STREET & NUMBER | | | | |
| | 139 Orange Street | | | | |
| | TOWN | | STATE | | ZIP CODE |
| | New Haven | | CT | | 06510 |
| | TELEPHONE | | FAX | | E-MAIL ADDRESS |
| | 203-937-2309 | | 203-604-0542 | | btiberio@tpaddictiontreatment.com |
| RELATIONSHIP TO APPLICANT | | employee | | | |

General Information

Applicant # 2

| | | | | | |
|------------------|-----------------|----------------------|------------------|----------------|--|
| Main Site | MAIN SITE | MEDICAID PROVIDER ID | TYPE OF FACILITY | MAIN SITE NAME | |
| | N/A | N/A | N/A | N/A | |
| | STREET & NUMBER | | | | |
| | N/A | | | | |
| | TOWN | | | ZIP CODE | |
| N/A | | | N/A | | |

| | | | | | |
|---------------------|-----------------|----------------------|------------------|-------------------|--|
| Project Site | PROJECT SITE | MEDICAID PROVIDER ID | TYPE OF FACILITY | PROJECT SITE NAME | |
| | N/A | N/A | N/A | N/A | |
| | STREET & NUMBER | | | | |
| | N/A | | | | |
| | TOWN | | | ZIP CODE | |
| N/A | | | N/A | | |

| | | | | | |
|-----------------|------------------------------|------------------|---|----------|--|
| Operator | OPERATING CERTIFICATE NUMBER | TYPE OF FACILITY | LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator) | | |
| | N/A | N/A | N/A | | |
| | STREET & NUMBER | | | | |
| | N/A | | | | |
| | TOWN | | | ZIP CODE | |
| N/A | | | N/A | | |

| | | | | | |
|------------------------|------------------------|-----------------------------|--|-------|----------|
| Chief Executive | NAME | | TITLE | | |
| | Louis Marinaccio | | Managing Director, North Castle Partners V, L.P. | | |
| | STREET & NUMBER | | | | |
| | 183 East Putnam Avenue | | | | |
| | TOWN | | | STATE | ZIP CODE |
| | Greenwich | | | CT | 06830 |
| | TELEPHONE | FAX | E-MAIL ADDRESS | | |
| 203-862-3200 | 203-862-3271 | lou@northcastlepartners.com | | | |

| | | |
|--|--|-----|
| Title of Attachment: | | N/A |
| Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project. | YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> | |

| | | |
|--|---|-------------------------------|
| Does the Applicant have non-profit status? If yes, attach documentation. | YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> | |
| Identify the Applicant's ownership type. | PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> | Other: Limited Partnership |
| Applicant's Fiscal Year (mm/dd) | Start 01/01 | End 12/31 |

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

| | | | |
|----------------------------|------------------------|--------------|--|
| Contact Information | NAME | | TITLE |
| | Louis Marinaccio | | Managing Director, North Castle Partners V, L.P. |
| | STREET & NUMBER | | |
| | 183 East Putnam Avenue | | |
| | TOWN | STATE | ZIP CODE |
| | Greenwich | CT | 06830 |
| | TELEPHONE | FAX | E-MAIL ADDRESS |
| | 203-862-3200 | 203-862-3271 | lou@northcastlepartners.com |
| RELATIONSHIP TO APPLICANT | Managing Director | | |

Identify the person primarily responsible for preparation of the application (optional):

| | | | |
|---------------------------|--|--------------|-----------------------------|
| Prepared by | NAME | | TITLE |
| | Louis Marinaccio | | Managing Director |
| | STREET & NUMBER | | |
| | 183 East Putnam Avenue | | |
| | TOWN | STATE | ZIP CODE |
| | Greenwich | CT | 06830 |
| | TELEPHONE | FAX | E-MAIL ADDRESS |
| | 203-862-3200 | 203-862-3271 | lou@northcastlepartners.com |
| RELATIONSHIP TO APPLICANT | Managing Director, North Castle Partners V, L.P. | | |

Executive Summary

The purpose of the Executive Summary is to give the reviewer a conceptual understanding of the proposal. In the space below, provide a succinct overview of your proposal (this may be done in bullet format). Summarize the key elements of the proposed project. Details should be provided in the appropriate sections of the application that follow.

CT Clinical Services, Inc. d/b/a "Turning Point", a privately held Connecticut corporation, is seeking approval from OHCA to transfer its ownership. Specifically, North Castle Partners V, L.P. is forming a subsidiary, CT Clinical Partners, Inc. (the "Purchaser"), to acquire approximately a 76% interest in CT Clinical Services, Inc. which is currently wholly owned by David Vieau, the President & CEO of CT Clinical Services, Inc. and the David Vieau 2013 Family Irrevocable Trust ("Sellers"). In consideration for the sale of approximately 76% of the stock of CT Clinical Services, Inc., the Sellers will receive approximately \$30,000,000 from the Purchaser.* Upon approval from OHCA, Sellers will rollover their approximately 24% interest in CT Clinical Services, Inc. to CT Clinical Partners, Inc. which will then wholly own CT Clinical Services, Inc.**

Sellers desire to bring in the financing needed to expand CT Clinical Services, Inc.'s current services to accommodate the growing demand for both young adult men and women, while simultaneously navigating through the inherent challenges associated with healthcare reform. In particular, if approved by OHCA, CT Clinical Services, Inc. will be positioned to: (i) increase the number of transitional living beds for young adult males; (ii) develop a new comparable program for young adult females; and (iii) enhance its operating efficiencies.

* In addition, subject to vesting, the Sellers may receive some performance-based warrants which are wholly dependent upon the performance of CT Clinical Services, Inc.

**More specifically, if approved, North Castle Partners V, L.P. will own 75.513% of the stock in CT Clinical Partners, Inc., David Vieau will own 22.981% of the stock of CT Clinical Partners, Inc., David Vieau 2013 Family Irrevocable Trust will own .232% of the stock in CT Clinical Partners, Inc. and several employees of CT Clinical Services, Inc. will own the remaining 1.274% of the stock in CT Clinical Partners, Inc.

Pursuant to Section 19a-639 of the Connecticut General Statutes, the Office of Health Care Access is required to consider specific criteria and principles when reviewing a Certificate of Need application. Text marked with a “§” indicates it is actual text from the statute and may be helpful when responding to prompts.

Project Description

1. Provide a detailed narrative describing the proposal. Explain how the Applicant(s) determined the necessity for the proposal and discuss the benefits for each Applicant separately (if multiple Applicants). Include all key elements, including the parties involved, what the proposal will entail, the equipment/service location(s), the geographic area the proposal will serve, the implementation timeline and why the proposal is needed in the community.

CT Clinical Services, Inc. d/b/a “Turning Point” is currently wholly owned by its President and CEO, David Vieau, and the David Vieau 2013 Family Irrevocable Trust (“Sellers”). Sellers propose to transfer the ownership of CT Clinical Services, Inc. to North Castle Partners V, L.P. (“North Castle”). More specifically, North Castle will form a subsidiary, CT Clinical Partners, Inc. (the “Purchaser”), to acquire approximately a 76% interest in CT Clinical Services, Inc. Upon approval from OHCA, Sellers will rollover their approximately 24% interest in CT Clinical Services, Inc. to CT Clinical Partners, Inc., which will then wholly own CT Clinical Services, Inc. to d/b/a “Turning Point.”

The proposal represents an opportunity for two “best in class” organizations to combine in an effort to improve the quality, effectiveness, and access to behavioral healthcare services in Connecticut while addressing the increased demand for these services. More specifically, through the transfer in ownership, there will be an infusion of additional capital to develop transitional living homes for women comparable to the transitional living homes currently offered by CT Clinical Services, Inc. for men.

Background:

CT Clinical Services, Inc. is the largest provider of Substance Use Disorder (“SUD”) and Co-occurring Disorder (“COD”) aftercare services in Connecticut and has established a national reputation as an industry leader committed to the highest level of substance use services in the field. CT Clinical Services, Inc.’s unique treatment approach is comprised of two separate and distinct programs: (i) a transitional housing program for post-acute or post-residential treatment; and (ii) an outpatient behavioral health treatment program for adults.

Transitional Housing:

While this portion of the CT Clinical Services, Inc. program is not a licensed health care facility and thus, not subject to certificate of need approval from OHCA, it is being included to give OHCA a comprehensive overview of the organization, the

proposed acquisition's positive impact on its entire delivery system, and the context to the entire proposed transaction.

CT Clinical Services, Inc. currently operates gender and age-specific recovery traditional living homes for young adult men who suffer from SUD and/or COD, are post residential and/or acute treatment, yet require assistance reintegrating into the community. To implement this reintegration process, CT Clinical Services, Inc. designed and developed a unique transitional living recovery model which utilizes its own step down delivery system, referred to as "phased reintegration." This continuum of care is comprised of individualized case management, which incorporates a mix of educational, spiritual, vocational and recreational activities to teach the necessary executive functioning skills and the required recovery and coping tools necessary to manage the stressors and potential triggers that inherently accompany one's reintegration back into the community. Each client progresses through the phases as they develop the tools necessary to handle the pressures and stressors of their newfound abstinent life.

Outpatient SUD & COD Treatment:

In December 2011, in an effort to fulfill the fast growing need for substance use treatment in general but more specifically, to expand the "continuing care" services in Connecticut, OHCA approved the addition of outpatient SUD treatment and psychiatric services at CT Clinical Services, Inc. See, OHCA Docket No.11-31701-CON. The addition of clinical behavioral health services to the CT Clinical Services, Inc. program has been very effective and instrumental in the recovery process for its clients. The clinical services provided are an intricate mix of gender-specific and developmentally appropriate individual, group, psycho-educational, family healing and recovery support services. While the use of these types of clinical services is not new, it is CT Clinical Services, Inc.'s distinct methodology in delivering them to young adult males, in conjunction with their transitional living services programming, which accounts for its tremendous success with this population.

This segment of the continuum of addiction treatment for the young adult population has and continues to be the largest and fastest growing population in need.¹ This, in conjunction with CT Clinical Services, Inc.'s highly unique and effective treatment for the young adult population, has seen their transitional living home beds grow from 70 in 2011 to 113 thru 2014 (an increase of 38% in 4 years). Simultaneously, its clinical units of delivery have grown from the originally projected 289 units in 2011 to 501 in 2014 (a 42% increase over 4 years).

This level of growth in conjunction with healthcare reform has presented a number of

¹ These services will be designed uniquely for the needs of young adult males -a subpopulation that is emerging nationally as an under-served cohort that requires approaches qualitatively different from both adults and adolescents. Recently, developmental psychologists have begun to term this age group as a distinct developmental stage -"emerging adulthood." See, OHCA Docket No. 11-31701-CON

opportunities and challenges alike. CT Clinical Services, Inc.'s proven success with young adult males has presented an opportunity to provide similar services for young adult females – a need as large, if not larger, than young adult males. Conversely, healthcare reform, while contributing to the need by increasing access for some, has simultaneously imposed new demands with respect to the claims processing requirements, regulatory compliance, human resource management and information technology, typically referred to as the back-office functions associated with the operation of SUD and COD treatment programs (“Back Office Functions”).

To bring in the financing needed to expand its current services to accommodate the growing demand for both young adult men and women, while simultaneously navigating through the inherent challenges associated with healthcare reform, CT Clinical Services, Inc. is proposing to partner with a well-established organization capable of providing the expertise and capital that is needed.

Background of North Castle Partners:

Since 1997, North Castle has been collaborating with organizations in the health and wellness and active living sectors. North Castle is a hands-on, value-added operating investor, who utilizes their cumulative knowledge, network, and experience, which results from specific industry focus, to collaborate with management teams to create market-leading companies. They maintain an evergreen "best in class" value adding a resource network of industry-specific experts to support their respective management teams. They have built vertical industry knowledge in the health and wellness sectors and technical/functional capability in such areas as strategy, branding and marketing, information technology, management, and Back Office Function infrastructure and operations. A proven and experienced senior leadership team leads North Castle. In addition, North Castle utilizes outside operating advisors to provide relevant experience in North Castle's industry areas of focus, actively participating in management of the portfolio and supplementing North Castle's operating capabilities. This unique mix of senior resources and a cumulative operating experience differentiates North Castle from traditional investors and gives it a distinct competitive advantage in developing and generating financially sustainable and high-quality healthcare organizations.

Supplementing their senior operating team are 5 operating executives (“OEG”). who augment the senior leadership team with extensive operating and value creation experience across strategy, human resources, information technology, marketing, Back Office Functions, and infrastructure. The combined investment and OEG team leverages diverse investment and operating experience that most health care facilities would be very fortunate to access.

As previously indicated, over the years North Castle's senior leadership team, in conjunction with its OEG members, have collaborated with a number of companies in the health and wellness sector. Most relevant to this application, North Castle owned a controlling interest in and operated CRC Health Group from 2002 through

2006. CRC Health Group is currently the largest specialized behavioral health care service provider in the United States; they see more than 30,000 patients a day at more than 115 facilities nationwide. During North Castle's ownership, CRC Health Group completed several acquisitions, expanded its presence from 3 to 22 states, more than tripled its facilities, and doubled the number of beds and the residential census while streamlining operational services and increasing the quality and scope of care, including opiate treatment and eating disorder services. See, <http://www.crchealth.com/>.

There is no equipment involved in this proposal.

The geographic area served by CT Clinical Services, Inc. will remain unchanged as a result of this proposal. On average, per year, 23% of the CT Clinical Services, Inc. discharges are from Connecticut and the remainder of the discharges are from individuals who reside outside of Connecticut.

2. Provide the history and timeline of the proposal (i.e., When did discussions begin internally or between Applicant(s)? What have the Applicant(s) accomplished so far?).

Over a year ago, CT Clinical Services, Inc. realized that the impact of healthcare reform on behavioral healthcare services would require changes to its infrastructure and current operating platform. In an effort to help navigate through these complicated changes, CT Clinical Services, Inc. began its search for a partner. Over the last year, CT Clinical Services, Inc. has had discussions with several different potential partners with various degrees of management and operating experience in healthcare related fields. Through this process, North Castle clearly emerged as the perfect partner for CT Clinical Services, Inc. Specifically, their proven track record in behavioral healthcare, and health and wellness related fields as a whole, their shared commitment to quality and their Connecticut-based headquarters, makes them the ideal partner for CT Clinical Services, Inc.

Summary/Timeline:

- March 2015 – CT Clinical Services, Inc. was introduced to North Castle
- April - June 2015 – Negotiations and Business Due Diligence
- July 9, 2015 – Signed Letter of Intent
- July 2015 – CON process initiated and draft of definitive agreement commenced
- July - August 2015 – Business and Confirmatory Due Diligence
- October 2015 – Final Definitive Agreement to be Executed
- December 31, 2015 – Close and complete the transfer in ownership

3. Provide the following information:

- a. utilizing [OHCA Table 1](#), list all services to be added, terminated or modified, their physical location (street address, town and zip code), the population to be served and the existing/proposed days/hours of operation;

N/A. There are no proposed changes to the existing licensed clinical services currently being provided by CT Clinical Services, Inc. Further, the entire existing team, including the current President & CEO, will continue to be employed by CT Clinical Services, Inc. in the same role under the proposed ownership structure. If the proposal for a transfer of ownership is approved by OHCA, the parties will embark on the formation of parallel programming for females in the State of Connecticut, but those new services are not subject to OHCA approval.

- b. identify in [OHCA Table 2](#) the service area towns and the reason for their inclusion (e.g., provider availability, increased/decreased patient demand for service, market share);

There will be no change in services that require OHCA approval. All licensed services are provided in New Haven and are exclusively for CT Clinical Services, Inc. clients residing in the CT Clinical Services, Inc. transitional housing.

4. List the health care facility license(s) that will be needed to implement the proposal;

Upon approval from OHCA, CT Clinical Services, Inc. will apply for a change of ownership to its licenses. See the current licenses listed in Exhibit 2.

5. Submit the following information as attachments to the application:

- a. a copy of all State of Connecticut, Department of Public Health license(s) currently held by the Applicant(s);

Please see Exhibit 2 for copies of CT Clinical Services, Inc.'s licenses.

- b. a list of all key professional, administrative, clinical and direct service personnel related to the proposal and attach a copy of their Curriculum Vitae;

CT Clinical Services, Inc.:

David Vieau, President & CEO
Brett Tiberio, Vice President
Jonathan Lowe, MSN, PMH-APRN – Executive Director
Mohamed Elsamra, M.D. – Medical Director
Michael J. Stisi, Corporate Controller

North Castle:

Louis E. Marinaccio, Board Member
Charles F. Baird, Jr., Board Member
Jonathan Canarick, Board Member
Jerome Rhodes, Board Member

Please see Exhibit 3 for the relevant Curriculum Vitae.

- c. copies of any scholarly articles, studies or reports that support the need to establish the proposed service, along with a brief explanation regarding the relevance of the selected articles;

N/A.

- d. letters of support for the proposal;

See Exhibit 4 attached hereto.

- e. the protocols or the Standard of Practice Guidelines that will be utilized in relation to the proposal. Attach copies of relevant sections and briefly describe how the Applicant proposes to meet the protocols or guidelines.

N/A

- f. copies of agreements (e.g., memorandum of understanding, transfer agreement, operating agreement) related to the proposal. If a final signed version is not available, provide a draft with an estimated date by which the final agreement will be available.

See Exhibit 5 attached hereto for the Purchase Agreement. Applicants hope to have a final draft within 4-6 weeks of submission, subject to due diligence review.

Public Need and Access to Care

§ *“Whether the proposed project is consistent with any applicable policies and standards adopted in regulations by the Department of Public Health;” (Conn. Gen. Stat. § 19a-639(a)(1))*

6. Describe how the proposed project is consistent with any applicable policies and standards in regulations adopted by the Connecticut Department of Public Health.

The transfer in ownership will not adversely affect health care costs or accessibility to care in that CT Clinical Services, Inc. expects to: (i) implement Back Office Functions to more efficiently and cost-effectively operate its business; (ii) enhance accessibility for young adult males with substance use disorders requiring transitional living support by growing the occupancy rate for transitional service

programming; and (iii) offer gender-specific services to females comparable to the services currently being offered to males. CT Clinical Services, Inc. believes that by offering these services, it will continue to fill a void in service treatment that exists in Connecticut for high quality post-residential and post-acute transitional living support services. Without those high-quality services, the incidence of relapse is expected to be higher, and by offering treatment that meets the actual needs of adults with respect to reintegration into the community, Connecticut will avoid the unnecessary expense associated with a higher relapse rate.

§ "The relationship of the proposed project to the statewide health care facilities and services plan;" (Conn. Gen. Stat. § 19a-639(a)(2))

7. Describe how the proposed project aligns with the Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan, available on **OHCA's website**.

This proposal will strengthen the financial framework and infrastructure of CT Clinical Services, Inc. and by doing so, will enhance the sustainability of the substance use treatment and mental health treatment health care systems in Connecticut. This proposal does not rely on state or federal contributions, grants, private donations, or any other funding source. There is a demonstrated need for the services provided by CT Clinical Services, Inc. given that it currently operates at 90% capacity and no program like it in Connecticut currently provides the same level of transitional living services that is contemplated for young adult females.

CT Clinical Services will continue to strive to improve outcomes for individuals beginning recovery from SUD/COD by providing essential continuing treatment (i.e., step-down) following primary inpatient/residential treatment for individuals from Connecticut and across the United States who seek to minimize relapse and transition to productive, independent and self-supporting lifestyles in the community. Research clearly demonstrates that time-in-treatment is linearly associated with positive, long term outcomes. Simply stated, the longer one remains engaged in treatment, the better their odds are for sustained recovery (i.e., long-term abstinence). This results in a reduction in the overuse of repeated acute care episodes.

§ "Whether there is a clear public need for the health care facility or services proposed by the applicant;" (Conn. Gen. Stat. § 19a-639(a)(3))

8. With respect to the proposal, provide evidence and documentation to support clear public need:

See project description and subsection 8e below.

- a. identify the target patient population to be served;

The primary demographic population is young adult males and females ages 18

through 25 with SUD with and without CODs that require post-residential and post-acute transitional living support.

- b. discuss how the target patient population is currently being served;

CT Clinical Services, Inc. is currently serving the target young adult male population, but is at 90% capacity and does not currently serve the young female adult population.

- c. document the need for the equipment and/or service in the community;

See project description and subsection 8e below. There is no equipment associated with this proposal.

- d. explain why the location of the facility or service was chosen;

N/A

- e. provide incidence, prevalence or other demographic data that demonstrates community need;

Illicit drug and alcohol use among young adults continues to be a source of major concern both in Connecticut and across the nation. According to The Substance Abuse and Mental Health Services Administration (“SAMHSA”) and based on the National Surveys on Drug Use and Health (“NSDUH”) from 2012 to 2013, Connecticut ranked in the highest percentile when compared to other states for illicit drug use among adults ages 18 to 25. Nationally, of those ages 12 and older that needed treatment for an illicit drug use problem, only 19.5% received treatment at a specialty facility. Illicit drug and alcohol use is not relegated to only males. According to a 2013 NSDUH report, 19.2% of female college students age 18 to 22 currently use illicit drugs. Should this proposal be approved, CT Clinical Services, Inc. intends to expand its service offerings to the young-adult female – another underserved population where there are a number of barriers to treatment specifically, lack of gender-specific providers.

Additionally, because of recent federal legislation, including the Affordable Care Act and the Mental Health Parity and Addiction Equity Act, access to substance use treatment has increased considerably. Prevalent in this increase are young-adults who in years past may have aged out of their parent’s health insurance plan, but may have not secured employment with meaningful employee benefits. This population has now been granted access to health care services, however, finding quality providers to treat them proves challenging. CT Clinical Services, Inc. strives to be available for this population.

Because CT Clinical Services, Inc. does not receive any federal or state funding, this proposal will enable the organization to fuel its growth and its ability to increase the quality, accessibility, and cost-effectiveness of health care delivery in the region without depending on government support.

- f. discuss how low income persons, racial and ethnic minorities, disabled persons and other underserved groups will benefit from this proposal;

CT Clinical Services, Inc. is not a participating Medicaid Provider. Medicaid does not cover the services provided by CT Clinical Services, Inc. The licensed services provided by CT Clinical Services, Inc. are only available to its clients in its transitional living programs. Notwithstanding, CT Clinical Services, Inc. provides a significant amount of services to individuals who require financial assistance. Specifically, the table below demonstrates CT Clinical Services, Inc. commitment to financial assistance in the last 3 fiscal years.

| Year | Scholarships/Discounts | Net Revenue | % of Revenue to Scholarships/Discounts |
|-----------------------|------------------------|-----------------|--|
| 2013 | \$1,041,185.00 | \$18,544,060.00 | 5.6% |
| 2014 | \$2,186,703.00 | \$17,665,098.00 | 12.3% |
| 2015 YTD (Jan – July) | \$1,398,167.00 | \$9,077,634.00 | 15.4% |

CT Clinical Services, Inc. does not discriminate on the basis of race, ethnicity or disability.

- g. list any changes to the clinical services offered by the Applicant(s) and explain why the change was necessary;

N/A. However, as described in the Project Description, the goal is to provide gender-specific services for young adult females comparable to that currently provided to its male population and to increase transitional living capacity overall.

- h. explain how access to care will be affected;

CT Clinical Services, Inc. believes that this proposal will ultimately improve access to the services that it currently provides by virtue of it increasing the number of post-residential and post-acute transitional living services available to the young male adult population. In addition, should OHCA approve this proposal, CT Clinical Services, Inc. will have more resources to develop a comparable program for young adult females.

- i. discuss any alternative proposals that were considered.

As stated in the section that discussed the timeline in section 2 of the Project Description hereof, CT Clinical Services, Inc. considered a number of different potential partners. None offered the track record and the commitment to high quality services that North Castle offers.

§ “Whether the applicant has satisfactorily demonstrated how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including, but not limited to, (A) provision of or any change in the access to services for Medicaid recipients and indigent persons, and (B) the impact upon the cost effectiveness of providing access to services provided under the Medicaid program;”
(Conn. Gen. Stat. § 19a-639(a)(5))

9. Describe how the proposal will:

- a. improve the quality of health care in the region;

CT Clinical Services, Inc. is committed to providing the highest quality services and prides itself on its reputation for excellence.

- b. improve accessibility of health care in the region; and

Accessibility to post-residential and post-acute transitional living services will be enhanced in Connecticut as a result of the transfer of ownership proposal in that CT Clinical Services, Inc. will have greater access to capital that is needed to expand its transitional living services for both men and women and cost-effectively implement the needed Back Office Functions.

- c. improve the cost effectiveness of health care delivery in the region.

With enhanced Back Office Functions and a greater number of transitional living services provided by CT Clinical Services, Inc., it will be able to respond to the increasing demands related to health care reform in a more cost-effective manner.

10. How will this proposal help improve the coordination of patient care (explain in detail regardless of whether your answer is in the negative or affirmative)?

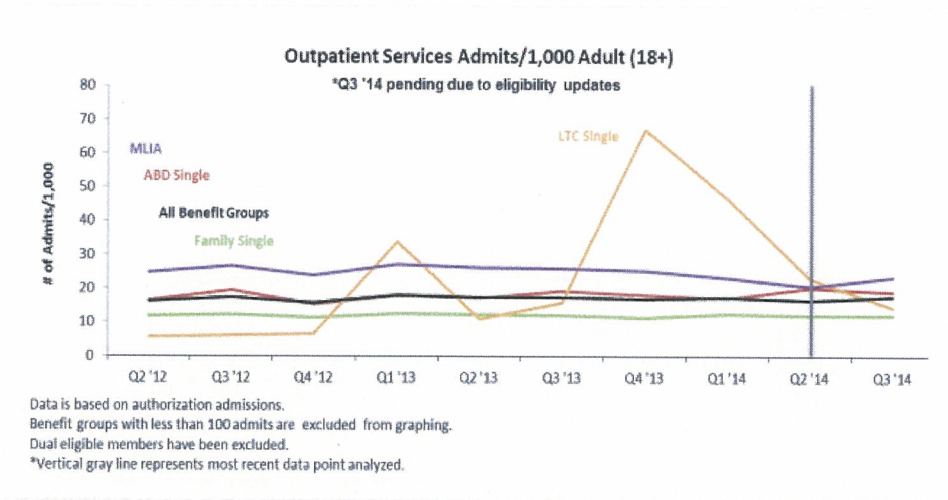
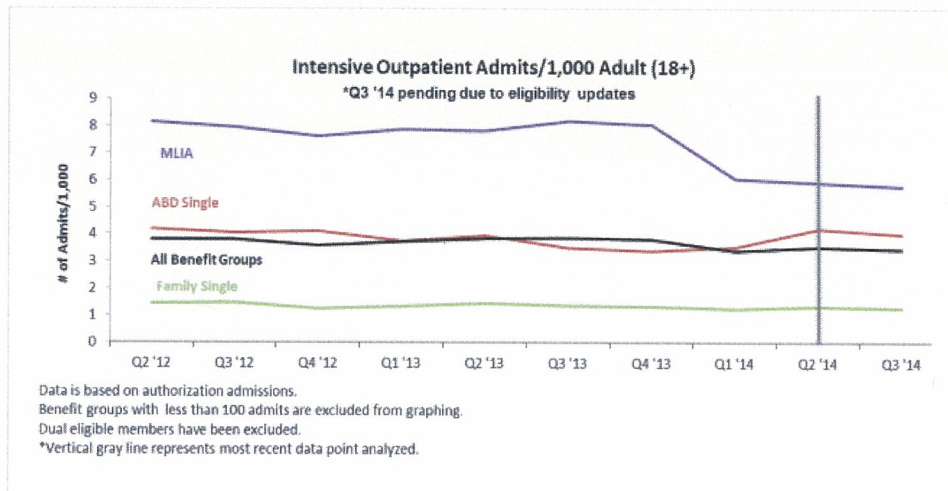
CT Clinical Services, Inc. is able to coordinate care with residential and acute treatment programs post discharge for a population that needs support services to reintegrate back into the community. In addition, by providing licensed services as part of the transitional living services, CT Clinical Services, Inc. can effectively coordinate the care received by its clients.

11. Describe how this proposal will impact access to care for Medicaid recipients and indigent persons.

See response to 8f herein, but as previously stated, Medicaid does not provide coverage for transitional living services and the licensed services provided by CT

Clinical Services, Inc. are exclusively for the clients of the transitional living program.

According to an internet search of the Connecticut Department of Social Services participating providers, there are currently 71 outpatient providers of behavioral health services participating with Medicaid within 5 miles of New Haven, CT. Latest statistics, based on the Utilization Management Report for Adult Members Q3 2014 released by the CT Behavioral Health Partnership (CTBHP), show that the number of admissions when looking across all benefit groups for intensive outpatient services and outpatient services has remained relatively unchanged for the last 24 months.



While overall enrollments in Medicaid are increasing due to the Affordable Care Act, the CTBHP concludes that “new members through [Affordable Care Act] ACA did not have the same pent up needs (for higher levels of care) as new members in the past” (<http://www.ctbhp.com/reports/Adult-Executive-Summary-Q3-2014.pdf>). While this proposal does not increase access to Medicaid Services, current levels of service offerings and providers meet the need of Medicaid recipients and indigent persons. While not servicing Medicaid because recovery home services are non-

covered services under the CT Medicaid Program, the proposal does allow for some underinsured and uninsured individuals to receive CT Clinical Services, Inc. services based upon financial need as described in section 8f herein.

§ “Whether an applicant, who has failed to provide or reduced access to services by Medicaid recipients or indigent persons, has demonstrated good cause for doing so, which shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers;” (Conn.Gen.Stat. § 19a-639(a)(10))

12. Provide a copy of the Applicant’s charity care policy and sliding fee scale applicable to the proposal.

N/A

§ “Whether an applicant, who has failed to provide or reduced access to services by Medicaid recipients or indigent persons, has demonstrated good cause for doing so, which shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers;” (Conn.Gen.Stat. § 19a-639(a)(10))

13. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation of good cause for doing so.

N/A. See response to section 11.

§ “Whether the applicant has satisfactorily demonstrated that any consolidation resulting from the proposal will not adversely affect health care costs or accessibility to care.” (Conn.Gen.Stat. § 19a-639(a)(12))

14. Will the proposal adversely affect patient health care costs in any way? Quantify and provide the rationale for any changes in price structure that will result from this proposal, including, but not limited to, the addition of any imposed facility fees.

No, we believe that it will reduce health care costs by achieving better outcomes and avoiding relapses. There are no facility fees.

Financial Information

§ "Whether the applicant has satisfactorily demonstrated how the proposal will impact the financial strength of the health care system in the state or that the proposal is financially feasible for the application,"
(Conn. Gen. Stat. § 19a-639(a)(4))

15. Describe the impact of this proposal on the financial strength of the state's health care system or demonstrate that the proposal is financially feasible for the applicant.

The transfer in ownership will provide CT Clinical Services, Inc. with access to individuals with extensive business expertise and capital, along with enhanced and cost-effective Back Office Functions.

16. Provide a final version of all capital expenditure/costs for the proposal using [OHCA Table 3](#).

OHCA Table 3 is N/A.

17. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

| <u>Source of Funds</u> | <u>Amount</u> |
|---|---------------|
| North Castle | \$18,387,500 |
| Webster Bank, N.A. | \$17,000,000 |
| Commercial Mortgage Facility (\$3,000,000) | |
| - <u>Interest Rate</u> : LIBOR plus 3.50% | |
| - <u>Duration</u> : 20 years | |
| - <u>Payments</u> : Equal quarterly payments of principal and interest based on a twenty year mortgage style amortization schedule | |
| Senior Secured Term Loan Facility (\$14,000,000) | |
| - <u>Interest Rate</u> : LIBOR plus 4.00% | |
| - <u>Duration</u> : 5 years | |
| - <u>Payments</u> : Quarterly payments of principal in the aggregate amount equal to 5% in Year 1, 5% in Year 2, 7.5% in Year 3, 10% in Year 4, and 10% in Year 5 | |

In addition to the cash consideration, the Purchaser will issue to the stockholders of CT Clinical Services, Inc. (a) shares of the Purchaser's Class A Common Stock (representing, at closing, approximately 24% of the Purchaser's capital stock (exclusive of a management option plan); and (b) shares of the Purchaser's Class B

Common Stock (representing, at closing, 5% of the Purchaser's capital stock (exclusive of a management option plan) and which **only** vest if North Castle receives a "cash-on-cash return" on its equity investment of at least 250%).

18. Include as an attachment:

- a. audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, provide other financial documentation (e.g., unaudited balance sheet, statement of operations, tax return, or other set of books). Connecticut hospitals required to submit annual audited financial statements may reference that filing, if current;

See attached Exhibit 6.

- b. a complete **Financial Worksheet A (not-for-profit entity), B (for-profit entity) or C (§19a-486a sale)**, available on OHCA's website under "OHCA Forms," providing a summary of revenue, expense, and volume statistics, "without the CON project," "incremental to the CON project," and "with the CON project." **Note: the actual results reported in the Financial Worksheet must match the audited financial statement that was submitted or referenced.**

See attached Exhibit 7.

19. Complete [OHCA Table 4](#) utilizing the information reported in the attached Financial Worksheet.

20. Explain all assumptions used in developing the financial projections reported in the Financial Worksheet.

- All residents of the CT Clinical Services, Inc. recovery homes are required to participate in outpatient treatment for substance use and any CODs for the duration of their residence. This includes one individual session per week and nine group sessions per week for four to eight weeks (intensive outpatient treatment), depending on necessity. Upon completion, clients are transitioned to a lower level of care and receive one individual session per week and one group session per week (outpatient treatment). CT Clinical Services, Inc. projects at least a 5% per fiscal year growth in revenues and expenses directly reflective of increased daily census and the need for additional, credentialed counseling staff and slight increases to other general expenses.
- Incremental to the CON project, CT Clinical Services, Inc. expects providing access to women's programming – recovery homes and clinical services – to increase daily census by an average of 23 clients in FY 2016 and an average of 29 clients in FY 2017. These increases are based on a census ramp up in FY 2016 and then modest straight-line occupancy in the women's recovery homes in FY 2017. The number and frequency of clinical services offered to women will mirror the men's programming.

- With a new population of clients served, CT Clinical Services, Inc. expects an increase in total census, resulting in an increase in full time and full time equivalent personnel costs.
- While initial projections show annual surplus funds, as actual figures are realized, the organization will pay down debt and reinvest a portion of these funds into quality enhancement activities and processes and maintenance of already acquired accreditations like CARF.
- Projected commencement of operation date is January 1, 2016.

21. Explain any projected incremental losses from operations resulting from the implementation of the CON proposal.

None.

22. Indicate the minimum number of units required to show an incremental gain from operations for each projected fiscal year.

N/A. See responses to 20 above.

Utilization

§ “The applicant’s past and proposed provision of health care services to relevant patient populations and payer mix, including, but not limited to, access to services by Medicaid recipients and indigent persons;”
(Conn.Gen.Stat. § 19a-639(a)(6))

23. Complete [OHCA Table 5](#) and [OHCA Table 6](#) for the past three fiscal years (“FY”), current fiscal year (“CFY”) and first three projected FYs of the proposal, for each of the Applicant’s existing and/or proposed services. Report the units by service, service type or service level.

24. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected service volume; explain any increases and/or decreases in volume reported in OHCA Tables 5 and 6.

See response to question 20.

25. Provide the current and projected patient population mix (number and percentage of patients by payer) for the proposal using [OHCA Table 7](#) and provide all assumptions. **Note: payer mix should be calculated from patient volumes, not patient revenues.**

CT Clinical Services, Inc. is currently an out-of-network provider of clinical services and accepts direct commercial insurance payment assignment for intensive outpatient treatment and outpatient treatment. Currently, 80% of CT Clinical

Services, Inc.'s population mix makes use of commercial insurance. This figure is expected to remain at or around 80% for the next three years as access to health insurance has increased with recent government legislation including the Affordable Care Act. For those clients without insurance or with non-applicable insurance coverage, CT Clinical Services, Inc. offers financial assistance to those without the means to pay the full cost of treatment. The Executive leadership team approves these scholarships as the budget can bear. The proposed financial information allows for scholarship awards for 10% of gross revenues.

§ "Whether the applicant has satisfactorily identified the population to be served by the proposed project and satisfactorily demonstrated that the identified population has a need for the proposed services;"
(Conn. Gen. Stat. § 19a-639(a)(7))

26. Describe the population (as identified in question 8(a)) by gender, age groups or persons with a specific condition or disorder and provide evidence (i.e., incidence, prevalence or other demographic data) that demonstrates a need for the proposed service or proposal. **Please note: if population estimates or other demographic data are submitted, provide only publicly available and verifiable information (e.g., U.S. Census Bureau, Department of Public Health, CT State Data Center) and document the source.**

The population currently served is male ages 18 through 25. CT Clinical Services, Inc. is operating at 90% capacity, which in the industry is considered "at capacity."

27. Using [OHCA Table 8](#), provide a breakdown of utilization by town for the most recently completed fiscal year. Utilization may be reported as number of persons, visits, scans or other unit appropriate for the information being reported.

N/A. Seventy seven percent (77%) of CT Clinical Services, Inc. clients reside out of state and 23% are from Connecticut. Utilization is by protocol and is described in the response to question 20.

§ "The utilization of existing health care facilities and health care services in the service area of the applicant;" (Conn. Gen. Stat. § 19a-639(a)(8))

28. Using [OHCA Table 9](#), identify all existing providers in the service area and, as available, list the services provided, population served, facility ID (see table footnote), address, hours/days of operation and current utilization of the facility. Include providers in the towns served or proposed to be served by the Applicant, as well as providers in towns contiguous to the service area.

N/A. Licensed services in the community are standalone. CT Clinical Services, Inc.'s licensed services are only for its clients/residents in its transitional living program.

29. Describe the effect of the proposal on these existing providers.

This proposal will have no effect on any other providers, as the only clients that use CT Clinical Services, Inc.'s licensed services are clients that are clients/residents in its transitional living program.

30. Describe the existing referral patterns in the area served by the proposal.

The existing referrals predominantly originate from post-residential and post-acute care treatment settings for individuals with substance use disorders.

31. Explain how current referral patterns will be affected by the proposal.

There will be no impact on the referral patterns as a result of the proposal.

§ "Whether the applicant has satisfactorily demonstrated that the proposed project shall not result in an unnecessary duplication of existing or approved health care services or facilities;" (Conn.Gen.Stat. § 19a-639(a)(9))

32. If applicable, explain why approval of the proposal will not result in an unnecessary duplication of services.

CT Clinical Services, Inc. is already at 90% capacity and there are no comparable service level programs for adult males. The proposal represents a transfer of ownership and not changes in its licensed programs.

§ "Whether the applicant has satisfactorily demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the geographic region. . ." (Conn.Gen.Stat. § 19a-639(a)(11))

33. Explain in detail how the proposal will impact (i.e., positive, negative or no impact) the diversity of health care providers and patient choice in the geographic region.

The proposal will have no negative impact on the diversity of health care providers. If the proposal is approved, CT Clinical Services, Inc. hopes to increase access for those who need the services it provides, including young women.

Tables

**TABLE 1
APPLICANT'S SERVICES AND SERVICE LOCATIONS**

| Service | Street Address, Town | Population Served | Days/Hours of Operation | New Service or Proposed Termination |
|-------------------|------------------------------------|----------------------|--|-------------------------------------|
| Licensed Services | 139 Orange Street New Haven, CT | Young Adult Males | Monday-Friday 8:30 a.m. to 6:00 p.m. | N/A |

N/A. Applicant is not proposing to add or terminate services.

[\[back to question\]](#)

**TABLE 2
SERVICE AREA TOWNS**

List the official name of town* and provide the reason for inclusion.

| Town* | Reason for Inclusion |
|-----------|-------------------------------|
| New Haven | Location of Licensed services |

New Haven will be the source of the majority of CT Clinical Services, Inc. clients since they will be residents of CT Clinical Services, Inc. recovery housing sites in the greater New Haven area. It should be clarified, however, that many of these clients will be permanent residents of other municipalities in Connecticut, as well from across the United States, since they will be referred by primary inpatient and residential rehabilitation programs for extended recovery care and transition. Most Connecticut residents come from towns in Fairfield County and New Haven County. Many Connecticut residents who have the ability to pay full-cost and out-of-pocket for services will likely reside in these areas.

* Village or place names are not acceptable.

[\[back to question\]](#)

**TABLE 3
TOTAL PROPOSAL CAPITAL EXPENDITURE**

| Purchase/Lease | Cost |
|---|--------------|
| Equipment (Medical, Non-medical, Imaging) | 0 |
| Land/Building Purchase* | 0 |
| Construction/Renovation** | 0 |
| Other (specify) | 0 |
| Total Capital Expenditure (TCE) | 0**** |
| Lease (Medical, Non-medical, Imaging)*** | 0 |
| Total Capital Cost (TCC) | 0 |
| Total Project Cost (TCE+TCC) | 0 |

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.

** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.

*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

****This is a transfer of ownership and the purchase price for the Purchaser has been stated.

[\[back to question\]](#)

**TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

| | FY 2016* | FY 2017* | FY 2018* |
|----------------------------------|-----------------|-----------------|-----------------|
| Revenue from Operations | \$22,040,1150 | \$24,041,548 | \$25,242,951 |
| Total Operating Expenses | \$18,538,603 | \$19,551,335 | \$20,395,052 |
| Gain/Loss from Operations | \$3,501,547 | \$4,490,213 | \$4,847,899 |

* Fill in years using those reported in the Financial Worksheet attached.

**TABLE 5
HISTORICAL UTILIZATION BY SERVICE**

| Service** | Actual Volume (Last 3 Completed FYs) | | | CFY Volume* |
|--|---|------------|------------|--------------------|
| | FY 2013*** | FY 2014*** | FY 2015*** | FY 20__ *** |
| Licensed Individual and group therapy sessions | 18,676 | 18,668 | 20,448 | Please see FY 2015 |
| Total | 18,676 | 18,668 | 20,448 | |

- * For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than 6 months, report actual volume and identify the period covered.
- ** Identify each service type and level adding lines as necessary. Provide the number of visits or discharges as appropriate for each service type and level listed.
- *** Fill in years. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

[\[back to question\]](#)

**TABLE 6
PROJECTED UTILIZATION BY SERVICE**

| Service* | Projected Volume | | |
|--|------------------|-----------|-----------|
| | FY 2016** | FY 2017** | FY 2018** |
| Licensed Individual and group therapy sessions | 24,885 | 26,130 | 27,346 |
| Total | 24,885 | 26,130 | 27,346 |

- * Identify each service type by location and add lines as necessary. Provide the number of visits/discharges as appropriate for each service listed.
- ** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

[\[back to question\]](#)

**TABLE 7
 APPLICANT'S CURRENT & PROJECTED PAYER MIX**

| Payer | Current | | Projected | | | | | |
|-----------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| | FY 2015*** | | FY 2016** | | FY 2017** | | FY 2018** | |
| | Discharges | % | Discharges | % | Discharges | % | Discharges | % |
| Medicare* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Medicaid* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHAMPUS & TriCare | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial Insurers | 216 | 80% | 274 | 80% | 288 | 80% | 302 | 80% |
| Uninsured | 54 | 20% | 69 | 20% | 72 | 20% | 76 | 20% |
| Workers Compensation | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Non-Government | 270 | 100% | 343 | 100% | 360 | 100% | 378 | 100% |
| Total Payer Mix | 270 | 100% | 343 | 100% | 360 | 100% | 378 | 100% |

* Includes managed care activity.

** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided. New programs may leave the "current" column blank

***For the six month period January 1, 2015 through June 30, 2015 annualized over 12 months.

[\[back to question\]](#)

**TABLE 8
 UTILIZATION BY TOWN**

| Town | Utilization FY XX** |
|------|---------------------|
| | |

* List inpatient/outpatient/ED volumes separately, if applicable

** Fill in year if the time period reported is not *identical* to the fiscal year reported on pg. 2 of the application; provide the date range using the mm/dd format as a footnote to the table.

N/A. The majority of Connecticut clients originate from lower Fairfield County.

[\[back to question\]](#)

**TABLE 9
SERVICES AND SERVICE LOCATIONS OF EXISTING PROVIDERS**

| Service or Program Name | Population Served | NPI ID* | Facility's Provider Name, Street Address and Town | Hours/Days of Operation | Current Utilization |
|--|--|----------------|--|--------------------------------|----------------------------|
| Alcohol Services Organization of South Central CT, Inc.- Cornerstone | Adults requiring 24/hour psychiatric support | 1669748414 | 527 Whalley Ave., New Haven, CT 06510 | | Not Available |
| Branford Counseling Center | Adults and Children | 1063437895 | 342 Harbor Street, Branford, CT 06405 | | Not Available |
| Cornell Scott Hill Health Center, Inc. | Adults, Children, & Families | 1376871822 | 400-428 Columbus Ave., New Haven, CT 06519 | | Not Available |
| Yale-New Haven Psychiatric Hospital | Adults & Children | 1164505996 | 184 Liberty Street New Haven, CT 06519 | | |
| South Central | | | | | Not Available |
| APT Foundation, Inc. | | | | | |
| The Substance Abuse Treatment Unit of the CT Mental Health Center | Adults | 1144386442 | New Haven | | Not Available |
| | Adults and Young Adults | 1497873947 | 34 Park Street, New Haven, CT 06519 | | Not Available |
| Chemical Abuse Services Agency, Inc. | Adults | 1457560484 | 426 East Street, New Haven, CT 06511 | | Not Available |
| | | | | | |

* Provide the Medicare, Connecticut Department of Social Services (DSS), or National Provider Identifier (NPI) facility identifier and label column with the identifier used.

CT Clinical Services, Inc. only provides its licensed services to residents of its transitional living programs. There are no comparable providers to CT Clinical Services, Inc. in New Haven.

[\[back to question\]](#)



Supplemental CON Application Form
Transfer of Ownership of a Health Care Facility
Conn. Gen. Stat. § 19a-638(a)(2)

Applicant: CT Clinical Services, Inc. d/b/a “Turning Point” and North Castle Partners V, L.P.

Project Name: Transfer of Ownership

1. Project Description and Need: Change of Ownership or Control

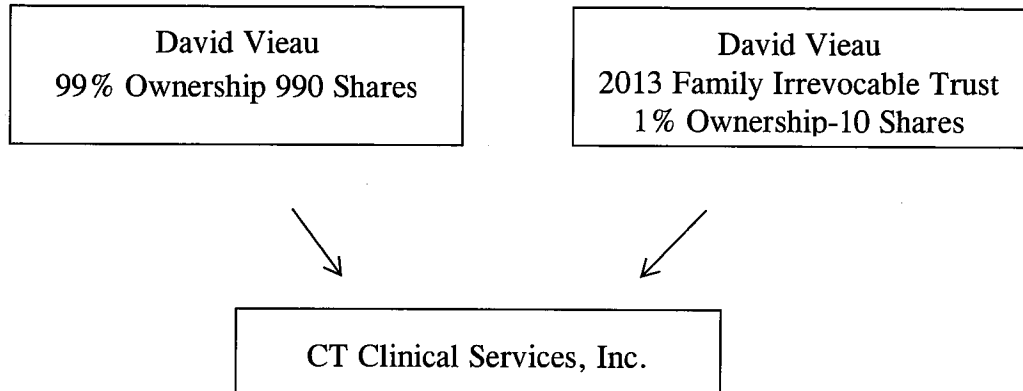
- a. Describe the transition plan and how the Applicants will ensure continuity of services. Provide a copy of a transition plan, if available.

Staffing and Executive Leadership will remain unchanged. Representatives of North Castle Partners V, L.P. will have four of seven seats on the CT Clinical Services, Inc. Board. The four North Castle Partners V, L.P. representatives will initially be Louis E. Marinaccio, Charles F. Baird, Jonathan Canarick and Jerome Rhodes. The remaining three seats shall be held by David Vieau, President & CEO, Brett Tiberio, Vice President, and the third seat shall be held by an individual jointly selected by David Vieau and Louis Marinaccio. See Exhibit 3 for CVs.

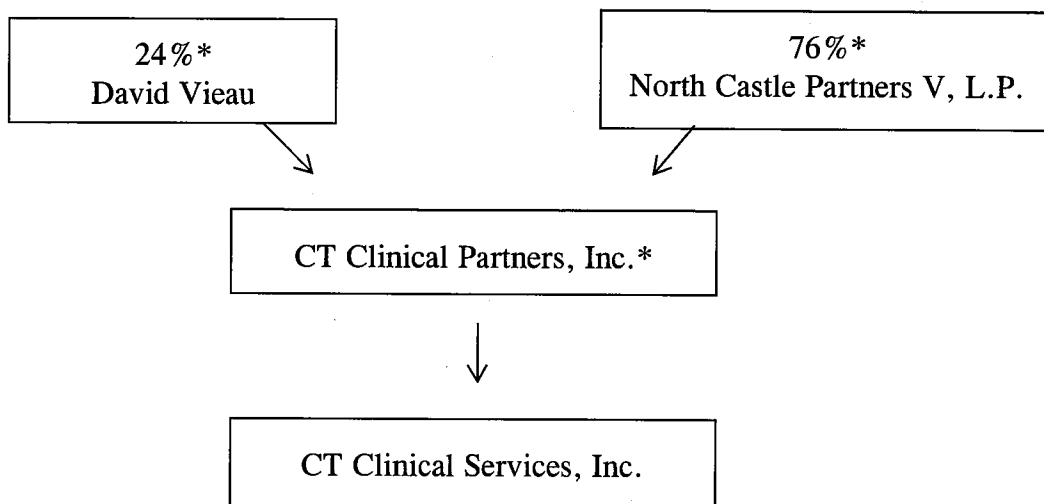
- b. For each Applicant (and any new entities to be created as a result of the proposal), provide the following information as it would appear **prior** and **subsequent** to approval of this proposal:

- i. Legal chart of corporate or entity structure including all affiliates.

BEFORE APPROVAL OF PROPOSAL



AFTER APPROVAL OF PROPOSAL



*More specifically, if approved, North Castle Partners V, L.P. will own 75.513% of the stock in CT Clinical Partners, Inc., David Vieau will own 22.981% of the stock of CT Clinical Partners, Inc., David Vieau 2013 Family Irrevocable Trust will own .232% of the stock in CT Clinical Partners, Inc. and several employees of CT Clinical Services, Inc. will own the remaining 1.274% of the stock in CT Clinical Partners, Inc.

ii. Governance or controlling body

CT Clinical Services, Inc. will continue to be governed by its Board of Directors.

iii. List of owners and the % ownership and shares of each.

See above chart under b(i)

c. Does this proposal avoid the corporate practice of medicine? Explain in detail.

Yes, this proposal does not change the operations or method of governance of CT Clinical Services, Inc. in that all licensed services are provided under the exclusive direction of the Medical Director of CT Clinical Services, Inc.

2. Clear Public Need

a. Is the proposal being submitted due to provisions of the Federal Sherman Antitrust Act and Conn. Gen Stat. §35-24 et seq. statutes? Explain in detail.

No

b. Is the proposal being submitted due to provisions of the Patient Protection and Affordable Care Act (PPACA)? Explain in detail.

No

CT CLINICAL SERVICES, INC.

UNANIMOUS WRITTEN CONSENT OF DIRECTORS

August 28, 2015

Pursuant to Section 33-749 of the Connecticut General Statutes, the undersigned, constituting all of the members of the Board of Directors (the "**Board**") of **CT CLINICAL SERVICES, INC.** a Connecticut corporation which does business as "Turning Point" (the "**Company**"), do hereby consent to the adoption of the following resolutions, without notice or the holding of a meeting of the Board, which resolutions shall take effect as though adopted at a meeting duly called and held, at which a quorum was present and acting throughout:

WHEREAS, David Vieau ("**Vieau**") and the [David Vieau Irrevocable Family Trust] (the "**Trust**") are the owners (the "**Shareholders**") of all of the issued and outstanding shares (the "**Shares**") of the capital stock of the Company; and

WHEREAS, the Shareholders wish to sell 78% of their Shares to CT Clinical Partners, Inc., a Delaware corporation (the "**Buyer**"), substantially upon the terms set forth in that certain Letter of Intent and Summary of Terms dated July 9, 2015 (the "**Term Sheet**"), which Term Sheet contains certain restrictions on, and agreements by, the Company; and

WHEREAS, as described in the Term Sheet, the Company will enter into a purchase agreement among the Shareholders, the Company and the Buyer, substantially in the form attached hereto as Exhibit A (the "**Purchase Agreement**"), which Purchase Agreement contains certain representations, warranties and agreements by the Company; and

WHEREAS, upon the consummation of the sale of the Shares pursuant to the terms of the Purchase Agreement, the Shareholders will roll their remaining 22% of the Shares of the Company into the Buyer pursuant to the Purchase Agreement, resulting in the Company becoming a wholly-owned subsidiary of the Buyer (the "**Transaction**"); and

WHEREAS, the Board deems it appropriate and in the Company's best interest to approve the Transaction.

NOW, THEREFORE, it is hereby

RESOLVED, that the Company is authorized to enter into, execute and deliver the Term Sheet and to fulfill its obligations thereunder at any time and from time to time; and further

RESOLVED, that any proper officer of the Company is hereby authorized and empowered, in the name and on behalf of the Company, to execute and deliver the Term Sheet, the Purchase Agreement, the Ancillary Agreements referred to in the Purchase Agreement, and all documents, agreements, instruments, and certificates required under the terms thereof, all in such form and containing such terms and conditions as are deemed appropriate and approved by the officer executing the same, his or her execution and delivery thereof to be conclusive evidence of such approval; and further

RESOLVED, that the proper officers of the Company are, and each of them hereby is, authorized and directed, for and on behalf of the Company and in its name, at any time and from time to time, to take or cause to be taken any and all such actions as any such officer may deem necessary or desirable to carry out the Company's obligations under the Term Sheet, the Purchase Agreement, and the Ancillary Agreements, including, but not limited to, obtaining all of the necessary regulatory approvals, and to execute, make oath, acknowledge and deliver any and all such orders, directions, bills of sale, assignments, certificates, opinions and agreements and other instruments and papers, and to do or cause to be done any and all such other acts and things, as may, in his or their judgment, be necessary, desirable, appropriate, or convenient in connection with the Transaction; and further

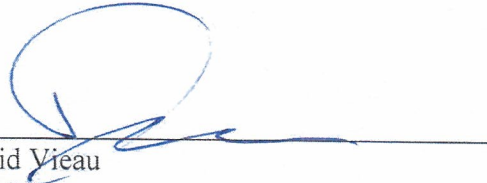
RESOLVED, that all actions previously taken and all documents previously executed and delivered by any of the officers of the Company to effectuate the foregoing are hereby authorized, approved, ratified and confirmed in all respects.

This Unanimous Written Consent of Directors may be executed in two or more counterparts (including those delivered by facsimile or other electronic means), each of which shall be deemed an original, but all of which taken together shall constitute one and the same Consent.

The execution of a facsimile, telecopy or other reproduction of this Unanimous Written Consent of Directors shall be deemed an original and shall be considered valid, binding and effective for all purposes.

[signature page follows]

IN WITNESS WHEREOF, the undersigned Directors of **CT Clinical Services, Inc.** have executed this Consent (or a duplicate original thereof) as of the date set forth above, hereby waiving all notice of a meeting and the holding of a meeting of the Board, and hereby direct that this Consent be inserted in the minute book of the Corporation with the proceedings of the Board of Directors' meetings.



David Vieau
Sole Director

[signature page to Unanimous Written Consent of Directors of CT Clinical Services, Inc.]

EXHIBIT A
PURCHASE AGREEMENT

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0509

Psychiatric Outpatient Clinic for Adults

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

CT Clinical Services, Inc. of New Haven, CT, d/b/a CT Clinical Services, Inc. is hereby licensed to maintain and operate a Psychiatric Outpatient Clinic for Adults.

CT Clinical Services, Inc. is located at 139 Orange St, Unit 4, New Haven, CT 06510 with:

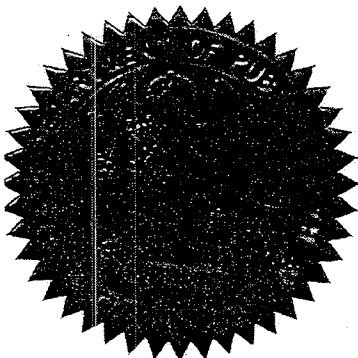
- *Jonathan Lowe* as Executive Director,
- *Jonathan Lowe* as Director.

This license expires **September 30, 2015** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, October 1, 2011.

License revised to reflect:

Change of Executive Director and Director Eff: 5/23/14



Handwritten signature of Jewel Mullen, MD, MPH, MPA.

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

LICENSE

License No. 0425

Facility for the Care or Treatment of Substance Abusive or Dependent Persons

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

CT Clinical Services, Inc. of New Haven, CT, d/b/a CT Clinical Services, Inc. is hereby licensed to maintain and operate a private freestanding Facility for the Care or Treatment of Substance Abusive or Dependent Persons.

CT Clinical Services, Inc. is located at 139 Orange St, Unit 4, New Haven, CT 06510 with:

Jonathan Lowe as Executive Director.

The service classification(s) and if applicable, the residential capacities are as follows:

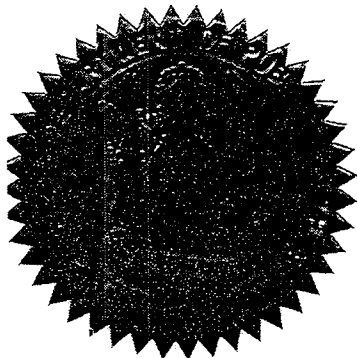
Outpatient Treatment

This license expires **September 30, 2015** and may be revoked for cause at any time.

Dated at Hartford, Connecticut, October 1, 2013.

License revised to reflect:

Change of Executive Director Eff: 5/23/14



Handwritten signature of Jewel Mullen, MD, MPH, MPA.

Jewel Mullen, MD, MPH, MPA
Commissioner

STATE OF CONNECTICUT

Department of Public Health

License No. CLPOL-0485

Licensed Clinical Laboratory

In accordance with the provisions of the General Statutes of Connecticut Section 19a-30:
CONNECTICUT CLINICAL SERVICES, INC. is hereby licensed to maintain and operate a
Clinical Laboratory.

THE CONNECTICUT CLINICAL SERVICES, INC. LABORATORY is located at **139
ORANGE STREET FL#4, NEW HAVEN, CT. 06510** with:

David Vieau as Licensee,

This license expires **DECEMBER 31, 2015** and may be revoked for cause at any time.

Dated at Hartford Connecticut **OCTOBER 18, 2013.**



Jewel Mullen MD
Jewel Mullen, MD, MPH, MPA
Commissioner

09/04/15

0048

Mohamed Elsamra, MD
19 Ellis Rd, East Haven, CT 06512
Phone: 203-887-3890
elsamra2000@hotmail.com

Certification and Licensure:

- | | |
|--|------|
| - American Board of Psychiatry and Neurology | 2008 |
| - Medical License for the state of Connecticut | 2004 |
| - License for Suboxone prescription | 2009 |

Professional Experience:

*** Medical Director:**

- | | |
|--|------------------|
| - MCCA (mccaonline.com), Danbury, CT | 09/2012- Present |
| - Turning Point (tpaddictiontreatment.com) New Haven | 02/2013- present |

- | | |
|--|------------------|
| * PT Private office and consulting psychiatrist: | 05/2012- Present |
|--|------------------|

*** Teaching Psychiatrist and clinical staff at APT Foundation.**

New Haven, Connecticut

10/2007- 07/2011

Responsibilities include:

- Medical Director of Park-Orchard clinic
- Deliver treatment to patients with mental health disorders and substance abuse Disorders.
- Teach and supervise substance abuse fellows and third year psychiatry residents (Yale department of psychiatry program).
- Provide direct supervision to clinical and medical staff.
- Conduct administrative duties: in-services, critical reviews, and program developments.

*** Psychiatrist and Medical Director at RSD program**

Bridgeport, CT

10/2007- Present

Responsibilities include:

- Provide treatment for young adults with mental health disorders.
- Lead multidisciplinary treatment team meetings.

Internship and Residency Training:

University of Connecticut School of Medicine, Department of Psychiatry
July 2002- June 2006

Internship included: - 4 months of Internal Medicine at Hartford H. and St. Francis H.
- 2 months of Neurology at Hartford Hospital
- 6 months of Inpatient Adult Psychiatry

PGY 2, 3, and 4 Included: Inpatient and Outpatient Psychiatry, CL, Research, Substance Abuse, Community Psychiatry, Emergency and Geriatric Psychiatry.

Postgraduate Research and Training:

Yale University, Department of Psychiatry at West Haven VA, CT
* Post Doctoral Associate at Schizophrenia Research Program at the CMHC and the West Haven VA, November 2001- May 2002

Yale University, Department of Psychiatry at West Haven VA, CT
* Volunteer Research Assistant at the Schizophrenia Research Clinic and the Electrophysiology Lab at the West Haven VA, December 2000- October 2001

Ministry of Health Clinics, Alexandria, Egypt
* Primary Care Physician
October 1997- August 2000

Military and Naval Hospitals, Egypt
* General Practitioner
June 1996- September 1997

Education:

University of Alexandria Medical School, Egypt
*Graduated 1995

Professional Memberships:

- * American Psychiatric Association (APA)
- * International Early Psychosis Association

Research interests and Posters:

* Working Memory and Verbal Learning limitations in patients with Schizophrenia,
University of Connecticut Research Project (2005)

* Antipsychotic prescribing patterns in Connecticut Correctional System, University
of Connecticut Research Symposium(2006)

Charles F. ("Chip") Baird, Jr., North Castle's founder and Managing Director, has spent the last 35 years as an investor and consultant partnering with CEOs to improve their companies' operating performance and shareholder returns. Mr. Baird began studying the emerging Healthy, Active and Sustainable Living trends almost 20 years ago and founded North Castle Partners in 1997 specifically to pursue opportunities in this dynamic new marketplace. Mr. Baird serves as Chairman of the Board of Directors for most North Castle portfolio companies, which have comprised almost 60 businesses since the firm's inception. He is a trustee of The Alger Fund. Prior to founding North Castle, Mr. Baird served as a Managing Director of AEA Investors LLC from 1989 to 1997, where he was involved in initiating, negotiating, financing, monitoring, and exiting principal investments. From 1978 to 1989, Mr. Baird worked at Bain & Company, where, as an Executive Vice President and North American Management Committee member, he was involved in developing strategy and implementing profit improvement initiatives for companies in the health care, forest products, packaging, publishing, chemicals, food, plastics, and textile industries. From 1975 to 1977, he worked in mergers and acquisitions at The First Boston Corporation. Mr. Baird received an A.B. from Harvard College and an M.B.A. from Harvard Business School.

Jonathan ("Jon") Canarick is a Managing Director with 14 years of consumer private equity investment experience. Since joining North Castle Partners in 2001, Mr. Canarick has driven the execution of and actively managed North Castle's investments across a variety of Healthy Living sectors including fitness, weight management, retail, and beauty. Mr. Canarick currently sits on the Board of Directors of Curves/Jenny Craig, Barry's Bootcamp, Brooklyn Boulders, and Performance Bicycle. Mr. Canarick served on the Board of Directors of gloProfessional, Enzymatic Therapy and DDF and had been actively involved in the firm's investments in Avalon and Grand Expeditions. Prior to joining North Castle, Mr. Canarick worked in the Financial Sponsors Coverage and Leveraged Finance groups of Bear, Stearns & Co., where he executed leveraged buyout transactions and provided advisory services for financial sponsors. Mr. Canarick received a B.B.A. from the University of Michigan and an M.B.A. from Columbia Business School.

Jerome ("Jerry") Rhodes most recently was the CEO of CRC Health one of the nation's largest providers of Behavioral Healthcare. CRC was a Bain Capital sponsored company and was recently sold to Acadia Healthcare for \$1.3B. This deal constituting one of the largest ever in behavioral healthcare. Jerry joined CRC Health Group in 2003 and was instrumental in developing it into the nation's largest provider of behavioral treatment services, with over 100 facilities nationwide and nearly \$450m in revenue. Jerry held a number of senior operating roles at CRC and was appointed COO in 2010. Prior to joining CRC, he was the Chief Executive Officer and co-founder of Comprehensive Addictions Programs Inc. (CAPs). CAPs was a privately held company backed by several venture capital investors that, under Rhodes' leadership, became a national, full-service addiction treatment provider of both residential and opiate treatment. The company was acquired by CRC in February 2003. Before founding CAPS, Jerry had a number of roles focused on development in the long-term care field. Rhodes was the Director of Development for Beverly Enterprises, the nation's largest publicly held nursing home company. Prior to his position at Beverly, he held several business development roles at Manor Care Inc. He holds a B.A. degree from Columbia Union College, with high honors. He is on the Board of Directors of Springstone Hospitals a Welsh Carson sponsored company, Athlectico a Harvest Partners sponsored company and recently joined the board of Community Behavioral Health a company focused on intellectual disabilities and acquired brain injuries. He is also on the Board of the National Association of Psychiatric Health Systems. He is also the recipient of the prestigious Nyswander Dole (Dr. Marie) award for his work in medication-assisted treatment from the American Association of Opiate Treatment Programs.

Louis E. ("Lou") Marinaccio is a Managing Director with over 20 years of experience investing in, advising, and operating Consumer companies, including 17 years at North Castle. Lou has led a dozen food & beverage brand investments, including Naked Juice, Atkins Nutritionals, Bora-Bora Organic

Foods, Saratoga Spring Water, Mountain Sun Organics, and FlatOut Flatbreads. He led the Naked Juice investment where he served as Chief Operating Officer and member of the senior management team responsible for accelerating sales and earnings growth, culminating in a sale to PepsiCo. He also leads North Castle's beauty and personal care investment initiatives, and sits on the Boards of current portfolio companies Mineral Fusion and Palladio Beauty Group. Lou served as CEO of prior portfolio company Doctors Dermatological Formula, driving a company transformation that prompted an acquisition by Procter & Gamble.

Prior to North Castle, Lou worked at McKinsey & Company advising consumer, life sciences, retail, and healthcare clients on strategy, business development, and operational improvement issues. He began his career in middle market corporate finance at ABN-AMRO. He received a B.B.A. with Distinction in Finance from the University of Michigan and an M.B.A. from Harvard Business School.

Jonathan A. Lowe, MSN, PMH-APRN is Executive Director of Clinical Services at Turning Point. Jonathan graduated from the University of Pennsylvania in 2007 where he earned his MSN in psychiatric nursing. He has received the Connecticut League of Nurses Award and the Joan Lynaugh Award for Outstanding Clinical Scholarship. Jonathan has worked extensively with adolescents and adults with co-occurring psychiatric and substance use disorders.

Prior to Turning Point, Jonathan worked for Harbor Health Services, Inc. providing prescriptive practice for mental health clients in an outpatient setting. He began his career working on the Psychiatric Triage Team for the Philadelphia Prison system where he diagnosed and admitted new inmates and treated emergency psychiatric situations.

Brett S. Tiberio is Vice President of Turning Point. As Vice President, Brett is responsible for the management and oversight of the Finance, Billing, and Clinical Departments. Brett began his career at Turning Point in 2010 as Business Manager where he helped to develop Turning Point's organizational and structural core. Prior to joining Turning Point, Brett worked for Blum Shapiro, the largest regional accounting, tax, and business consulting firm in New England. Brett graduated from Champlain College's Honors Program in 2008 with a B.S. in Professional Writing.

David P. Vieau is President and C.E.O. of Turning Point. David founded Turning Point in 2003 and under his direction, Turning Point has evolved into a nationally recognized program for young men. He has pioneered innovative approaches developed programs specifically for adolescents that have changed the way the treatment industry approaches transitional living. David's educational background includes a Liberal Arts education from Harvard University. In addition to spending most of his career in the non-profit world, David's professional experience also includes a variety of leadership roles with start-up organizations and educational institutions.

Michael J. Stisi is Corporate Controller for Turning Point. Michael is a member of Turning Point's senior leadership team, and in his role as Corporate Controller is responsible for all Finance and Billing related activities. Prior to his work at Turning Point, Michael was the Deputy Controller of Revenue at Metro North Railroads and was the Controller/CFO for SIX Telekurs USA, Inc., a company that operates in the fields of international financial information, payment transactions, and IT services. While there, Michael was responsible for the overall financial policy and controls of a \$40+ million foreign owned subsidiary.

Michael began his career as a CPA at Owen J. Flanagan & Co., CPAs in New York, New York where he was a senior auditor/accountant. Michael graduated with a B.B.A. from Iona College and is a member of the American Institute of Certified Public Accountants.



McLean HOSPITAL
HARVARD MEDICAL SCHOOL AFFILIATE



**HARVARD MEDICAL SCHOOL
TEACHING HOSPITAL**

8/25/15

Nancy Merrill
Program Director Alcohol and Drug Abuse Service
McLean Hospital
115 Mill Street Belmont MA, 02478

To Whom it may concern:

I am writing this letter in support of Turning Point's CON application.

For the past 20 years I have been employed through McLean Hospital whose core values include dedicating ourselves each and every day to our mission of clinical care, scientific discovery, professional training and public education in order to improve the lives of people with psychiatric illness and their families. A function of my current role is to provide oversight to the clinical staff working with clients with substance abuse and mental health issues.

Throughout the discharge planning process of our young adult men, if determined by his therapist that more structure and oversight is needed once completing our program, Turning Point has always been at the forefront of our minds. We are confident when making referrals to Turning Point because my staff and I have had the opportunity to visit the houses, meet the staff and learn about their program.

Knowing the work they do with young men, I am excited for the potential opportunity to refer young adult women to Turning Point in Connecticut. Since this specific niche within our industry is in such high demand I have no doubt that Turning Point will be successful because of the services in which they provide and due to the lack of quality women's programs in the north east, specifically Connecticut.

Sincerely,


Nancy Merrill, PMHCNS, BC

115 Mill Street, Belmont, MA 02478-1064
T: 617.855.2000 F: 617.855.3299

www.mcleanhospital.org



McLean Hospital is a member of Partners HealthCare.

09/04/15

0056



CLERE
CONSULTING

August 28, 2015

To Whom It May Concern:

I am writing this letter to convey my professional opinion regarding the need for a long-term treatment and extended care program in Connecticut that offers young women with substance use disorders an opportunity to build with guidance and accountability solid foundations for purposeful and successful lives in recovery from addiction.

I have worked in the field of addiction treatment for 15 years. Presently, I am a partner in the Minnesota-based consulting firm, Clere Consulting. We specialize in assisting families and friends, employers, and trustees effectively mobilize and confront addiction and appropriately support treatment and long-term recovery in the lives of people important to them.

A valuable and necessary service we provide is treatment center matching and the vetting of providers in the treatment industry. In order to do this effectively, my partners and I identify, interview, tour, and develop relationships with providers. We refer only to programs we find exemplary in the treatment of addiction and dual-diagnosis throughout the U.S. and Canada. Turning Point (TP) is one of only a select few programs in the U.S. we refer our young adult male clientele to for long-term addiction treatment and extended care services.

I was just at Turning Point with a young client last week and I expressed to several TP directors the necessity for a Turning Point sister program for young adult women. I iterated to them that there is no program for young women that I have identified in the U.S. that provides the quality of services, levels of care, long-term support, life-skills education and experience, and collaborative case management for female patients and their families in the U.S. as Turning Point provides for young men. There are many quality residential treatment centers, extended care programs, outpatient options, and sober living houses for women throughout the country, however, I do not know of any one program that offers the streamlined, comprehensive and long-term care that is the Turning Point model.

For the past year I have been working with a young woman and her parents. They live in New Haven, CT. Prior to my engagement with the family the patient received residential treatment in CT then moved to a well-appointed sober living house in CT. The patient was not equipped to transition directly from residential treatment to sober living and she relapsed within a couple months of moving to sober living. After several months of active heroin use and a near-fatal overdose she agreed to enter a long-term

treatment program in California. She now has 11 months sober and has developed a sober support network in CA. She is currently working and attending college in addition to participating in outpatient treatment services and residing in a sober living environment. Her desire is to return home to complete college but I fear the transition will be a difficult one for her as her support system is in CA. If she had been able to establish her recovery roots in CT her journey would likely be an easier one and her parents would have been able to receive more services had there been a comparable placement for their daughter on the east coast.

Young people benefit from long-term treatment. A treatment episode of longer duration allows the brain sufficient time to heal, reducing the risk of relapse while also allowing the patient to not only learn but to implement new coping methods, build a sober network with peers, learn through practical and sustained application of adult living skills – all vital for reducing the risk of relapse. While in a program like Turning Point the young adults apply for, interview and begin employment, they enroll in and attend college, meet degree requirements, experience social activities substance free – sometimes for the first time since early adolescence, and rebuild family relationships. When a young adult leaves long-term treatment the goal is that they have gained and experienced the self-efficacy necessary for creating sober, successful and rewarding lives.

Turning Point sets the standard for effective long-term treatment for young adult men. It is my hope that soon Turning Point will be setting the industry standard for long-term treatment for all young adults.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amy Prouty', with a stylized flourish at the end.

Amy Prouty, MSW, CADC I
Clere Consulting, Partner



Our Sole Purpose is to Heal

August 28, 2015

To Whom It May Concern,

It's my honor to write this reference letter on behalf of Turning Point in regards to their Certificate of Need Application. As Continuing Care Manager at Father Martin's Ashley drug and alcohol rehabilitation center in Havre De Grace, Maryland, I routinely assess clients and provide referrals to appropriate aftercare resources. As a national leader in the field, Father Martin's Ashley is very selective when it comes to referral relationships with outside entities. Turning Point is at the top of our list for young male clients who require ongoing clinical care, structure, and accountability.

I believe that young women who suffer from addiction and mental health disorders are a vastly underserved population. It can be very challenging to find viable aftercare options for our young women who are discharging to the Connecticut area. The prospect of a women's program opening up in Connecticut is of great significance to me and the female clients I serve, and I believe the dedicated group of professionals I've come to know at Turning Point to be extremely well suited for the task.

It is my sincere hope that Turning Point's CON application is approved. Please do not hesitate to reach out to me with any questions or concerns. Thank you very much for your time.

Sincerely,

A handwritten signature in cursive script that reads "Sheila Matricciani".

Sheila Matricciani
Continuing Care Manager

800 Tydings Lane • Havre de Grace, MD 21078 • 800.799.HOPE (4673)
FatherMartinsAshley.org

A treatment center for alcoholism and drug addiction • Accredited by The Joint Commission • A 501(c)(3) non-profit organization

RED OAK
R E C O V E R Y

August 26, 2015

Heather Schnoebelen
Executive Clinical Director, Red Oak Recovery

To Whom It May Concern,

It is my pleasure to submit this letter in support of Turning Points Certificate of Need (CON) application for the development of women's recovery services in the state of Connecticut.

Turning Point is a program we look to for a comprehensive continuum of care for the young adult men finishing primary treatment. The combination of structure, clinical support, and life skills training afforded to clients at Turning Point has proven successful for the appropriate individual.

Unfortunately, there is a shortage of comparable programming for young adult women on the East Coast, specifically Connecticut. The possibility of Turning Point creating a program that fills this void is exciting and much needed.

I have been working in the Substance Abuse and Mental Health industry for the past 15 years and have been dedicated to the betterment of clinical services for individuals and families impacted by the disease of addiction and co-occurring mental health diagnosis. Providing research backed and evidenced based treatment is paramount in this field. In my current role I oversee the clinical services for our clients and their families and support appropriate referrals to other programs when needed. I am entirely comfortable advocating on behalf of Turning Point, as we've collaborated on many clients in the past.

Sincerely,



Heather Schnoebelen MA LPC LPCS CCSILCAS

Artemis Partners

TO: DR. JEWEL MULLEN, COMMISSIONER
OFFICE OF HEALTH CARE ACCESS
STATE OF CT DEPARTMENT OF PUBLIC HEALTH

FROM: TERENCE R. DOUGHERTY
MANAGING DIRECTOR
ARTEMIS PARTNERS

RE: APPLICATION OF CT CLINICAL PARTNERS' PROPOSED ACQUISITION
OF CLINICAL SERVICES, INC. d/b/a TURNING POINT
FOR CERTIFICATE OF NEED

DATE: SEPTEMBER 2, 2015

I am writing in support of CT Clinical Partner's proposed acquisition of CT Clinical Services, Inc. d/b/a Turning Point.

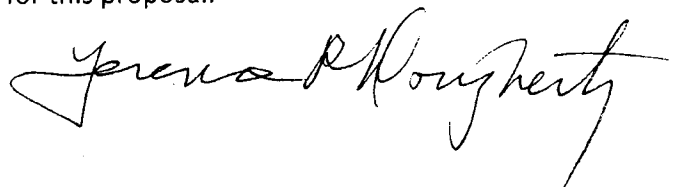
I am the Managing Director of Artemis Partners, the Governing Authority of Mountainside Treatment Center in Canaan, CT. I am a co-founder of Mountainside that began operating here in 1998, and I served for over ten years as its President and Chief Executive Officer.

Our licensed Clinical Team has worked closely with David Vieau and Turning Point for over 12 years, and we have referred numerous male clients needing extended care to their excellent extended care program. There is a great need in Connecticut for this service that they plan to provide for females, as there are few options for us and other treatment centers in Connecticut to have this very much needed full aftercare treatment for women. We are so pleased to see that Clinical Partners will be providing these needed services for females when their acquisition of Turning Point is completed.

Our Mission at Mountainside has been supported by Turning Point's excellent aftercare program for young men; the proposal for CT Clinical Partners to add these needed aftercare services in Connecticut for women will benefit so many women in recovery needing this service. This will be a benefit to Mountainside and other residential treatment centers needing aftercare services for women completing treatment.

Simply put, the need for women's sober housing and coordinated clinical services is overwhelming in Connecticut. By approving this application you would be providing much needed services for women, which will greatly benefit the addiction and behavioral healthcare treatment community here in Connecticut and from surrounding states as well.

I feel very confident in expressing full support for this proposal.



South Canaan Road, Box 717, Canaan, CT 06018 - P 860-362-5000

PURCHASE AND CONTRIBUTION AGREEMENT¹

by and among

CT CLINICAL PARTNERS, INC.,

CT CLINICAL SERVICES, INC.,

DAVID PETER VIEAU,

[DAVID VIEAU 2013 FAMILY IRREVOCABLE TRUST]

**THE HOLDERS OF CERTIFICATES OF PARTICIPATION UNDER THE CT
CLINICAL SERVICES, INC. PHANTOM STOCK PLAN,**

and (for limited purposes)

NORTH CASTLE PARTNERS V, L.P.

and

NORTH CASTLE PARTNERS V-A, L.P.

¹ NTD: Draft remains subject to completion of due diligence, review of the disclosure schedule, and review and comment by specialists (including regulatory counsel) and to further review by Seller and its advisors.

TABLE OF CONTENTS

| | Page |
|---|------|
| ARTICLE I DEFINITIONS | 2 |
| Section 1.1 Definitions | 2 |
| ARTICLE II PURCHASE, SALE, and EXCHANGE OF CONTRIBUTED SHARES..... | 14 |
| Section 2.1 Purchase, Sale and Exchange of the Contributed Shares; Treatment of Certificates of Participation. | 14 |
| Section 2.2 Consideration for the Contributed Shares; Payments at Closing. | 14 |
| Section 2.3 Escrow Amounts..... | 15 |
| Section 2.4 Adjustments to Purchase Price. | 16 |
| Section 2.5 Drug Testing EBITDA Earn-Out Payment | 19 |
| Section 2.6 Treatment of Certificates of Participation. | 19 |
| Section 2.7 Tax Reporting..... | 20 |
| ARTICLE III REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY | 21 |
| Section 3.1 Existence and Qualification..... | 21 |
| Section 3.2 Authorization; Execution; Enforceability..... | 21 |
| Section 3.3 No Violation | 21 |
| Section 3.4 Capitalization..... | 22 |
| Section 3.5 Subsidiaries and Equity Investments..... | 22 |
| Section 3.6 Consents and Approvals | 22 |
| Section 3.7 Financial Statements..... | 22 |
| Section 3.8 Absence of Undisclosed Liabilities | 23 |
| Section 3.9 Indebtedness | 23 |
| Section 3.10 Absence of Certain Changes..... | 23 |
| Section 3.11 Employee Benefit Plans..... | 26 |
| Section 3.12 Labor and Employment Matters. | 28 |
| Section 3.13 Brokers' Fees and Commissions..... | 29 |
| Section 3.14 Contracts..... | 29 |
| Section 3.15 Taxes..... | 32 |
| Section 3.16 Title to Assets | 34 |
| Section 3.17 Litigation. | 34 |
| Section 3.18 Licenses | 35 |
| Section 3.19 Environmental Matters | 35 |
| Section 3.20 Other Activities of Sellers | 36 |
| Section 3.21 Compliance with Law..... | 36 |
| Section 3.22 Affiliated Transactions | 37 |
| Section 3.23 Inventory..... | 37 |
| Section 3.24 Suppliers; Payors. | 37 |
| Section 3.25 Insurance..... | 38 |

| | | |
|--|---|----|
| Section 3.26 | Intellectual Property | 38 |
| Section 3.27 | Real Property | 41 |
| Section 3.28 | Accounts Receivable | 45 |
| Section 3.29 | Powers of Attorney | 46 |
| Section 3.30 | Bank Accounts..... | 46 |
| Section 3.31 | Health Care Regulatory Compliance..... | 46 |
| Section 3.32 | Health Care Professional Licensure; Accreditation..... | 48 |
| ARTICLE IV REPRESENTATIONS AND WARRANTIES REGARDING SELLERS | | 49 |
| Section 4.1 | Authority of Sellers | 49 |
| Section 4.2 | No Conflicts; Consents..... | 49 |
| Section 4.3 | Contributed Shares | 50 |
| Section 4.4 | Litigation | 50 |
| Section 4.5 | Purchase for Investment; Accredited Investor; No Public Market..... | 50 |
| Section 4.6 | Brokers' Fees and Commissions..... | 50 |
| ARTICLE V REPRESENTATIONS AND WARRANTIES REGARDING BUYER AND NCP..... | | 51 |
| Section 5.1 | Existence and Qualification..... | 51 |
| Section 5.2 | Authorization..... | 51 |
| Section 5.3 | No Conflicts; Consents..... | 51 |
| Section 5.4 | Brokers' Fees and Commissions..... | 52 |
| Section 5.5 | Purchase for Investment; Accredited Investor..... | 52 |
| Section 5.6 | Litigation | 52 |
| Section 5.7 | Anti-Sandbagging..... | 52 |
| ARTICLE VI COVENANTS | | 52 |
| Section 6.1 | Conduct of Business of the Company Prior to the Closing..... | 52 |
| Section 6.2 | Efforts | 55 |
| Section 6.3 | Consents and Approvals; Third Party Communications | 55 |
| Section 6.4 | Public Announcements..... | 56 |
| Section 6.5 | Disclosure Supplements. | 56 |
| Section 6.6 | Continuing Indemnification..... | 57 |
| Section 6.7 | Confidentiality | 57 |
| Section 6.8 | Resignations..... | 58 |
| Section 6.9 | Standstill. | 58 |
| Section 6.10 | Tax Matters..... | 59 |
| Section 6.11 | Non-Competition; Non-Solicitation, etc..... | 64 |
| Section 6.12 | Buyer's Financing Activities..... | 65 |
| Section 6.13 | Access to Information..... | 66 |
| Section 6.14 | Litigation Support..... | 66 |
| Section 6.15 | Release and Discharge..... | 66 |

| | |
|--|----|
| ARTICLE VII CLOSING CONDITIONS | 67 |
| Section 7.1 Conditions to Each Party's Obligations Under this Agreement..... | 67 |
| Section 7.2 Conditions to the Obligations of Buyer Under this Agreement | 68 |
| Section 7.3 Conditions to the Obligations of Sellers Under this Agreement | 70 |
| ARTICLE VIII CLOSING | 70 |
| Section 8.1 Closing..... | 70 |
| Section 8.2 Closing Deliveries | 70 |
| ARTICLE IX TERMINATION AND ABANDONMENT..... | 71 |
| Section 9.1 Termination | 71 |
| Section 9.2 Procedure and Effect of Termination | 72 |
| ARTICLE X INDEMNIFICATION..... | 73 |
| Section 10.1 Survival..... | 73 |
| Section 10.2 Indemnity..... | 73 |
| Section 10.3 Third Party Claims..... | 74 |
| Section 10.4 Limitations of Liability..... | 75 |
| Section 10.5 Net Liability..... | 76 |
| Section 10.6 Payments..... | 76 |
| Section 10.7 Tax Treatment of Indemnification Payments | 77 |
| Section 10.8 Exclusive Remedies..... | 77 |
| Section 10.9 Tax Claims..... | 77 |
| ARTICLE XI ADDITIONAL PROVISIONS | 78 |
| Section 11.1 Sellers' Representative..... | 78 |
| Section 11.2 Amendment and Modification..... | 80 |
| Section 11.3 Waiver of Compliance; Consents..... | 80 |
| Section 11.4 Severability | 80 |
| Section 11.5 Expenses and Obligations..... | 80 |
| Section 11.6 Parties in Interest | 80 |
| Section 11.7 Notices | 80 |
| Section 11.8 Applicable Law; Legal Venue..... | 82 |
| Section 11.9 Counterparts and Facsimile Signatures | 83 |
| Section 11.10 Headings..... | 83 |
| Section 11.11 Entire Agreement | 83 |
| Section 11.12 Successors and Assigns; Assignment..... | 83 |
| Section 11.13 Specific Performance | 83 |
| Section 11.14 Interpretation | 84 |
| Section 11.15 No Strict Construction..... | 84 |
| Section 11.16 Non-Recourse..... | 84 |

SCHEDULES

- Schedule I – Existing Equity Ownership of the Company; Distribution of Estimated Purchase Price; Pro Rata Portion
- Schedule 6.1(j) – Transaction Bonuses
- Schedule 6.1(o) – Certain Actions
- Schedule 7.1(a) – Governmental Consents
- Schedule 7.2(b) – Third Party Consents
- Schedule 10.2 – Specific Indemnities

EXHIBITS

- Exhibit A – Buyer Stockholders' Agreement
- Exhibit B – Consulting Agreement
- Exhibit C – Employment Agreement
- Exhibit D – Escrow Agreement
- Exhibit E – Contracts of Sale

PURCHASE AND CONTRIBUTION AGREEMENT

This PURCHASE AND CONTRIBUTION AGREEMENT (this “**Agreement**”), dated as of [____], 2015, is by and between CT CLINICAL PARTNERS, INC., a Delaware corporation (“**Buyer**”), CT CLINICAL SERVICES, INC., a Connecticut corporation (the “**Company**”), DAVID PETER VIEAU (“**Vieau**”), [David Pierre Vieau and Evercore Trust Company, N.A., as Co-Trustees of the David Vieau 2013 Family Irrevocable Trust] (“**Vieau Trust**”), the Phantom Participants, as defined below (the Phantom Participants and together with Vieau and Vieau Trust, the “**Sellers**”), Vieau, as Sellers' Representative, and solely with for the purposes of Section 2.7 herein, North Castle Partners V, L.P. (“**NCP V**”) and North Castle Partners V-A, L.P. (“**NCP V-A**”, and together with NCP V, “**NCP**” and each an “**NCP Fund**”). Buyer, each NCP Fund, the Company, each Seller and Sellers' Representative are referred to herein individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

WHEREAS, each Seller is the record and beneficial owner of that number of shares of Common Stock, without par value per share, of the Company (the “**Company Common Stock**”) set forth on Schedule I hereto and collectively hold all of the issued and outstanding shares capital stock of the Company (collectively, the “**Contributed Shares**”); and

WHEREAS, in connection with, and immediately prior to, the Closing, Buyer shall issue shares of Series A Preferred Stock, par value [\$0.001] per share, of Buyer (the “**Buyer Preferred Stock**”) to NCP in exchange for cash; and

WHEREAS, Sellers desire to contribute and sell to Buyer, and Buyer desires to acquire from Sellers, all of the Contributed Shares, free and clear of any and all Liens, in exchange for (a) cash, [(b) the Drug Testing EBITDA Earn-Out Payment obligation], and (c) capital stock of Buyer consisting of (i) Class A Common Stock, par value [\$0.001] per share, of Buyer (the “**Class A Common Stock**”) and (ii) Class B Common Stock, par value [\$0.001] per share, of Buyer (the “**Class B Common Stock**”); and together with the Class A Common Stock (the “**Buyer Common Stock**”), all in accordance with the provisions of this Agreement; and

WHEREAS, each Phantom Participant is the holder of a Certificate of Participation (as defined below) under the Phantom Stock Plan (as defined below), which entitles such Phantom Participant to the percentage of the consideration paid herewith set forth on Schedule I hereto; and

WHEREAS, the board of directors of Buyer has approved the acquisition of the Contributed Shares by Buyer pursuant to this Agreement and the other transactions contemplated hereby; and

WHEREAS, the board of directors of the Company have approved the sale and contributions of the Contributed Shares to Buyer pursuant to this Agreement and the other transactions contemplated hereby; and

WHEREAS, the Company, Buyer and Sellers desire to make certain representations, warranties and agreements in connection with the transactions contemplated hereby and also desire to set forth various conditions precedent thereto.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Definitions.

For purposes of this Agreement, the following terms have the noted meanings:

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“**Acquisition Properties**” means the real properties to be acquired by the Company on the Closing Date in connection with and in accordance with this Agreement.

“**Acquisition Proposal**” has the meaning set forth in Section 6.9(b).

“**Adjustment Difference**” has the meaning set forth in Section 2.4(i).

“**Adjustment Excess**” has the meaning set forth in Section 2.4(h).

“**Adjustment Report**” has the meaning set forth in Section 2.4(c).

“**Affiliate**” means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, another Person. The term “**control**” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” has the meaning set forth in the introduction.

“**Ancillary Agreements**” means the Escrow Agreement, the Buyer Stockholders' Agreement, the Employment Agreement, the Consulting Agreement, the Contracts of Sale and any other agreement to be entered into in connection with the transactions contemplated by this Agreement.

“**Arbitrator**” has the meaning set forth in Section 2.4(d).

“**Audited Financial Statements**” has the meaning set forth in Section 3.7.

“**Business**” means the business of providing Substance Use Disorder (“**SUD**”) and Co-occurring Disorder (“**COD**”) after care services, including managing sober houses and out-patient behavioral health care and rehabilitation centers, administering drug testing and providing other behavioral health, psychological, therapeutic and clinical substance abuse treatment rehabilitation services.

“**Business Day**” means any day on which banks are not required or authorized to close in New York, New York.

“**Buyer**” has the meaning set forth in the introduction.

“**Buyer Common Stock**” has the meaning set forth in the recitals.

“**Buyer Indemnified Parties**” has the meaning set forth in Section 10.2(a).

“**Buyer Indemnifying Parties**” has the meaning set forth in Section 10.2(b).

“**Buyer Preferred Stock**” has the meaning set forth in the recitals.

“**Buyer Stockholders' Agreement**” means the Stockholders' Agreement among Buyer, NCP and the Sellers, in substantially the form set forth on Exhibit A.

“**Cash Payment**” has the meaning set forth in Section 2.2(a).

“**Cash Escrow Account**” means the account constituting the Escrowed Cash Amount, together with any earnings thereon, held in escrow by the Escrow Agent from time to time.

“**Certificates of Participation**” means the certificates representing the right to receive a portion of the consideration payable in connection with the transactions contemplated by this Agreement granted under the Phantom Stock Plan.

“**Charter Documents**” means, with respect to any entity, the certificate of incorporation, the articles of incorporation, by-laws, articles of organization, limited liability company agreement, partnership agreement, formation agreement, joint venture agreement, shareholders agreement, stockholders agreement, voting agreement, investor rights agreements, right of first refusal agreements or other similar organizational documents of such entity (in each case, as amended).

“**Class A Common Stock**” has the meaning set forth in the recitals.

“**Class A Rollover Common Shares**” has the meaning set forth in Section 2.2(a).

“**Class B Common Stock**” has the meaning set forth in the recitals.

“**Class B Rollover Common Shares**” has the meaning set forth in Section 2.2(a).

“Client Information” has the meaning set forth in Section 3.26(h).

“Contracts of Sale” means the respective purchase agreements for the Acquisition Properties.

“Closing” has the meaning set forth in Section 8.1.

“Closing Date” has the meaning set forth in Section 8.1.

“Code” means the Internal Revenue Code of 1986, as amended (including any successor code), and the rules and regulations promulgated thereunder.

“Company” has the meaning set forth in the introduction.

“Company Intellectual Property” has the meaning set forth in Section 3.26(e).

“Consulting Agreement” means the Consulting Agreement, by and among Buyer, the Company and North Castle Partners, LLC, in substantially the form set forth on Exhibit B.

“Contributed Shares” has the meaning set forth in the recitals.

“Contract” means any binding contract, agreement, indenture, note, bond, loan, instrument, lease, sublease, conditional sales contract, mortgage, deed of trust, license, sublicense, franchise, insurance policy, commitment or other arrangement or agreement, whether written or oral.

“Copyright” has the meaning set forth in the definition of Intellectual Property.

“Damages” has the meaning set forth in Section 10.2(a).

“Date of Determination” has the meaning set forth in Section 10.6.

“DEA” has the meaning set forth in Section 3.32(a).

“Disabling Devices” means computer software viruses, time bombs, logic bombs, Trojan horses, trap doors, back doors, or other computer instructions, intentional devices or techniques that are designed to threaten, infect, assault, vandalize, defraud, disrupt, damage, disable, maliciously encumber, hack into, incapacitate, infiltrate or slow or shut down a computer system or any component of such computer system, including any such device affecting system security or compromising or disclosing user data.

“Disclosure Schedule” means the Disclosure Schedule, dated as of the date hereof, delivered by Sellers to Buyer in connection with this Agreement.

“Domain Names” has the meaning set forth in Section 3.26(b).

“Employee Benefit Plans” has the meaning set forth in Section 3.11(a).

“**Employment Agreement**” means the employment agreement by and between the Company and Vieau in substantially the form set forth on Exhibit C.

“**Encumbrance Documents**” has the meaning set forth in Section 3.27(i).

“**Environment**” means all air (including indoor air and ambient air), surface water, groundwater, soil, surface or subsurface land, river sediment, plant or animal life, and natural resources.

“**Environmental Law**” means any applicable international, federal, national, regional, state, local Laws, including common law, Governmental Order, consent order, consent decree, environmental permit, statute, ordinance, code, judgment, decree, injunction, rule or regulation relating to (a) pollution control, protection of the Environment, and pollution, contamination, cleanup, preservation, protection, and reclamation of the Environment, (b) any Release or threatened Release of any substance, including investigation, monitoring, clean up, remediation, removal, treatment, or any other action to address such Release or threatened Release, (c) protection of human health including with respect to actual or alleged personal injury arising from exposure to Hazardous Materials, and (d) the Handling of Hazardous Materials.

“**Environmental Liabilities**” means any claims, judgments, suits, proceedings, damages (including punitive and consequential damages), losses, penalties, fines, Liabilities, encumbrances, Liens, violations, costs and expenses (including attorneys and consultants fees), (a) which are incurred as a result of (i) the existence or alleged existence of Hazardous Substances in, on, under, at or emanating from any Real Property, or (ii) the violation or alleged violation of any Environmental Laws or (b) which arise under the Environmental Laws.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Affiliate**” means any trade or business, whether or not incorporated, that, together with the Company, is or would have been at any date of determination occurring within the preceding six (6) years, treated as a single employer within the meaning of Section 414 of the Code.

“**Escrow Agent**” means Webster Bank, N.A.

“**Escrow Agreement**” means the Escrow Agreement by and among Buyer, Sellers' Representative and the Escrow Agent, in substantially the form set forth on Exhibit D.

“**Escrowed Cash Amount**” means [\$1,501,200-\$3,002,400].

“**Escrowed Rollover Common Shares**” means Rollover Common Shares constituting of [] shares of Class A Common Stock.

“**Estimated Indebtedness**” has the meaning set forth in Section 2.4(a).

“**Escrowed Indemnification Shares**” has the meaning set forth in Section 10.6.

“Estimated Net Working Capital” has the meaning set forth in Section 2.4(a).

“Estimated Purchase Price” has the meaning set forth in Section 2.1(a).

“Estimated Transaction Expenses” has the meaning set forth in Section 2.4(a).

“Family Member” means a family member of an individual, including (i) the spouse, sibling, parent, child and any lineal ancestor or descendant (by birth or adoption) of such individual, (ii) any guardian, conservator or custodian of a custodianship for and on behalf of such individual or such individual's spouse or descendants (by birth or adoption), (iii) any trustee of a trust solely for the benefit of such individual other than Evercore Trust, N.A., which is an independent trust and not a “Family Member” for any purpose, (iv) any personal representative, estate or executor of any individual and (v) any partnership, trust or other entity established solely for the benefit of any of the foregoing.

“Final Indebtedness” has the meaning set forth in Section 2.4(f).

“Final Net Working Capital” has the meaning set forth in Section 2.4(f).

“Final Transaction Expenses” has the meaning set forth in Section 2.4(f).

“Financial Statements” has the meaning set forth in Section 3.7.

“Fundamental Indemnity Cap” has the meaning set forth in Section 10.4(b).

“Fundamental Representations” has the meaning set forth in Section 10.1.

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“General Indemnity Cap” has the meaning set forth in Section 10.4(a).

“Governmental Authority” means any federal, state, provincial, local or foreign government, or governmental regulatory body or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Handling of Hazardous Materials” means the production, use, generation, Release, storage, treatment, formulation, processing, labeling, distribution, introduction into commerce, registration, transportation, reclamation, recycling, disposal, discharge, release, exposure to, or other handling or disposition of Hazardous Materials.

“**Hazardous Materials**” has the meaning set forth in Section 3.19.

“**Health Information Laws**” has the meaning set forth in Section 3.31(f)

“**Health Care Professionals**” has the meaning set forth in Section 3.31(a).

“**HIPAA**” has the meaning set forth in Section 3.31(a).

“**HMO**” means a health maintenance organization.

“**Improvements**” has the meaning set forth in Section 3.27(d).

“**Inbound IP Licenses**” has the meaning set forth in Section 3.26(c).

“**Indebtedness**” means, without duplication, as to the Company, the aggregate amount (including the current portions thereof) of all (i) indebtedness for money borrowed or in respect of loans or advances (including loans made by the current or former stockholders of the Company or their Affiliates or Family Members to the Company), (ii) all obligations of the Company as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (iii) all obligations to pay the deferred purchase or acquisition price of property or services with respect to which the Company is liable, contingently or otherwise, as obligor or otherwise, (iv) all obligations in respect of letters of credit, to the extent drawn, bankers' acceptances, surety or other bonds or similar instruments issued or accepted by banks and other financial institutions for the account of the Company, (v) all obligations evidenced by notes, bonds, mortgages, debentures or other similar instruments or debt securities, (vi) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Company, (vii) any obligation under any hedging or swap agreement, (viii) all obligations owing pursuant to factoring agreements for accounts receivable, [(ix) all accounts payable due by the Company which have been outstanding for greater than 90 days], (x) indebtedness (as described in clauses (i) through [(x)] above) of others guaranteed by the Company or secured by a Lien on the property of the Company, whether or not the respective indebtedness so secured has been assumed by the Company, (xi) all accrued but unpaid interest (or interest equivalent) related to such indebtedness (as described in clauses (i) through [(x)] above), and (xii) any prepayment penalty, interest, fee, breakage cost, premium or similar charge or expense that would be due and owing on any such indebtedness (as described in clauses (i) through [(x)] above) if it were repaid in full at or immediately after Closing; provided however, no item treated as Indebtedness shall also be treated as a Transaction Expense or taken into account in the calculation of Net Working Capital.

“**Indemnification Shares**” has the meaning set forth in Section 10.6.

“**Indemnified Party**” has the meaning set forth in Section 10.2(b).

“**Indemnifying Party**” has the meaning set forth in Section 10.2(b).

“**Indemnity Threshold**” has the meaning set forth in Section 10.4(a).

“**Insurance Policies**” has the meaning set forth in Section 3.25.

“**Intellectual Property**” means all intellectual property and intellectual property rights, whether protected, created or arising under the laws of the United States or any other jurisdiction, including all rights arising from or associated with (a) patents and patent applications, including continuation, divisional, continuation in part, reexamination and reissue patent applications, and any patents issuing therefrom (collectively, “**Patents**”), (b) trademarks, service marks, trade names, trade dress, together with the goodwill associated exclusively therewith (collectively, “**Marks**”), (c) copyrights, including copyrights in computer software (collectively, “**Copyrights**”), (d) confidential and proprietary information, including trade secrets, know-how, inventions, discoveries, improvements, concepts, ideas, methods (including with respect to manufacturing), processes, designs, techniques, plans, schematics, drawings, product formulations, lists of ingredients, product and ingredient pre-production and production procedures and methods, formulae, specifications, research and development information, product roadmaps, data bases, client and supplier lists, pricing and cost information and business and marketing plans and proposals (collectively, “**Trade Secrets**”), (e) any other proprietary, intellectual or industrial property rights of any kind or nature, (f) all copies and tangible embodiments of any of the foregoing (in whatever form or medium), and (g) registrations and applications for registration of the foregoing, in each case used in connection with the operation of or related to the business of the Company.

“**Interests**” has the meaning set forth in the recitals.

“**Interim Financial Statements**” has the meaning set forth in Section 3.7.

“**IP Licenses**” has the meaning set forth in Section 3.26(c).

“**IRS**” has the meaning set forth in Section 3.11(b).

“**Item of Dispute**” has the meaning set forth in Section 2.4(d).

“**Knowledge of the Company**” or “**Knowledge of Sellers**” and similar words mean the knowledge, after reasonable due inquiry of each of Vieau and Brett Tiberio.

“**Law**” means, with respect to any Person, any domestic or foreign, federal, provincial, state or local statute, law, ordinance, rule, treaty, regulation, Governmental Order, writ, injunction, judgment, decree or other requirement of any Governmental Authority applicable to such Person or any of its Affiliates or any of their respective properties, assets, officers, directors or employees (in connection with such officer's, director's or employee's activities on behalf of such Person or any of its Affiliates).

“**Lease**” has the meaning set forth in Section 3.27(b).

“**Leased Real Property**” has the meaning set forth in Section 3.27(b).

“**Liability**” means any liability or obligation, whether asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or otherwise.

“**Licenses**” has the meaning set forth in Section 3.18.

“**Lien**” means any mortgage (including, without limitation, a leasehold mortgage), deed of trust (including, without limitation, a leasehold deed of trust), deed to secure debt (including, without limitation, a leasehold deed to secure debt), pledge, lien (statutory or otherwise), encumbrance, charge, security interest, claim, right of first refusal, restriction, easement, option, title defect, lien or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof and any assignment, deposit agreement, financing lease, or other preferential arrangement intended as, or having the effect of, security, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction and including any lien or charge arising by statute or other Laws, which secures the payment of a debt (including any Tax) or the performance of an obligation.

“**Marks**” has the meaning set forth in the definition of Intellectual Property.

“**Material Adverse Effect**” means, with respect to the Company, any change, event, condition, occurrence or series of changes, events, conditions or occurrences that has had, or could reasonably be expected to have, a material adverse effect on (i) the ability of the Company and/or Sellers to perform their obligations hereunder or to consummate the transactions contemplated hereby on a timely basis, or (ii) the assets, liabilities, business, income, results of operations or condition (financial or otherwise) of the Company; provided, however, that in no event would any of the following, alone or in combination, be deemed to constitute, nor shall any of the following (including the effect of any of the following) be taken into account in determining whether there has been or will be, a “**Material Adverse Effect**”: (a) any change in GAAP, so long as such change does not disproportionately affect the Company as compared to similarly situated companies; (b) any action or omission taken or not taken by or on behalf of the Sellers, the Company or any of their Affiliates with the written consent of Buyer; (c) any changes, effect or circumstance resulting directly from actions or omissions of Buyer or its Affiliates, (d) any change in economic or business conditions generally, so long as such change does not disproportionately affect the Company as compared to similarly situated companies, (e) any change generally affecting the industry in which the Company operates, so long as such change does not disproportionately affect the Company as compared to similarly situated companies, or (f) any changes in drug testing reimbursements generally in the industry or which disproportionately affect the Company or which are applicable specifically to the Company.

“**Material Contracts**” has the meaning set forth in Section 3.14(a).

“**Material Payor**” has the meaning set forth in Section 3.24(b).

“**Most Recent Balance Sheet**” has the meaning set forth in Section 3.7.

“**Most Recent Balance Sheet Date**” has the meaning set forth in Section 3.7.

“**NCP**” has the meaning set forth in the recitals.

“**Net Working Capital**” means [_____].

“**Non-Escrowed Cash Payment**” means an amount equal to the Cash Payment less the Escrowed Cash Amount.

“**Non-Escrowed Cash Payment Balance**” has the meaning set forth in Section 2.2(b)(vi).

“**Non-Escrowed Indemnification Shares**” has the meaning set forth in Section 10.6.

“**Non-Escrowed Rollover Common Shares**” means all Rollover Common Shares other than Escrowed Rollover Common Shares.

“**Objection Notice**” has the meaning set forth in Section 2.4(d).

“**Open Source Software**” means open source computer software which is licensed pursuant to open source license terms that (a) create, or purport to create, obligations for the licensee with respect to the use of any software incorporating any portion of such software or (b) grant, or purport to grant, to any third party any rights or immunities under intellectual property or proprietary rights in such software. Open Source Software includes any computer software that requires as a condition of use, modification and/or distribution of such computer software that other computer software incorporated into, derived from or distributed with such software (i) be distributed in source code form, (ii) be licensed for the purpose of making derivative works therefrom, or (iii) be redistributed at no charge.

“**Ordinary Course of Business**” means the ordinary course of business of the Company consistent with past custom and practice (including with respect to quantity, quality and frequency).

“**Owned Intellectual Property**” has the meaning set forth in Section 3.26(a).

“**Outbound IP Licenses**” has the meaning set forth in Section 3.26(c).

“**Owned Real Property**” has the meaning set forth in Section 3.27(a).

“**Party**” has the meaning set forth in the introduction.

“**Patents**” has the meaning set forth in the definition of Intellectual Property.

“**Permitted Lien**” means (i) statutory liens or other liens arising by operation of law securing payments not yet due, (ii) liens being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted for which adequate reserves have been established in accordance with GAAP, (iii) liens of warehouseman, mechanics, suppliers, materialmen and repairmen (provided such liens were incurred in the Ordinary Course of

Business and are not delinquent by more than sixty (60) days), (iv) liens for Taxes not yet due and payable or for current Taxes that are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and for which adequate reserves have been established in accordance with GAAP, (v) conditions, covenants, restrictions, easements and other similar matters of record affecting the fee or leasehold interest in any Real Property which does not materially impair the occupancy or use of any such Real Property or the operation of the business as currently conducted thereon, and (vi) to the extent applicable to the fee or leasehold interest in any Real Property, easements for streets, alleys, highways, telephone lines, gas pipelines, power lines, railways and other easements and rights of way of public record on, over or in respect of any such Real Property and which would not materially impair the occupancy or use of any such Real Property or the operation of the business as currently conducted thereon.

“**Person**” means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or, as applicable, any other entity.

“**Phantom Participants**” means each recipient of a Certificate of Participation.

“**Phantom Stock Plan**” means the CT Clinical Services, Inc. Phantom Stock Plan, as amended from time to time.

“**Phantom Gross Closing Payment**” means, with respect to any Phantom Participant, an amount equal to the sum of (x) such Phantom Participant’s Pro Rata Portion of the Non-Escrowed Cash Payment Balance and (y) the value of such Phantom Participant’s Non-Escrowed Rollover Common Shares.

“**Phantom Gross Escrow Payment**” means, with respect to any Phantom Participant, an amount equal to the sum of (x) such Phantom Participant’s Pro Rata Portion of the Escrowed Cash Amount and (y) the value of such Phantom Participant’s Escrowed Rollover Common Shares.

“**Phantom Payment Taxes**” means, with respect to any payment made with respect to a Certificate of Participation, the employee’s portion of any and all Taxes attributable to such payment, including the employee’s share of FICA or similar employment Taxes and any applicable federal, state, local, provincial or foreign payroll Taxes required to be deducted or withheld from such payment under applicable Law or Contract.

“**Post-Closing Tax Period**” means any Tax period beginning after the Closing Date.

“**Pre-Closing Tax Periods**” has the meaning set forth in Section 6.10(c).

“**Pro Rata Portion**” means, with respect to any Seller, the percentage set forth next to the name of such Person on Schedule I hereto under the heading “**Pro Rata Portion.**”

“**Program**” and “**Programs**” have the meanings set forth in Section 3.31(b).

“Proportional Escrow Amounts” shall mean 83.4% with respect to the Escrowed Cash Amount and 16.6% with respect to the Escrowed Rollover Common Shares.

“Purchase Price” has the meaning set forth in Section 2.2(a).

“Real Estate Impositions” has the meaning set forth in Section 3.27(m).

“Real Property” has the meaning set forth in Section 3.27(b).

“Real Property Laws” has the meaning set forth in Section 3.27(g).

“Real Property Permits” has the meaning set forth in Section 3.27(i).

“Release” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, or migration at, into or onto the Environment, including movement or migration through or in the Environment, whether sudden or non-sudden and whether accidental or non-accidental.

“Representative” means, with respect to any Person, any and all directors, managers, officers, employees, shareholders, members, partners, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Restricted Period” means (x) with respect to any Seller other than a Phantom Participant, the period commencing on the Closing Date and ending on the date that is the five (5) year anniversary of the Closing Date and (y) with respect to any Phantom Participant, [_____].

“Reviewed Financial Statements” has the meaning set forth in Section 3.7.

“Rollover Common Shares” has the meaning set forth in Section 2.2(a).

“Rollover Common Shares Closing Share Price” means \$[_____] (subject to appropriate adjustments for any dividends, subdivisions, combinations or reclassifications of the Rollover Common Shares).

“Securities Act” means the Securities Act of 1933, as amended.

“Seller Indemnified Party” has the meaning set forth in Section 10.2(b).

“Seller Indemnifying Party” has the meaning set forth in Section 10.2(a).

“Seller Payment” has the meaning set forth in Section 10.6.

“Sellers” has the meaning set forth in the introduction (and for the avoidance of doubt includes the Phantom Participants).

“Sellers' Representative” has the meaning set forth in Section 11.1(a).

“Sellers' Tax Contest Claim” shall have the meaning set forth in Section 6.10(f).

“Software” has the meaning set forth in Section 3.26(i).

“Stark self-referral amendments” has the meaning set forth in Section 3.31(a).

“Straddle Period” means any Tax period beginning on or before the Closing Date and ending after the Closing Date.

“Subsidiary” means any Person of which at least a majority of the outstanding shares or other equity interests having ordinary voting power for the election of directors or comparable managers of such Person are owned, directly or indirectly, by another Person.

“Survival Period” has the meaning set forth in Section 10.1.

“Systems” has the meaning set forth in Section 3.26(j).

“Target Net Working Capital” means \$[_____].

“Tax” or **“Taxes”** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, escheat, unclaimed property, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, margin, estimated or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, and including any tax imposed as a result of being a member of a consolidated, combined or unitary group, as transferee, successor, by contract or otherwise.

“Tax Contest Claims” has the meaning set forth in Section 6.10(f).

“Tax Returns” means any and all returns, reports and forms (including elections, declarations, amendments, schedules, information returns or attachments thereto) required to be filed with a Governmental Authority with respect to Taxes.

“Territory” means (x) with respect to any Seller other than a Phantom Participant, the United States of America and (y) with respect to any Phantom Participant, [_____].

“Third Party Claim” has the meaning set forth in Section 10.3.

“Third Party Payors” has the meaning set forth in Section 3.31(b).

“Title Company” has the meaning set forth in Section 7.2(h)(i).

“Title Insurance Policy” has the meaning set forth in Section 7.2(h)(i).

“Trade Secrets” has the meaning set forth in the definition of Intellectual Property.

“**Transfer Taxes**” has the meaning set forth in Section 6.10(g).

“**Transaction Expenses**” means, without duplication, (x) all fees, costs and expenses unpaid as of immediately prior to the Closing incurred by the Company, or by any Seller in connection with the transactions contemplated by this Agreement, including, but not limited to, (a) the fees, costs and expenses of counsel, accountants, financial advisors, experts, consultants or other advisors in connection with the transactions contemplated hereby, (b) all fees, costs and expenses incurred by the Company or any Seller for which any member of the Company may have any Liability, including, but not limited to, fees, costs and expenses allocated to the Company under this Agreement, and (c) other than payments made with respect to Certificates of Participation, all payments made or required to be made to any officer, director, employee or other service provider of the Company as a result of the transactions contemplated hereby, including any change of control, sale, stay, success or retention bonuses or payments, deferred compensation, severance, termination, salary continuation and similar obligations, plans, agreements or arrangements and any other payment obligations payable as a result of the consummation of the transactions contemplated by this Agreement and including the employer portion of any FICA or similar employment Taxes payable in connection therewith, and (y) the Transaction Bonuses set forth on Schedule 6.1(j) which will be paid prior to Closing and the including the employer portion of any FICA or similar employment Taxes payable in connection therewith.

“**Vieau**” has the meaning set forth in the introduction.

“**WARN Act**” has the meaning set forth in Section 3.12(c).

ARTICLE II PURCHASE, SALE, AND EXCHANGE OF CONTRIBUTED SHARES

Section 2.1 Purchase, Sale and Exchange of the Contributed Shares; Treatment of Certificates of Participation.

(a) On the terms and subject to the conditions hereof, in connection with and as part of the transaction by which Buyer issued the Buyer Preferred Stock to NCP in exchange for cash, at the Closing, (i) Sellers will sell, assign, transfer, exchange, and convey to Buyer, and Buyer will purchase and acquire from Sellers, all right, title and interest of Sellers in and to the Contributed Shares, free and clear of all Liens, and (ii) the Certificates of Participation will be canceled, in each case, in exchange for the Rollover Common Shares and the other consideration provided for under this Agreement, including without limitation the Drug Testing EBITDA Earn-Out Payment described in Section 2.5.

Section 2.2 Consideration for the Contributed Shares; Payments at Closing.

(a) The aggregate estimated purchase price taking into account the adjustments contemplated by Section 2.4(b) (the “**Estimated Purchase Price**”) shall be payable as follows: (i) \$30,037,500 in cash (the “**Cash Payment**”), plus (ii) [] shares of Class A Common Stock of Buyer (the “**Class A Rollover Common Shares**”), plus (iii) [] shares of

#5851535 v5 \017370 \0103

Class B Common Stock of Buyer (the “**Class B Rollover Common Shares**”; and, together with the Class A Rollover Common Shares, collectively, the “**Rollover Common Shares**”). Following the Closing, the Estimated Purchase Price shall be subject to adjustment as provided in Section 2.4 and Section 2.5 (the Estimated Purchase Price, as so adjusted, the “**Purchase Price**”).

(b) At the Closing, as consideration for the Contributed Shares, Buyer shall pay the Estimated Purchase Price as follows:

(i) at Sellers' direction and on behalf of Sellers, to the parties specifically identified in writing by the Sellers' Representative prior to the Closing, an amount equal to the Estimated Indebtedness;

(ii) at Sellers' direction and on behalf of Sellers, to the parties specifically identified in writing by the Sellers' Representative prior to the Closing, the Estimated Transaction Expenses;

(iii) at Sellers' direction and on behalf of Sellers, deposit with the Escrow Agent the Escrowed Cash Amount by wire transfer for deposit into an escrow account designated by the Escrow Agent;

(iv) at Sellers' direction and on behalf of Sellers, Buyer shall hold in escrow share certificates representing the Escrowed Rollover Common Shares issued in the names of the Sellers;

(v) deliver to the Sellers share certificates representing the Non-Escrowed Rollover Common Shares issued in the name of the Sellers;

(vi) deliver to the Company, for the benefit of the Phantom Participants, an amount equal to the sum of each Phantom Participant's Pro Rata Portion of the balance of the Non-Escrowed Cash Payment after taking into account payments made pursuant to items (i) through (ii) above (such balance of the Non-Escrowed Cash Payment, the “**Non-Escrowed Cash Payment Balance**”), to be distributed to the Phantom Participants through payroll in accordance with Section 2.6(b); and

(vii) deliver to, or at the direction of each Seller (other than the Phantom Participants) such Seller's Pro Rata Portion of the Non-Escrowed Cash Payment Balance.

Section 2.3 Escrow Amounts.

(a) The Escrowed Cash Amount and the Escrowed Rollover Common Shares shall be available to satisfy (i) the Adjustment Difference pursuant to Section 2.4(i) and (ii) any other amounts owed by Sellers or the Company to Buyer and/or the Buyer Indemnified Parties under this Agreement, in accordance with the terms of the Escrow Agreement.

(b) Within five (5) days after the expiration of the Survival Period (such date, the “**Escrow Release Date**”), the Escrowed Cash Amount shall be released to Sellers (or to the Company for the benefit of the Phantom Participants) in accordance with the Escrow Agreement, less (i) any portion of the Escrowed Cash Amount that has previously been transferred to Buyer in accordance with the provisions hereof and (ii) an amount equal to the sum of outstanding (x) Items of Dispute and (y) Damages sought by Buyer or any other Buyer Indemnified Party.

(c) On the Escrow Release Date, Buyer shall deliver to the Sellers share certificates representing the Escrowed Rollover Common Shares less (i) any Escrowed Rollover Common Shares that has previously been transferred to Buyer in accordance with the provisions hereof and (ii) Escrowed Rollover Common Shares having an aggregate value equal to the outstanding Damages sought by Buyer or any other Buyer Indemnified Party calculated in accordance with Section 10.6.

Section 2.4 Adjustments to Purchase Price.

(a) At least three (3) Business Days prior to the Closing Date, Sellers' Representative shall deliver to Buyer Sellers' Representative's good faith estimate (the “**Estimate**”) of (i) Net Working Capital as of the close of business on the Closing Date (“**Estimated Net Working Capital**”), (ii) Indebtedness immediately prior to the Closing (“**Estimated Indebtedness**”) and (iii) Transaction Expenses immediately prior to the Closing (“**Estimated Transaction Expenses**”).

(b) At Closing, the Cash Payment of the Estimated Purchase Price shall be (i) reduced by (A) the amount, if any, by which Estimated Net Working Capital is less than Target Net Working Capital, (B) the amount of the Estimated Indebtedness and (C) the amount of the Estimated Transaction Expenses, and (ii) increased by the amount, if any, by which Estimated Net Working Capital exceeds Target Net Working Capital.

(c) Promptly following the Closing Date, but in any event no later than sixty (60) days following the Closing Date, Buyer shall prepare and deliver to Sellers' Representative a report (the “**Adjustment Report**”) showing in reasonable detail Buyer's computation of (i) Net Working Capital as of the close of business on the Closing Date, (ii) Indebtedness immediately prior to the Closing and (iii) Transaction Expenses immediately prior to the Closing, which Adjustment Report shall be prepared in accordance with GAAP on a consistent basis with that used in the preparation of the Financial Statements.

(d) Within thirty (30) days after receipt of the Adjustment Report, Sellers' Representative, by written notice to Buyer, may object to the Adjustment Report, setting forth in such notice (the “**Objection Notice**”) Sellers' Representative's objection in reasonable detail to Buyer's calculation of Indebtedness, Transaction Expenses or Net Working Capital as set forth in the Adjustment Report (as applicable, each an “**Item of Dispute**”) and Sellers' Representative's proposal with respect to the calculation of each Item of Dispute. Within thirty (30) days following timely delivery of the Objection Notice, Sellers' Representative and Buyer

shall attempt, in good faith, to resolve each Item of Dispute. If Buyer and Sellers' Representative cannot resolve such disputes within such thirty (30) day period, then (i) the matters in dispute shall be determined by KPMG LLP or another nationally recognized accounting firm mutually acceptable to Buyer and Sellers' Representative (the “**Arbitrator**”), and (ii) the Arbitrator shall be engaged by Sellers' Representative and Buyer within five (5) days after the later to occur of the expiration of such thirty (30) day period and receipt of written notice from either Sellers' Representative or Buyer to the other of its desire to engage the Arbitrator. The Parties shall submit to the Arbitrator for review and resolution all Items of Dispute (but only such matters) that are set forth in the Objection Notice that remain in dispute. The Parties shall instruct the Arbitrator that, in resolving the Items of Dispute that are still in dispute and in determining the amount of the Items of Dispute, the Arbitrator shall: (x) render a final resolution in writing to the Parties promptly after its appointment, and in any event not later than thirty (30) days after acceptance of the date of its appointment, which final resolution shall (i) be based solely on presentations and written submissions by Sellers' Representative and Buyer to the Arbitrator, and not by independent investigation, (ii) set forth in reasonable detail the basis for the Arbitrator's final determination, and (iii) be final, conclusive, non-appealable and binding on the Parties with respect to the amount of the Item of Dispute; and (y) in determining each Item of Dispute, the Arbitrator may not assign a value to such item greater than the greatest value for such item claimed by either Buyer or Sellers' Representative or less than the lowest value for such item claimed by either Buyer or Sellers' Representative. For the purposes of the Arbitrator's calculation of the Items of Dispute, the amounts to be included shall be the amounts from the Adjustment Report as to items that are not in dispute, and the amounts determined by the Arbitrator as to items from the Objection Notice that are submitted for resolution by the Arbitrator. Sellers' Representative and Buyer shall cooperate with the Arbitrator in making its determination and such determination shall be conclusive and binding upon the Parties. The fees and disbursements of the Arbitrator shall be allocated by the Arbitrator between Buyer and Sellers in the same proportion that the aggregate amount of such resolved Items of Dispute submitted to the Arbitrator are unsuccessfully disputed by each of Sellers' Representative and Buyer (as finally determined by the Arbitrator) bears to the total amount of such resolved disputed items so submitted. Buyer and Sellers' Representative shall each pay their own fees and expenses related to such determination.

(e) Buyer will make the work papers (including, the work papers of its independent accountants and of the Company's independent accountants) and back up materials used in preparing the Adjustment Report and the books, records and financial staff of the Company available to Sellers' Representative and its accountants and other Representatives at reasonable times and upon reasonable notice at any time during (A) the review by Sellers' Representative of the Adjustment Report, and (B) the period when any disputes concerning any Item of Dispute set forth in the Objection Notice remain unresolved.

(f) If Sellers' Representative does not deliver an Objection Notice within the thirty (30) day period referred to above, then Sellers' Representative shall be deemed to have accepted the calculations set forth in the Adjustment Report. The term “**Final Net Working Capital**” shall mean (x) Net Working Capital as set forth in the Adjustment Report if Sellers' Representative accepts the Adjustment Report as delivered or does not timely deliver an

Objection Notice, or (y) Net Working Capital as determined pursuant to Section 2.4(c), if Sellers' Representative timely delivers an Objection Notice. The term “**Final Indebtedness**” shall mean (x) the Indebtedness as set forth in the Adjustment Report if Sellers' Representative accepts the Adjustment Report as delivered or does not timely deliver an Objection Notice, or (y) the Indebtedness as determined pursuant to Section 2.4(c), if Sellers' Representative timely delivers an Objection Notice. The term “**Final Transaction Expenses**” shall mean (x) the Transaction Expenses as set forth in the Adjustment Report if Sellers' Representative accepts the Adjustment Report as delivered or does not timely deliver an Objection Notice, or (y) Transaction Expenses as determined pursuant to Section 2.4(c), if Sellers' Representative timely delivers an Objection Notice.

(g) If (i) Final Net Working Capital is greater than Estimated Net Working Capital, (ii) Final Indebtedness is less than Estimated Indebtedness, or (iii) Final Transaction Expenses are less than Estimated Transaction Expenses, then the Estimated Purchase Price shall be increased by the amount of such aggregate difference. If (i) Final Net Working Capital is less than Estimated Net Working Capital, (ii) Final Indebtedness is greater than Estimated Indebtedness, or (iii) Final Transaction Expenses are greater than Estimated Transaction Expenses, then the Estimated Purchase Price shall be decreased by the amount of such aggregate difference.

(h) If, as a result of the adjustments set forth in Section 2.4(g), the Purchase Price exceeds the Estimated Purchase Price (the amount of such excess, the “**Adjustment Excess**”), then within ten (10) days after the Purchase Price is determined, Buyer shall pay the Adjustment Excess by wire transfer of immediately available funds to Sellers' Representative for payment to each Seller (or to the Company for the benefit of the Phantom Participants as provided for in Section 2.6(b)) of such Seller's Pro Rata Portion of the Adjustment Excess.

(i) If, as a result of the adjustments set forth in Section 2.4(g), the Purchase Price is less than the Estimated Purchase Price (the amount of such difference, the “**Adjustment Difference**”), then within ten (10) days after the Purchase Price is determined, Buyer and Sellers' Representative shall cause the Adjustment Difference (or any amount thereof determined by Buyer) to be paid to Buyer from the following sources and in the following order of priority: (i) first, from the Escrowed Cash Amount by executing and delivering to the Escrow Agent joint written instructions directing the Escrow Agent to pay such amount to Buyer from the Cash Escrow Account, (ii) second, from the Escrowed Rollover Common Shares with the provisions relating to Indemnification Shares set forth in Section 10.6 applying to such Escrowed Rollover Common Shares for purposes of this Section 2.4(i) and (iii) thereafter, by wire transfer of immediately available funds from Sellers' Representative on behalf of the Sellers to an account specified by Buyer.

(j) Any payments made pursuant to this Section 2.4 shall be treated as an adjustment to the Purchase Price for the Contributed Shares by the Parties for Tax purposes, unless otherwise required by Law.

(k) Buyer, the Company and the Escrow Agent shall be entitled to deduct and withhold from the Cash Payment otherwise deliverable under this Agreement, and from any other consideration otherwise paid or delivered in connection with the transactions contemplated in this Agreement, to any Person such amounts that Buyer, the Company or the Escrow Agent is required to deduct and withhold with respect to any such deliveries and payments under the Code or any provision of state, or local, provincial or foreign Tax Law, and any amounts so dedicated and withheld will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. Without limiting the generality of the foregoing, the Company shall be entitled to deduct and withhold from any Non-Escrowed Cash Payment Balance or Escrowed Cash Amount, as applicable, payable to any Phantom Participant such amounts that the Company is required to deduct and withhold with respect to the Phantom Gross Closing Payment or the Phantom Gross Escrow Payment, as the case may be, under the Code or any provision of state, local, provincial or foreign Tax Law.

Section 2.5 Drug Testing EBITDA Earn-Out Payment. [The Parties agree that the Drug Testing EBITDA Earn-Out Payment shall be treated as a contingent debt instrument for federal and state income tax purposes that was provided as part of the consideration in exchange for the Contributed Stock, and Parties shall not take a position inconsistent with this tax treatment unless there is a final, non-appealable “determination” within the meaning of Section 1313(a) of the Code to the contrary.]

Section 2.6 Treatment of Certificates of Participation.

(a) At the Closing, by virtue of the Closing without any further action on the part of the Company or any Phantom Participant, each outstanding Certificate of Participation shall automatically be cancelled and extinguished, and each Phantom Participant shall only have the right to receive from the Company pursuant to Section 2.6(b) below, in exchange for such cancellation, (A) such Phantom Participant’s Pro Rata Portion of the Non-Escrowed Cash Payment Balance, (B) such Phantom Participant’s Non-Escrowed Rollover Common Shares pursuant to Section 2.2(v), (C) such Phantom Participant’s Pro Rata Portion of any Adjustment Excess pursuant to Section 2.4(h), (D) such Phantom Participant’s Pro Rata Portion of any Escrowed Cash Amount pursuant to Section 2.3(b), (E) such Phantom Participant’s Escrowed Rollover Common Shares pursuant to Section 2.3(c), and (f) such Phantom Participant’s Pro Rata Portion of any payments pursuant to Section 6.10(i).

(b) Each Phantom Participant shall be paid:

(i) at the Closing, (A) from the Company through payroll such Phantom Participant’s Pro Rata Portion of the Non-Escrowed Cash Payment Balance (less the amount of Phantom Payment Taxes with respect to such Phantom Participant’s Phantom Gross Closing Payment) and (B) from the Buyer such Phantom Participant’s Non-Escrowed Rollover Common Shares pursuant to Section 2.2(v);

(ii) promptly after the Company has received such funds with respect to any Adjustment Excess pursuant to Section 2.4(h), from the Company through payroll such Phantom Participant's Pro Rata Portion of the Adjustment Excess (less the amount of Phantom Payment Taxes with respect to such payment);

(iii) promptly after the Company has received such funds with respect to any Escrowed Cash Amount pursuant to Section 2.3(b), from the Company through payroll such Phantom Participant's Pro Rata Portion of the Escrowed Cash Amount (less the Phantom Payment Taxes with respect to such Phantom Participant's Phantom Gross Escrow Payment);

(iv) from the Buyer such Phantom Participant's Escrowed Rollover Common Shares pursuant to Section 2.3(c); and

(v) promptly after the Company has received such funds with respect to any payment pursuant to Section 6.10(i), from the Company through payroll such Phantom Participant's Pro Rata Portion of such payment (less the amount of Phantom Payment Taxes with respect to such payment).

(c) To the extent that Phantom Payment Taxes are deducted and withheld, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Phantom Participants in respect of which such deduction and withholding was made.

(d) For the avoidance of doubt, from and after the Closing, the Phantom Participants shall cease to have any rights with respect to such Phantom Participant's Certificate of Participation except as otherwise provided for under this Agreement and the Escrow Agreement.

Section 2.7 Tax Reporting. The Parties agree that the transfer by the Sellers to Buyer of the Contributed Shares in exchange for Rollover Common Shares is in conjunction with the issuance of the Buyer Preferred Stock to NCP, and that such transfer of the Contributed Shares in exchange for the issuance of such Rollover Common Shares is intended to qualify as a contribution under Section 351 of the Code. For the avoidance of doubt, the Rollover Common Shares payable to the Phantom Participants with respect to the cancelation of their Certificates of Participation are not intended to qualify as a contribution under Section 351 of the Code. Each of the Parties agrees that it shall not take a position on a Tax Return or with a Tax authority that is inconsistent with the treatment set forth in this Section 2.7 unless there is a final, non-appealable "determination" within the meaning of Section 1313(a) of the Code to the contrary. For the avoidance of doubt, each of the NCP shareholders of Buyer and Sellers (other than the Phantom Participants), in each case having at least one percent (1%) of the shares in Buyer (in terms of either vote or value) shall file with its respective Tax Return for its taxable year that includes the Closing Date the statement required by Treasury Regulation Section 1.351-3(a), such statement to be consistent with the intended treatment set forth in this Section 2.7, and Buyer shall file with its Tax Return for its taxable year that includes the Closing Date the

statement required by Treasury Regulation Section 1.351-3(b), such statement to be consistent with the intended treatment set forth in this Section 2.7.

ARTICLE III REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

The Company hereby represents and warrants to Buyer that the statements contained in this Article III are true, correct and complete as of the date hereof and will be true, correct and complete as of the Closing Date.

Section 3.1 Existence and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Connecticut, with all requisite corporate power and authority to own, operate and lease its properties and assets and to carry on its business as it has been and is now being conducted. Section 3.1 of the Disclosure Schedule sets forth, each jurisdiction in which the Company is duly licensed or qualified to do business as a foreign entity. The Company is qualified or licensed to do business and is in good standing in every jurisdiction where the nature of the business conducted by it or the properties owned or leased by it requires qualification, except where the failure to be so qualified or licensed would not have a Material Adverse Effect. Sellers have provided Buyer with complete and correct copies of the Charter Documents of the Company, and the Company is not in violation of any provision of its Charter Documents. Sellers have provided to Buyer complete and correct copies of the minute books and stock records for the Company and such records have been maintained in accordance with sound business practices. At the Closing, all minute books and stock record books will be in the possession of the Company. Section 3.1 of the Disclosure Schedule lists the officers and directors of the Company as of immediately prior to the Closing.

Section 3.2 Authorization; Execution; Enforceability. The Company has the full corporate power and authority to enter into this Agreement and the Ancillary Agreements, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Company of this Agreement and the Ancillary Agreements, the performance by the Company of its obligations hereunder and thereunder, and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Company. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 3.3 No Violation. The execution and delivery of this Agreement and the Ancillary Agreements by the Company, the performance by the Company of its obligations hereunder and thereunder, and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) violate, conflict with or result in any breach of any

provision of the Charter Documents of the Company, (ii) except as disclosed on Section 3.3 of the Disclosure Schedule, violate, conflict with or result in a violation or breach of, or constitute a default (with or without due notice or lapse of time or both) under the terms, conditions or provisions of any Contract or License to which the Company is a party or to which any of its properties or assets are bound, (iii) conflict with, violate or breach any Law or Governmental Order applicable to the Company, or (iv) result in the creation or imposition of any Liens, other than Permitted Liens, on any properties or assets of the Company.

Section 3.4 Capitalization.

(a) The authorized capital stock of the Company consists of [20,000] shares of Company Common Stock. As of the date hereof, the Company has [1,000] shares of Company Common Stock issued and outstanding (collectively constituting the Contributed Shares [except the 10 shares owned by the Vieau Trust may be redeemed before the closing]), all of which have been validly issued, are fully paid and non-assessable and were not issued in violation of any preemptive rights.

(b) Other than the obligation to sell the Contributed Shares set forth in this Agreement, there are no options, warrants, calls, subscriptions, conversion or other rights, agreements or commitments relating to the Contributed Shares or obligating the Company to issue any additional shares of capital stock or other equity or any other securities convertible into, exchangeable for or evidencing the right to subscribe for any shares of capital stock or other equity of the Company. Other than the Certificates of Participation, there are no stock equivalents, interests in the earnings of stock, stock appreciation, phantom stock, profit participation or other similar rights with respect to the capital stock of the Company. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any equity of the Company.

(c) The Contributed Shares, when sold and delivered to Buyer in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free and clear of all Liens and restrictions on transfer other than restrictions on transfer under applicable state and federal securities Laws.

Section 3.5 Subsidiaries and Equity Investments. The Company has no Subsidiaries and does not hold, directly or indirectly, any equity interests in or assets of any Person.

Section 3.6 Consents and Approvals. Except as disclosed on Section 3.6 of the Disclosure Schedule, no filing or registration with, no notice to and no License, authorization, consent or approval of any Person or Governmental Authority is necessary in connection with the execution and delivery of this Agreement, the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby.

Section 3.7 Financial Statements. Set forth on Section 3.7 of the Disclosure Schedule are true, correct and complete copies of (a) reviewed balance sheet of CT Clinical Services, Inc. (prior to the merger of CT Sober Housing, Inc. into CT Clinical Services, Inc.) as of December

31, 2013, together with the related reviewed statements of operations, statements of stockholders' equity, and statements of cash flows for the years ended December 31, 2013 (collectively, the "**Reviewed Financial Statements**"), (b) the [reviewed] balance sheet and income statement of CT Sober Housing, Inc., as of December 31, 2013, (c) audited balance sheet of the Company as of December 31, 2014, together with the related audited statements of operations, statements of stockholders' equity, and statements of cash flows for the years ended December 31, 2014 (collectively, the "**Audited Financial Statements**"), and (d) the unaudited balance sheet of the Company as of [June 30], 2015 and the unaudited statement of stockholders' equity, statement of income and statement of cash flows for the [six (6)]-month period then ended (collectively, the "**Interim Financial Statements**" and, together with the Reviewed Financing Statements and the Audited Financial Statements, the "**Financial Statements**"). The Financial Statements (including all notes thereto) (i) were prepared in accordance with the books of account and other financial records of the Company at such time, which, in turn, are correct and complete in all material respects, (ii) were prepared in accordance with GAAP throughout the periods covered thereby, applied on a basis consistent with the past practices of the Company, and (iii) present fairly in all material respects the financial position, results of operations and changes in cash flows of the Company as of such dates and for the years then ended (subject, in the case of the Interim Financial Statements, to normal, recurring year-end audit adjustments and the absence of footnotes, the effect of which are not, individually or in the aggregate, material in amount or nature). The balance sheet of the Company as of [June 30], 2015 is referred to herein as the "**Most Recent Balance Sheet**" and the date thereof as the "**Most Recent Balance Sheet Date**".

Section 3.8 Absence of Undisclosed Liabilities. There are no Liabilities or financial obligations of the Company, other than Liabilities (i) adequately provided for or reserved against on the face of the Most Recent Balance Sheet, (ii) incurred in the Ordinary Course of Business since the Most Recent Balance Sheet Date (none of which results from, arises out of, relates to, is in the nature of, or was caused by, any breach of contract, breach of warranty, tort, infringement, environmental matter, or violation of Law, and none of which is material, either individually or in the aggregate), or (iii) disclosed on Section 3.8 of the Disclosure Schedule.

Section 3.9 Indebtedness. Section 3.9 of the Disclosure Schedule sets forth, as of the date hereof, all of the outstanding Indebtedness of the Company.

Section 3.10 Absence of Certain Changes. Except as disclosed on Section 3.10 of the Disclosure Schedule, since December 31, 2014, the Company has operated in the Ordinary Course of Business. In amplification of and not in limitation of the foregoing, since December 31, 2014:

(a) the Company has not mortgaged, pledged or subjected to any Lien, any portion of its assets;

(b) there has not been any damage, destruction or loss, whether or not covered by insurance, with respect to the property and assets of Company having a replacement cost of more than \$50,000 for any single loss or which has had a material impact on the operational facilities of Company;

(c) there has been no declaration, setting aside or payment of any dividend or other distribution in respect of any shares of capital stock of the Company (whether in cash or in kind) or any repurchase, redemption or other acquisition by the Company or any other Person of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company, except as permitted by Section 6.1(b) or Section 6.1(f);

(d) there has been no material change by the Company in its accounting or Tax reporting practices, principles, methods or policies;

(e) there has been no amendment or modification to the Charter Documents of the Company;

(f) there has been no material change in the Company's customary methods of operating the Business, including practices and policies relating to marketing, selling and pricing, payment and collection of payment, prepayment of expenses, accrual of expenses, and deferral of revenue;

(g) the Company has not entered into any Material Contract or any transaction or Contract (or series of related Contracts) involving the expenditure of more than \$50,000 during any 12-month period, other than Admissions Agreements with clients of the Company entered into in the Ordinary Course of Business;

(h) the Company has not paid any fees or expenses to any current or former stockholders of the Company or any Affiliate or Family Member of any current or former stockholders of the Company (other than compensation related to employment in the Ordinary Course of Business), nor has the Company made any loans, guarantees for the benefit of, advances or capital contributions to, acquisitions of the securities or assets of, or investments in (or series of loans, advances, contributions, acquisitions or investments), any Person, either involving more than \$50,000 (individually or in the aggregate) or outside the Ordinary Course of Business (other than investments in cash or cash equivalents);

(i) the Company has not written down or written up the value of any inventory (including write-downs by reason of shrinkage or markdowns), determined as collectible any accounts receivable which were previously considered uncollectible, or written off as uncollectible any accounts receivable or any portion thereof, except in each case for write-downs, write-ups, and write-offs in the Ordinary Course of Business, none of which is material in amount;

(j) the Company has not delayed, postponed or canceled the payment of any accounts payable or any other Liability, agreed or negotiated with any party to extend the payment date of any accounts payable or accelerated the collection of any accounts or notes receivable in excess of \$50,000 in the aggregate;

(k) the Company has not made any capital expenditures in excess of \$50,000 or commitments therefor;

(l) the Company has not instituted or settled any judicial, administrative or arbitral actions, suits, complaints, investigations, union grievances, hearings, proceedings (public or private), claims or governmental proceedings;

(m) the Company has not issued, sold, or otherwise disposed of any of its capital stock or other equity interests, or granted (or amended) any options, warrants, or other rights to purchase, obtain or receive the value of (including upon conversion, exchange, or exercise) any of its capital stock or other equity interests;

(n) the Company has not sold, assigned or transferred any portion of its material tangible assets;

(o) the Company has not sold, assigned or transferred any material Intellectual Property;

(p) the Company has not made any loans to, or entered into any other transaction with, any of its current or former stockholders, directors, officers, employees or independent contractors;

(q) the Company has not recognized any union or other labor organization, been the subject of the certification of any collective bargaining Contract, entered into any collective bargaining or similar Contracts, or modified the terms of any such existing Contract, been appraised of or opposed any union organizing campaign, settled any material grievances or unfair labor practice charges, filed any unfair labor practice charges, or otherwise taken any action similar to the foregoing;

(r) the Company has not adopted, amended, modified, or terminated any Employee Benefit Plan except as required by applicable Law, or accelerated the payment or vesting of amounts or benefits or amounts payable or to become payable under any Employee Benefit Plan, or failed to make any required contribution to any Employee Benefit Plan;

(s) the Company has not granted any increase in the compensation or benefits of any current or former director, officer, employee or independent contractor of the Company outside the Ordinary Course of Business, or extended an offer of employment to, or hired, any employee or officer providing annual compensation in excess of \$100,000 or terminated any such employee or officer;

(t) the Company has not implemented any employee layoffs that could implicate the WARN Act;

(u) the Company has not increased (or experienced any change in the assumptions underlying the methods of calculating) any bad debt, contingency, or other reserve;

(v) no Material Payor has canceled or otherwise terminated or adversely modified (including by decreasing pricing or reimbursement rates, or limiting the services or frequency of services that are reimbursable), or to the Knowledge of the Company,

threatened to cancel or otherwise terminate or adversely modify, its relationship with the Company;

(w) the Company has not committed, whether verbally or in writing, to do any of the foregoing; and

(x) the Company has not taken any action or omitted to take any action and the Company has not suffered any change in its business, operations or financial position, except for actions or such changes as individually or in the aggregate, are not reasonably likely to have a Material Adverse Effect.

Section 3.11 Employee Benefit Plans.

(a) Section 3.11(a) of the Disclosure Schedule discloses a true and complete list of each Employee Benefit Plan. For the purposes of this Agreement, “**Employee Benefit Plan**” means each “employee benefit plan” (within the meaning of Section 3(3) of ERISA), whether or not subject to ERISA, and each employment, consulting, independent contractor, restrictive covenant (including confidentiality, non-competition and non-solicitation), bonus, incentive, equity purchase, option or other equity-based, deferred compensation, loan, severance, termination, retention, change of control, collective bargaining or other agreement with any works council or association, profit sharing, pension, retirement, 401(k), vacation, medical or other welfare, disability, fringe benefit and any other employee or retiree benefit or compensation plan, funding mechanism, reimbursement arrangement, agreement, program, policy or other arrangement, whether or not subject to ERISA or written or unwritten or legally binding or not, in each case, (i) that is maintained, sponsored or contributed to or entered into by the Company or any ERISA Affiliate for the benefit of any current or former employee, officer, director or independent contractor of the Company, or the beneficiaries or dependents of any such individual, or (ii) under which the Company may have any material Liability.

(b) With respect to each Employee Benefit Plan, the Company has provided or made available to Buyer true and complete copies of: (i) such Employee Benefit Plan, if written, or a description of such Employee Benefit Plan, if not written, and (ii) to the extent applicable to such Employee Benefit Plan: all trust agreements, insurance contracts or other funding arrangements; the three most recent Forms 5500 required to have been filed with the Internal Revenue Service (the “**IRS**”) and all schedules thereto; the most recent IRS determination letter or other applicable opinion letter, if any, all current employee handbooks or manuals, all current summary plan descriptions, all material communications received from or sent to the IRS or the Department of Labor (including a written description of any oral communication); and all amendments and modifications to any such document.

(c) No Employee Benefit Plan is or was within the past six (6) years (i) a “multiple employer plan” for purposes of Sections 4063, 4064 or 4066 of ERISA, (ii) a “multiemployer plan” within the meaning of Sections 3(37) or 4001(a)(3) of ERISA, (iii) subject to Sections 412 or 302 of the Code or Title IV of ERISA, or (iv) a “multiple employer welfare arrangement” as defined in Section 3(40) of ERISA. Neither the Company nor any ERISA

Affiliate has incurred any material Liability (including as a result of any indemnification obligation) under Title I or Title IV of ERISA with respect to any Employee Benefit Plan for which the Company could reasonably be expected to be liable, and no condition exists that could reasonably be expected to subject the Company, either directly or by reason of affiliation with an ERISA Affiliate, to any material Tax, fine, Lien or other penalty imposed by ERISA, the Code or other applicable Law with respect to an Employee Benefit Plan. No Lien under ERISA or the Code has been imposed on any asset of the Company. There has been no prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available with respect to any Employee Benefit Plan. To the Knowledge of the Company, no fiduciary, as described in Section 3(21) of ERISA, of the Company has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any Employee Benefit Plan.

(d) Each Employee Benefit Plan intended to be qualified under Section 401(a) of the Code, and the trust (if any) forming a part thereof, is so qualified and has received a favorable determination letter or opinion letter from the IRS as to its qualification under the Code and to the effect that each such trust is exempt from taxation under Section 501(a) of the Code and, to the Knowledge of the Company, nothing has occurred since the date of such determination letter or opinion letter that could adversely affect such qualification or tax-exempt status. Without limiting the generality of any provision of this Section 3.11(d), all amendments and actions required to bring each Employee Benefit Plan into conformity with applicable provisions of all applicable Laws, including ERISA and the Code, have been made or taken, except to the extent that such amendments or actions are not required by applicable Law to be made or taken until after the Closing Date.

(e) Each Employee Benefit Plan has been operated and administered in material compliance with its terms and has been established, operated and administered in material compliance with all applicable Laws, including ERISA and the Code. All contributions and premiums required to have been paid by the Company to any Employee Benefit Plan under the terms of any such Employee Benefit Plan or its related trust, insurance contract or other funding arrangement, or pursuant to any applicable Law have been paid within the time prescribed by any such Employee Benefit Plan, arrangement or applicable Law, and all contributions required to be made to each such Employee Benefit Plan under the terms of such plan, arrangement or applicable Law for all periods prior to the date hereof and the Closing Date have been or will be, as the case may be, made or accrued. There is no material Action pending or, to the Knowledge of the Company, threatened, against any Employee Benefit Plan or the assets of any Employee Benefit Plan (other than routine claims for benefits) and, to the Knowledge of the Company, no facts or circumstances exist that reasonably could give rise to any such material Action.

(f) Except as disclosed on Section 3.11(g) of the Disclosure Schedule, the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements will not, either alone or in combination with another event: (i) entitle any current or former employee, officer, director or consultant of the Company to severance pay, change in control payment or any other payment, (ii) accelerate the time of payment or vesting, or increase

the amount of compensation due any such individual, (iii) require any contributions or payments to fund any obligations under any Employee Benefit Plan, or cause the Company to transfer or set aside any assets to fund any Employee Benefit Plan, (iv) limit or restrict the right to amend, terminate or transfer the assets of any Employee Benefit Plan, or (v) result in any prohibited transaction described in Section 406 of ERISA or Section 4975 of the Code for which an exemption is not available. The consummation of the transactions contemplated hereby (either alone or in combination with another event) will not give rise to any payment (or acceleration of vesting of any amount or benefit) that will be an “excess parachute payment” as defined in Section 280G of the Code.

(g) No current or former employee, officer, director or consultant of the Company is or will become entitled to post-employment welfare benefits (including health, disability, or life insurance benefits) by reason of service to the Company, other than coverage mandated by Section 4890B of the Code.

(h) Neither the Company nor any current or former employee or consultant has incurred any material Liability (including as a result of any indemnification obligation) arising out of or related to Section 409A of the Code with respect to any Employee Benefit Plan, and no condition exists that could reasonably be expected to subject such Person to any material Liability (including as a result of any indemnification obligation) arising out of or related to Section 409A of the Code with respect to any Employee Benefit Plan.

(i) The Company has no legally binding plan or commitment to create any additional Employee Benefit Plan or to modify or change any existing Employee Benefit Plan that could be reasonably expected to result in material Liabilities to the Company, except as may be required by applicable Law.

Section 3.12 Labor and Employment Matters.

(a) The Company is not party or subject to, or currently negotiating in connection with entering into, any labor union or collective bargaining agreement, and there are no labor unions or other organizations representing, purporting to represent, or attempting to represent any employees employed by a member of the Company. Within the past three years, there has not occurred or been threatened any strike, slowdown, picketing, work stoppage, concerted refusal to work overtime, or other similar labor activity with respect to any employee of the Company and, to the Knowledge of Sellers, no event has occurred or circumstance exists that may provide the basis of any strike, slowdown, picketing, work stoppage, concerted refusal to work overtime, or other similar labor activity. There are no employment disputes currently subject to any grievance procedure, arbitration, litigation, or other proceeding.

(b) The Company has complied in all material respects with all applicable Laws pertaining to the employment or termination of employment of its employees, including all such laws relating to labor relations, equal employment opportunities, fair employment practices, prohibited discrimination and other employment activities. There are no pending or, to the Knowledge of Sellers, threatened filings of any unfair labor practice charges or

certification petitions regarding representation of employees at the National Labor Relations Board or other similar agencies. Each current service provider compensated as an independent contractor or consultant of the Company is and has been properly characterized as such based on the applicable standards under applicable Law. There is no officer, executive, key employee or group of employees of the Company who has or have indicated an intention in writing to terminate his, her or their employment with the Company and, to the Knowledge of Sellers, no officer, executive, key employee or group of employees has any plans to terminate employment with the Company. Sellers have provided to Buyer a list of all full-time employees of the Company. Section 3.12(b) of the Disclosure Schedule lists the name, position, dates of service, annual base compensation for each of 2014 and 2015, target bonus or other incentive-based compensation for 2015 and the amount of such compensation paid in 2014, severance opportunity, unused accrued vacation, and a description of any fringe benefits (other than the standard fringe benefits offered by the Company to all qualifying employees) of each officer, employee and independent contractor of the Company as of the date hereof.

(c) The Company is not a party to any Contract which materially restricts the Company from relocating, closing or terminating any of its operations or facilities or any portion thereof, and all officers, employees, directors or consultants of the Company are terminable at will by the Company without cost or penalty to the Company. The Company has not since January 1, 2012 effectuated (i) a “plant closing” (as defined in the Worker Adjustment and Retraining Notification Act of 1988) or any other state law respecting reductions in force or the impact on employees on plant closings or sales of businesses (collectively, the “**WARN Act**”) or (ii) a “mass lay-off” (as defined in the WARN Act), in either case affecting any site of employment or facility of the Company, except in accordance with the WARN Act. All employees of the Company are employed at will and may be terminated at any time with or without notice and for any reason or no reason at all without material cost or penalty to the Company.

Section 3.13 Brokers' Fees and Commissions. Neither the Company nor any of its Affiliates or Representatives has any Liability to pay any fees or commissions to any investment banker, broker, finder, or agent in connection with the transactions contemplated hereby.

Section 3.14 Contracts.

(a) Section 3.14(a) of the Disclosure Schedule lists each of the following Contracts to which the Company is a party or by which it is bound (such Contracts, the “**Material Contracts**”):

(i) any Contract that has involved, or that the Company reasonably anticipates will involve, aggregate payments by or to the Company of more than \$50,000;

(ii) any Contract with any current or former stockholder of the Company and/or with any Affiliate or Family Member of any current or former stockholder of the Company (other than the Company);

(iii) any profit sharing, equity option, equity appreciation, equity purchase, phantom equity, deferred compensation, severance, bonus or other similar plans or arrangements for the benefit of the Company's current or former directors, officers, employees or other service providers;

(iv) any Contract under which the Company has advanced or loaned any amount to any of its current or former stockholders, directors, officers, or employees;

(v) any Contract (x) for the acquisition, sale or lease of any of the assets (whether tangible or intangible) of the Company or any other Person, other than in the Ordinary Course of Business, or (y) for the grant to any Person of any preferential rights to purchase any of the Company's assets;

(vi) joint venture or partnership Contracts or Contracts involving or related to joint research, design or development;

(vii) any Contract containing material covenants of the Company not to disclose confidential information and/or not to compete in any line of business or with any Person in any geographical areas or covenants of any other Person not to compete with the Company in any line of business or in any geographical areas;

(viii) any Contract providing for exclusivity or any other similar requirement;

(ix) any Contract relating to the acquisition by the Company of any operating business or the capital stock of any other Person or a material portion of any business, assets or capital stock of any other Person;

(x) any Contract under which the Company has created, incurred, assumed or guaranteed any Indebtedness, or any capitalized lease obligation or under which a Lien has been imposed on any of its assets, tangible or intangible;

(xi) any Contract for the purchase or sale of supplies, products, or other personal property or for the receipt of services, the performance of which extends or will extend over a period of more than one (1) year, result in a material loss to the Company, or involves or will involve consideration in excess of \$50,000;

(xii) any settlement, conciliation or similar Contract involving any resolution or settlement of any actual or threatened litigation, arbitration, claim or other dispute;

(xiii) any lease or sublease of real property or any lease or sublease of personal property involving annual lease payments in excess of \$50,000;

(xiv) any worksharing or subcontracting Contracts that involve or the Company reasonably anticipates will involve aggregate payments by or to the Company of more than \$50,000;

(xv) any material distribution, franchise, license, sublicense, sales, referral, commission, consulting, agency or servicing Contracts which are not cancelable on thirty (30) calendar days' or less notice without payment or penalty;

(xvi) any material advertising, sponsorship, endorsement, talent, publicity or marketing Contracts or similar Contracts which are not cancelable on thirty (30) calendar days' or less notice without payment or penalty;

(xvii) any IP Licenses and any Contracts relating to the development, acquisition or disposition of any Intellectual Property or which relate in whole or in part to any patent, trademark, trade dress, trade name, service mark, trade secret or copyright or to any ideas, technical assistance or other know-how of or used by the Company;

(xviii) any written warranty, guaranty or similar undertaking with respect to contractual performance extended by the Company other than in the Ordinary Course of Business;

(xix) any collective bargaining Contract or other labor Contract or arrangement;

(xx) any Contract for the employment or engagement of any individual on a full time, part time, consulting or other basis providing annual compensation in excess of \$100,000;

(xxi) any Contract with service providers, contractors, vendors or other third parties by which the Company acquires, licenses, leases, or obtains any rights with respect to, (A) technology (including hardware and/or Software), and/or (B) technology-related services (including the provision of maintenance and/or support services), in the case of both clause (A) and (B) which are material to the Business;

(xxii) any Contract (including any task order, purchase order, blanket purchase agreement or other similar instruments) to which the Company is a party or by which it is bound, the ultimate contracting party of which is a Governmental Authority (including any subcontract with a prime contractor or other subcontractor who is a party to any such Contract);

(xxiii) any Contract under which the Company would incur any change-in-control or transaction based payment or similar payment obligations by reason of this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby; and

(xxiv) all other Contracts which are material to the Business.

(b) Each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (and will remain in full force and effect and continue to be legal, valid, binding, enforceable upon consummation of the transactions contemplated by this Agreement and the Ancillary Agreements on identical terms). The Company is not, and, to the Knowledge of Sellers, no other Person party to any Material Contract is, in breach or default under (or is alleged to be in breach of or default under) any Material Contract or has provided or received any notice of any intention to terminate any Material Contract.

(c) Except as disclosed on Section 3.14(c) of the Disclosure Schedule, no consent of any party to any Material Contract is required in connection with the execution, delivery and performance of this Agreement, the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby. No condition exists or event has occurred which, with notice or lapse of time or both, would constitute a material default by the Company or to the Knowledge of the Company by any other Person, or a basis for *force majeure* or a claim of excusable delay or nonperformance against the Company or to the Knowledge of the Company against any other Person, or permit termination, modification or acceleration, under any Material Contract against the Company or to the Knowledge of the Company against any other Person, and the Company has not received any notice from any other Person claiming or threatening to claim such a condition or event exists or has occurred. Correct and complete copies of all Material Contracts, including all amendments and supplements thereto have been provided to Buyer and its Representatives.

Section 3.15 Taxes.

(a) Except as disclosed on Section 3.15(a) of the Disclosure Schedule, (i) the Company has duly filed with the appropriate government agencies all federal income Tax and other material Tax Returns required to be filed by it, (ii) all such Tax Returns are accurate, true, correct and complete in all material respects, and (iii) the Company is not the beneficiary of any extension of time within which to file a Tax Return.

(b) Except as disclosed on Section 3.15(b) of the Disclosure Schedule, all material Taxes of the Company due and owing by the Company under applicable Law have been timely paid. The unpaid Taxes of the Company (A) do not, as of the Most Recent Balance Sheet Date, exceed the reserve for Tax Liability (other than a reserve for deferred income Taxes established to reflect timing differences between book and Tax income), as set forth in the Most Recent Balance Sheet and (B) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company.

(c) There are no Liens with respect to Taxes on the assets of the Company other than Liens for Taxes not yet due and payable.

(d) Except as disclosed on Section 3.15(d) of the Disclosure Schedule, (i) no waiver or extension of any statute of limitations relating to Taxes of the Company has been executed or given by the Company; (ii) the Company is not currently under audit with respect to Taxes, and to the Knowledge of the Company, no such audit is pending or contemplated by any Taxing authority; (iv) the Company has not entered into, or has pending, with any Taxing authority any closing agreement, consent, letter ruling, or other agreement with respect to its Taxes; (iv) neither the IRS nor any other Taxing authority has asserted against the Company any deficiency or claim for additional Taxes.

(e) The Company (i) has withheld from any employee, client, independent contractor, creditor, shareholder and any other applicable payee proper and accurate amounts for all taxable periods in compliance with all Tax withholding provisions of applicable federal, state, local and foreign Laws, (ii) has remitted such amounts to the appropriate Governmental Authority, and (iii) has received properly completed exemption certificates for material transactions exempt from sales and use Tax.

(f) Except as disclosed on Section 3.15(f) of the Disclosure Schedule, (i) no written claim has been received by the Company from a Governmental Authority in a jurisdiction where the Company does not file a Tax Return that the Company is or may be subject to taxation by that jurisdiction and (ii) the Company does not have a permanent establishment in any country where it has not filed Tax Returns.

(g) The Company is not a party to any Tax sharing or Tax indemnity agreements or similar arrangements pursuant to which the Company would have any obligation to make payments after Closing, except with respect to customary tax payments made under a lease or other Contract that does not relate primarily to Taxes and that is entered into in the Ordinary Course of Business.

(h) The Company has not been a member of any affiliated group of corporations within the meaning of Section 1504 of the Code or of any group that has filed a combined, consolidated or unitary state or local Tax Return. The Company does not have any obligation or Liability for the Taxes of any other Person as under Treasury Regulation Sections 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee, as a successor, as by contract or otherwise.

(i) The Company is not and has not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(j) Except as disclosed on Section 3.15(j) of the Disclosure Schedule, the Company shall not be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period or Straddle Period by reason of (i) the installment method of accounting or open transaction disposition made on or prior to the Closing Date, (ii) the long-term contract method of accounting, (iii) a change in accounting method, or use of an improper method of accounting (iv) a “closing agreement” as described in

Section 7121 of the Code (or any provision of any foreign, state or local Law having similar effect) (v) any tax elections such as cancellation of indebtedness income under Section 108(i) of the Code, (vi) prepaid amount, or (vii) intercompany transactions or any excess loss account described in Treasury Regulations under code section 1502 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law).

(k) The Company has not “participated” within the meaning of Treasury Regulation Section 1.6011-4(c)(3) in a “listed transaction” or “reportable transaction” within the meaning of Treasury Regulation Section 1.6011-4(b). The Company has disclosed on its U.S. federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of U.S. federal income Tax within the meaning of Section 6662 of the Code.

(l) The Company has not distributed the stock of any corporation or had its stock distributed by another person in a transaction satisfying or intending to satisfy the requirements of Section 355 of the Code.

(m) Except as disclosed on Section 3.15(m) of the Disclosure Schedule, no power of attorney currently in force has been granted by the Company with respect to any Tax matter of the Company.

(n) Section 3.15(n) of the Disclosure Schedule sets forth the following information with respect to the Company as of the most recent practicable date (as well as on an estimated pro forma basis as of the Closing giving effect to the consummation of the transactions contemplated hereby): (i) all materials elections which are still in effect and (ii) a list of all jurisdictions in which federal, state, local and foreign Tax Returns are filed with respect to the Company.

(o) None of the assets of the Company is treated as owned by any other person under former Code Section 168(f)(8).

(p) The Company has collected and timely remitted to the proper taxing authority all applicable material state sales and use Taxes as required by law, and has reported in a timely manner to the proper taxing authority all such state sales and use Taxes.

Section 3.16 Title to Assets. The Company has good and marketable title to, or a valid and binding leasehold interest in, all of the tangible and intangible properties and assets used by the Company in the conduct of its business, in each case free and clear of all Liens. All of the tangible and intangible properties and assets used by the Company in the conduct of its business are in the possession of and under the control of the Company, are in good working order (ordinary wear and tear excepted), have been maintained in accordance with the practices standard in the industry, are suitable for the purposes for which they are presently being used, and are of a condition, nature, and quantity sufficient for the conduct of the Company's business as it is presently conducted.

Section 3.17 Litigation.

#5851535 v5 \017370 \0103

(a) Except as disclosed on Section 3.17(a)(i) of the Disclosure Schedule, there are, and in the past five (5) years there have been, no Actions pending or, to the Knowledge of Sellers, threatened by or against the Company or administrative proceedings to which the Company is or has been a party. Except as disclosed on Section 3.17(a)(ii) of the Disclosure Schedule, during the past three (3) years, the Company has not settled, or agreed to settle, any Actions requiring payments by the Company, either individually or in the aggregate, equal to or greater than \$25,000.

(b) There is no, and during the past five (5) years there has not been any, Governmental Order against the Company, any of its directors or officers (in their capacities as such) or any of its material properties or assets.

Section 3.18 Licenses. The Company holds each license, permit, approval, filing, consent, authorization, registration, certificate, variance, and similar right obtained, or required to be obtained, from Governmental Authorities in connection with, or required for, the operation of its business and possession and use of its real property and personal property except where the failure to hold such Licenses would not have a Material Adverse Effect (collectively, the “**Licenses**”), and all such Licenses are in full force and effect and will remain in full force and effect following the Closing.

(a) All fees and charges with respect to the Licenses as of the date hereof have been paid in full. Section 3.18(b) of the Disclosure Schedule lists all current Licenses issued to the Company, including the names of the Licenses and licensee and their respective dates of issuance and expiration. There are no proceedings pending or, to the Knowledge of Sellers, threatened, that seek the revocation, cancellation, suspension or adverse modification of any License. The Company has not received or been subject to any notice, charge, claim or assertion alleging any violations of Licenses, nor, to the Knowledge of Sellers, has any such notice, charge, claim or assertion been threatened.

Section 3.19 Environmental Matters. (a) The Company is, and has been, in material compliance with all applicable Environmental Laws, (b) there have been no private or governmental claims, demands, citations, complaints, notices of violation or letters made, issued to or, to the Knowledge of Sellers, threatened against the Company or with respect to any of its property by any Person or Governmental Authority regarding any actual or alleged material violation of, or liability under, any Environmental Laws, including, and by way of example only, with regard to (i) impairment or diminution of, or damage, injury or other adverse effects to, any Person or the Environment resulting from the Company's ownership, use or operation of its facilities, or (ii) the Release of any Hazardous Materials on, to, or from any present or former Company property or any property adjoining Company property, (c) there has been no Release of Hazardous Materials on any of the Company's current or former properties, except in compliance with Environmental Laws, (d) neither the Company's present or former properties have been used for the disposal of Hazardous Materials, and the Company has not disposed of or arranged for the disposal of Hazardous Materials to any offsite location except in compliance with Environmental Laws, (e) the Company has been issued, and maintains in full force and effect, and will maintain until the Closing Date, all required federal, state and local permits,

licenses, certificates and approvals required under Environmental Laws, including those required with respect to its properties relating to air emissions, discharges to surface water or groundwater, noise emissions, solid or liquid waste disposal, the Handling of Hazardous Materials, and other environmental, health or safety matters, and the Company has complied in all material respects with the terms and conditions thereof, and (f) the Company has not agreed to indemnify any third-party against any Liabilities arising under Environmental Laws. As used in this Agreement, the term “**Hazardous Materials**” means any hazardous or toxic substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as a hazardous substance (40 CFR Part 302) and amendments thereto, or such substances, materials and wastes which are or may become regulated under any applicable local, state or federal Law, including any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) defined as a “hazardous waste,” “extremely hazardous waste,” “Certificates of Participation restricted hazardous waste” or “hazardous material” under applicable state Laws, (v) designated as a “hazardous substance” pursuant to the Clean Water Act, 33 U.S.C. § 1251, et seq. or U.S.C. § 1317, (vi) defined as a “hazardous waste” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq., or (vii) defined as a “hazardous substance” pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601, et seq., all as amended and including the respective regulations promulgated thereunder. The Company has provided true, correct and complete copies of all Phase I and Phase II environmental reports and all other environmental assessments or studies in its possession or control, if any, relating to any current or former Company facilities or properties.

Section 3.20 Other Activities of Sellers. Except as described in Section 3.22 of the Disclosure Schedule, no Seller, nor any Affiliate or Family Member of any Seller or any officer or director of the Company owns, directly or indirectly, any interest or has any investment or profit participation in any Person which is a direct or indirect competitor of, or which otherwise, directly or indirectly, does business with, the Company. Notwithstanding the foregoing, no disclosure is required regarding owning, as a passive investment, up to two percent (2%) of a class of equity securities issued by any Person that is publicly traded and registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Section 3.21 Compliance with Law.

(a) The Company is and has been in compliance with all applicable Laws and Governmental Orders in all material respects. Except as described in Section 3.8 of the Disclosure Schedule, the Company has not received any notice regarding any violation of, conflict with, or failure to comply with, any Law or Governmental Order. The Company has not, during the past five (5) years, made any voluntary disclosure to any Governmental Authority, conducted any internal investigation with respect to any actual, potential or alleged violation of any Law by the Company or any of its employees, officers, directors or consultants or, to the Knowledge of Sellers, been investigated by any Governmental Authority. The Company is not a party to any Contract with any Governmental Authority.

(b) Neither the Company nor, to the Knowledge of the Company, any officer, director, employee, Representative or other Person associated with or acting on its behalf, has, directly or indirectly, made any offer, payment or promise to pay any money, or to give any gift or anything else of value to any officer or employee of any Governmental Authority (including any state-owned enterprise, operating in a commercial capacity or otherwise), or of a public international organization, or any Person acting in an official capacity or on behalf of any such Governmental Authority (including any state-owned enterprise operating in a commercial capacity or otherwise), or for, or on the behalf of any such public international organization or any political party or official thereof or any candidate for political office, for the purpose of influencing an official act or decision of that Person, inducing that Person to omit to do any act in violation of his, her or its lawful duty, securing any improper advantage, or inducing that Person to use his, her or its influence with such a Governmental Authority to affect or influence any government act or decision, in order to assist the Company or any officer, director, employee, Representative or other Person associated with or acting on its behalf, in obtaining or retaining business.

Section 3.22 Affiliated Transactions. Except as disclosed on Section 3.22 of the Disclosure Schedule, no Seller nor any officer or director of the Company or any Affiliate or Family Member of any of the foregoing is, directly or indirectly, a party to any agreement or transaction with the Company, other than agreements in connection with Sellers' respective duties as a director, officer and/or employee of the Company that are on arms-length terms, as applicable.

Section 3.23 Inventory. All inventory of the Company, whether or not reflected on the Most Recent Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete, damaged, defective or slow moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory either is owned by the Company free and clear of all Liens or held on a consignment basis by the Company's clients at their respective locations.

Section 3.24 Suppliers; Payors.

(a) The Company does not have any material suppliers.

(b) Section 3.24(b)(i) of the Disclosure Schedule sets forth a complete and correct list of the top ten (10) Third Party Payors of the Company by aggregate dollar volume of sales (the “**Material Payors**”) for (i) the year ended December 31, 2014 and (ii) the period from January 1, 2015 through [June 30], 2015, the amount of consideration paid by each such Material Payor to the Company during each such period, and the Contracts between the Company and each such Material Payor. Except as disclosed on Section 3.24(b)(ii) of the Disclosure Schedule, since December 31, 2014, no Material Payor has canceled or otherwise terminated or adversely modified (including by decreasing pricing or reimbursement rates, or limiting the services or frequency of services that are reimbursable), or to the Knowledge of the Company, threatened to cancel or otherwise terminate or adversely modify, its relationship with the Company. Except as disclosed on Section 3.24(b)(iii) of the Disclosure Schedule, the

Company has not received any notice that any Material Payor (i) intends to cancel or otherwise terminate or materially and adversely modify its relationship with the Company on account of the transactions contemplated by this Agreement, the Ancillary Agreements or otherwise, or (ii) is threatened with bankruptcy or insolvency. Except as disclosed on Section 3.24(b)(iii) of the Disclosure Schedule, there is no existing disputes between the Company and any Material Payor.

Section 3.25 Insurance. Section 3.25 of the Disclosure Schedule sets forth a true and complete list of all current insurance policies maintained by the Company relating to the assets, business, operations, employees, officers and directors of the Company (collectively, the “**Insurance Policies**”), specifying, with respect to each Insurance Policy, the insurer, the nature of coverage, and the date through which coverage is scheduled to continue pursuant to the terms thereof. The Insurance Policies includes such insurance coverage as is customary for similarly situated companies in the same industry as the Company. Correct and complete copies of such Insurance Policies have been provided to Buyer. All such insurance policies are valid, binding and in full force and effect, all premiums that are due with respect thereto covering all periods up to and including the Closing Date have been or will be timely paid or accrued, no written notice of cancellation or termination has been received with respect to any Insurance Policy or other form of insurance, no Insurance Policy will terminate or lapse by reason of this Agreement, the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby, and the Company is in compliance with the terms of each such Insurance Policy. The Company is not in default in any respect with respect to its obligations under any Insurance Policy as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Except with respect to pending or threatened litigation set forth in Section 3.17 of the Disclosure Schedules, there are no claims pending by the Company under any Insurance Policy. The Insurance Policies are sufficient for compliance with all applicable Laws and Contracts to which the Company is a party or by which it is bound. Except as described in Section 3.25 of the Disclosure Schedule, in the past six (6) years, no insurance carrier has cancelled an insurance policy of the Company prior to the end of such policy's coverage period or refused to renew an insurance policy of the Company.

Section 3.26 Intellectual Property.

(a) Section 3.26(a) of the Disclosure Schedule sets forth a complete and correct list (including application number, registration number or equivalent identifying information, where applicable) of (i) all registered or issued and pending applications to register or issue (A) Copyrights and (B) Patents, and (ii) Marks, in each case owned by the Company or Seller or Affiliate thereof and used or useful in the conduct of the Business. Except as set forth on Section 3.26(a) of the Disclosure Schedule, all Owned Intellectual Property (as defined below in this Section 3.26(a)) identified on Section 3.26(a) of the Disclosure Schedule, together with the goodwill associated therewith, are owned exclusively by the Company, free and clear of all Liens. With respect to the foregoing Owned Intellectual Property which are registered with the lawful registrar, or with respect to which applications for registration have been filed, except as set forth on Section 3.26(a) of the Disclosure Schedule, the Company is listed in the records of the appropriate United States, state or non-U.S. registry as the sole current owner of record for each application or registration identified on Section 3.26(a) of the Disclosure Schedule as being

owned by the Company. The Company is currently in compliance in all material respects with legal requirements (including timely payment of filing, examination and maintenance fees, as well as timely post-registration filing of affidavits of use, incontestability and renewal applications) with respect to those items owned by it and set forth in Section 3.26(a) of the Disclosure Schedule. With respect to Marks for which a registration has been issued or application for registration has been filed, each application therefor, affidavit of use relating thereto, and registration thereof, was true and accurate in all respects when filed or issued, as applicable. Each of the Marks has been and continues to be used in the country in which such Mark is registered on all of the goods or in connection with all of the services identified in the applicable registration. To the Knowledge of Sellers, the Company has not taken any action (or failed to take any action), conducted its business, or used or enforced any of the Marks, in each case, in a manner that would result in the abandonment, cancellation, forfeiture, relinquishment, or unenforceability of any of the Marks, and the Company has taken all reasonable steps to protect its rights in and to each of the Marks owned by it and to prevent the unauthorized use thereof by any other Person. With respect to Patents, (i) all inventors, including current or former employees of the Company, are appropriately named as inventors on any issued Patent or pending Patent application listed on Section 3.26(a) of the Disclosure Schedule and there are no other Persons other than the inventors named on the Patents who could reasonably be expected to have been a contributor toward the inventions claimed in the Patents; (ii) all prior art the non-disclosure of which would invalidate any Patent or, in connection with a Patent application, prevent the issuance of a Patent covering all claims contained therein, has been disclosed in such Patent application; and (iii) the scope of all claims of all Patents are valid and enforceable. “**Owned Intellectual Property**” as used herein shall mean all of the foregoing Intellectual Property, together with Trade Secrets and Domain Names. As used herein, the terms “registered,” “applications to register” and “registration number”, in the case of Patents shall, respectively, be broad enough to cover any Patents granted and applications for Patent and Patent numbers.

(b) Section 3.26(b) of the Disclosure Schedule sets forth a complete and correct list of all internet domain names and other Internet addresses or identifiers registered to the Company (collectively, “**Domain Names**”), or with respect to which the Company.

(c) Section 3.26(c)(i) of the Disclosure Schedule sets forth a complete and correct list, as of the date hereof, of all licenses, sublicenses, agreements and other rights granted by any third-party to the Company with respect to any Intellectual Property (collectively, “**Inbound IP Licenses**,” and, collectively with Owned Intellectual Property, “**Company Intellectual Property**”), other than licenses for commercial, off-the-shelf computer software having an aggregate purchase price or license fee of not more than \$25,000. Section 3.26(b)(ii) of the Disclosure Schedule contains a complete and accurate list of all licenses, sublicenses, agreements and other rights granted by the Company to any third-party with respect to any Owned Intellectual Property (collectively, “**Outbound IP Licenses**” and, together with Inbound IP Licenses, “**IP Licenses**”).

(d) All IP Licenses are valid and enforceable, and until and following the Closing, will remain in full force and effect, and the Company has performed in all respects

all obligations imposed upon it under the applicable IP Licenses, and the Company, nor, to the Knowledge of Sellers, any other party thereto, is in breach of or default of any IP License in any respect nor, to the Knowledge of Sellers, is there any event which with notice or lapse of time or both would constitute a default thereunder. There are no written notices of any disputes or disagreements with respect to any IP Licenses. All IP Licenses are, by their terms, fully and freely transferable and assignable by the Company, without requiring payment to, or the consent of, any other Person. The execution, delivery and performance of this Agreement and the Ancillary Agreements will not impair the validity or enforceability by the Company of any IP License.

(e) The Company Intellectual Property is sufficient to carry on the business of the Company, as well as provide sufficient protection as regards to the use, manufacture or sale of products and services offered in the business of the Company. No third party consent is necessary for the Company to exercise any rights in or to the Company Intellectual Property prior to and immediately following Closing. Upon Closing, the Company will have all right, title and interest in and to or have a valid written license to use all Company Intellectual Property on identical terms and conditions as the Company enjoyed immediately prior thereto.

(f) Except as set forth in Section 3.26 (f) of the Disclosure Schedule, the conduct of business by the Company, as currently conducted and as currently contemplated to be conducted, and the use of the Company Intellectual Property do not infringe, misappropriate or otherwise violate the Intellectual Property of any other Person. No claims are pending or, to the Knowledge of Sellers, threatened, against the Company by any Person (i) with respect to the ownership, validity, enforceability, effectiveness or use in the business of the Company of any Company Intellectual Property, (ii) contesting the right of the Company to use any of its products, processes or services currently or previously used by the Company, or (iii) alleging infringement, misappropriation or violation of the Intellectual Property rights of any other Person. There is no pending, or, to the Knowledge of Sellers, threatened, opposition, interference or cancellation proceeding before any Governmental Authority in any jurisdiction against any registrations or applications relating to the Owned Intellectual Property. There are no claims asserted by the Company against any Person alleging infringement, misappropriation or violation of any Owned Intellectual Property.

(g) To the Knowledge of Sellers, the Company has taken all reasonable steps to maintain the confidentiality of all material Trade Secrets used, in development or for use in the business of the Company, including the adoption and implementation of physical and electronic security measures and controls. To the Knowledge of Sellers, there has been no misappropriation of any such Trade Secrets by any Person, and no such Trade Secrets or other proprietary information have been used by, disclosed to or discovered by any Person except pursuant to valid and appropriate non-disclosure, assignment and/or license agreements, which have not been breached. The Company owns and has the exclusive right to use in its business all Trade Secrets relating to all of its existing and currently planned products, including product formulations, ingredient lists, and methods and processes of manufacture.

(h) The Company has not collected, received or used any information, including non-public financial information, from clients or other parties ("**Client Information**") in an unlawful manner or in a manner that in any way violates the privacy rights of its clients or users of its website. The Company has adequate and appropriate security measures and safeguards in place to protect the Client Information it receives from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner violative of Law, or the privacy rights of third parties. To the Knowledge of Sellers, no Person has gained unauthorized access to or made any unauthorized use of any Client Information.

Section 3.27 Real Property.

(a) The Company has good and marketable title to the real property (the "**Owned Real Property**") set forth on Section 3.27(a)(i) of the Disclosure Schedule, free and clear of all Liens, except as set forth on Section 3.27(a)(ii) of the Disclosure Schedule, and enjoys peaceful and quiet possession of such Owned Real Property. There are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein. The Company has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property, and the Owned Property is not subject to any lease or agreement of any kind whatsoever and will be free of any tenants, subtenants, licensees or other occupants at Closing, other than clients of the Company and members of the Company's staff. The Company is not a party to any agreement or option to purchase any real property or interest therein or a party to any brokerage agreements to sell all or any portion of the Owned Property. There are no encroachments on the Owned Property that would render title unmarketable and no improvements on the Owned Property encroach on any adjacent land. There are no private access easements or third party agreement or access easement agreements with respect to the Owned Real Property that would impact the Company's use of the Owned Real Property. There are no easements or claims of easements not shown by the public record and there are no encroachments, overlaps or boundary line disputes, all of which would be disclosed by a survey of the Owned Real Property.

(b) Section 3.27(b) of the Disclosure Schedule sets forth each interest in real property (including all leasehold or subleasehold estates and any land, buildings, structures, improvements, fixtures, easements, rights of way and any other real property rights and/or interests) leased, subleased or otherwise occupied by the Company including, for this purpose, the Acquisition Properties (the "**Leased Real Property**" and, together with the Owned Real Property, the "**Real Property**") and sets forth for each Lease (as defined herein): the lessor or sublessor of such leased or subleased property, the Company which leases or subleases such property, the annual rent payable by the Company in respect of such leased or subleased property (including any security deposit paid by the Company pursuant to any lease), and each lease, sublease, license, sublicense, or any other arrangement under which such property is leased or subleased or otherwise occupied (each, a "**Lease**"). Sellers have delivered to Buyer a true, completed and correct copy of each Lease (including any amendments or side letters thereto) related to the Leased Real Property, and, in the case of any oral Lease, a written summary of the material terms of such Lease. The real property demised by the Leases constitutes all of the

Leased Real Property. No party to the Lease is in breach or default under thereof, no notice of default has been received or delivered by the Company with respect to any Lease, and to the Knowledge of the Company, no event has occurred or circumstance exists which, with the delivery or notice and the passage of time or both, would constitute such a breach or default thereof or permit the termination or modification or permit the acceleration of rent under any Lease. Each Lease is legal, valid, binding, in full force and effect and is enforceable against the Company and to the Knowledge of the Company, the other parties thereto, including the lessor, in accordance with its terms and will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms immediately following the consummation of the transactions contemplated hereby. The Company has not and, to the Knowledge of the Company, no other party to any Lease has repudiated any provision of any Lease. With respect to each Lease, except as set forth on Section 3.27(b) of the Disclosure Schedule, (i) the transactions contemplated by this Agreement and the Ancillary Agreements (A) do not require the consent or approval of any party (including the landlord under each Lease), (B) will not result in a breach of or default under any Lease, and (C) will not otherwise cause any Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing; (ii) no security deposit or portion thereof deposited with respect to any Lease has been applied in respect of a breach or default under that Lease which has not been redeposited in full; (iii) the Company does not owe, or will not owe in the future, any brokerage commissions or finder's fees with respect to any Lease; (iv) the Lease does not contain any right on the part of lessor to relocate the tenant or to terminate such Lease prior to the end of the stated lease term; (v) the Company's possession and quiet enjoyment of the Leased Real Property has not been disturbed and there are no pending, or threatened condemnation proceedings, lawsuits, administrative actions or any other disputes with respect to such Lease that would materially and adversely affect the current use thereof or have a Material Adverse Effect; (vi) except as set forth in Section 3.27(b) of the Disclosure Schedule, the Company has not subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof or otherwise encumbered the Leased Real Property; (vii) the Company has not received notice that any lessor under any Lease has taken action adverse to the Company in respect of any Lease or threatened to terminate any Lease before the expiration date specified in such Lease; (viii) there is no dispute, oral agreement, or forbearance program in effect as to the Lease; (ix) no party to any Lease has collaterally assigned, transferred, conveyed, mortgaged, deeded in trust, encumbered or granted any other security interest in any Lease or any interest therein; and (x) there are no Liens on the estate or interest created by any Lease.

(c) The Real Property includes all real property necessary for the conduct of the business as currently conducted and is proposed to be conducted by the Company and is adequate to conduct the operations of the Company as currently conducted.

(d) Except as set forth in Section 3.27(d) of the Disclosure Schedule, none of the buildings, plants, alterations or structures on any Real Property (the "**Improvements**") are in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are, individually and in the aggregate, immaterial. All water, oil, gas, electrical, steam, compressed air, telecommunications, sewer, storm and waste water systems and other utility services or systems for the Real Property have been installed and are operational and sufficient for the

operation of the Company's business as currently conducted. The Real Property has adequate access for ingress from and egress to a public way. There is no pending or, to the Knowledge of Sellers, threatened condemnation, eminent domain or similar proceeding with respect to any Real Property. All Improvements located on the Owned Real Property or the Leased Real Property are in good operating condition and repair (ordinary wear and tear excepted) and in condition sufficient for the operation of the Company's business as currently conducted and currently is proposed to be used by the Company, taking into consideration the use of such Improvements. The Company has not received any reports regarding geotechnical conditions at the Owned Real Property or the Leased Real Property or any reports regarding the structural condition of the Owned Real Property or the Leased Real Property. Sellers have delivered or made available to Buyer true and complete copies of all engineering and architectural reports, test results, inspection reports, maintenance plans, specifications, surveys, and other documents relating to the Owned Real Property, if any, that are in the actual possession or control of Seller.

(e) Except as set forth on Section 3.27(e) of the Disclosure Schedule, none of the Improvements encroach on any land which is not included in the Real Property or on any easement affecting such Real Property, or violate any building lines or set-back lines, and there are no encroachments onto any of the Real Property, or any portion thereof, which encroachment would interfere, in any respect, with the use or occupancy of such Real Property or the continued operation of the Company's business as currently conducted, and as currently proposed to be conducted, thereon. There is no Governmental Order, nor any Actions, pending or, to the Knowledge of the Company, threatened, relating to the ownership, lease, use or occupancy of the Real Property or any portion thereof, or the operation of the Company's business as currently conducted, and as currently proposed to be conducted, thereon.

(f) The Real Property and all Improvements are in compliance with or have obtained zoning exemptions for (or are qualified as to the number of residents permitted by reasonable accommodation laws pertaining to sober houses in a manner which is adequate to conduct the operations of the Company as currently conducted and proposed to be conducted by the Company) under all applicable building, zoning, subdivision, health and safety and other land use regulations and rules, including the Americans with Disabilities Act of 1990, as amended, and all insurance requirements affecting the Real Property (collectively, the "**Real Property Laws**"), and the current use and occupancy of the Real Property and operation of the Company's business thereon do not violate in any material respect any Real Property Law. The Company has not received any written notice of violation of any Real Property Law. All Improvements to the Real Property made by or on behalf of the Company were performed in all respects in accordance with all applicable Real Property Laws.

(g) All certificates of occupancy, permits, licenses, franchises, approvals, consents, registrations, certificates, variances, authorizations, reasonable accommodations and similar rights obtained, or required to be obtained, including (but not limited to) underwriters certificates relating to electrical work, and all other building, safety, fire and health certificates, approvals and permits (collectively, the "**Real Property Permits**") of any Governmental Authority, boards of fire underwriters, associations or any other entity having jurisdiction over the Real Property which are required to use or occupy the Real Property or operate the

Company's business as currently conducted, and as currently proposed to be conducted, thereon, have been issued and obtained as presently required and are in full force and effect and there exists no violation that remains uncured. Sellers have provided to Buyer a true and complete copy of each Real Property Permit. There are no actions pending or to the Knowledge of the Company, threatened, that seek the suspension, revocation, modification or cancellation of any Real Property Permit. The Company has not received any notice from any Governmental Authority threatening a suspension, revocation, modification or cancellation of any Real Property Permit, and, to the Knowledge of the Company, there is no basis for the issuance of any such notice or the taking of any such action.

(h) The Owned Real Property, and all present uses and operations thereof, complies with all applicable Laws, including without limitation, zoning, land-use, building, fire, labor, subdivision and other local, state, provincial or federal laws of all applicable Governmental Authorities or courts and all deed or other title covenants and restrictions applicable to the Owned Real Property. Except as set forth in Section 3.27(h) of the Disclosure Schedule, the Company has not made any application or agreement with any Governmental Authority with respect to any variance or exception from any applicable Law, including without limitation, from any zoning, building or other local, state or federal Law, ordinance, regulation or other similar requirement. The classification of each parcel of Real Property under applicable zoning laws (or the qualifications of sober houses for reasonable accommodations) permits the use and occupancy of such parcel and the operation of the Company's business as currently conducted thereon, and permits the Improvements located thereon as currently constructed, used and occupied. The Company's use or occupancy of the Real Property or any portion thereof or the operation of the Company's business as currently conducted, and as currently proposed to be conducted, thereon is not dependent on a "permitted non-conforming use" or "permitted non-conforming structure" or similar variance, exemption or approval from any Governmental Authority.

(i) The current use and occupancy of the Real Property and the operation of the Company's business as currently conducted, and as currently proposed to be conducted, thereon do not violate, in any material respect, any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property (the "**Encumbrance Documents**"). The Company has not received any written notice of violation of any Encumbrance Document and there is no basis for the issuance of any such notice or the taking of any actions for such violation.

(j) Except as set forth on Schedule 3.27(j) of the Disclosure Schedule, each parcel of Owned Real Property is a separate lot for real estate Tax and assessment purposes, and no other real property is included in such Tax parcel. There are no Taxes, assessments, fees, charges or similar costs or expenses imposed by any Governmental Authority having jurisdiction over the Owned Real Property, including, without limitation, any outstanding and unpaid impact fees or other charges in connection with any development of or otherwise related to the Owned Real Property and any special assessments or obligations for roads, services and other improvements with respect to the Owned Real Property or any part thereof, (collectively, the "**Real Estate Impositions**") with respect to any Owned Real Property or portion thereof which

are delinquent. Section 3.27(j) of the Disclosure Schedule sets forth all Owned Real Estate Impositions that are due and payable by the Company with respect any parcel of Owned Real Property. There is no pending or, to the Knowledge of Sellers, threatened protest, appeal, or other proceedings or increase or special assessment or reassessment of any Real Estate Impositions for any parcel of Owned Real Property and there are no Tax reduction proceedings pending with respect to all or any portion of the Owned Real Property.

(k) Except as set forth in Section 3.27(k) of the Disclosure Schedule, none of the Real Property or any portion thereof is located in a flood hazard area (as defined by the Federal Emergency Management Agency).

(l) Section 3.27(l) of the Disclosure Schedule sets forth a complete list of all material Contracts of the Company pertaining to the ownership, lease, use, management or operation of the Real Property (other than third party maintenance contracts entered into in the Ordinary Course of Business and which are not Material Contracts). The Company is not in default with respect to any of such Contracts, nor to the Knowledge of the Company are there any facts or circumstances that with the passage of time or the giving of notice, or both, would constitute or result in any such default. No notice of default has been received or delivered by or to the Company under any of such Contracts, and the transactions contemplated by this Agreement and the Ancillary Agreements do not require the consent of any other party to any such contract and will not result in a breach of or default under any such Contract which would reasonably be expected to result in a Material Adverse Effect.

Section 3.28 Accounts Receivable. Section 3.28 of the Disclosure Schedule sets forth a true and correct list of all accounts receivable of the Company, as of [June 30], 2015, accurately reflecting the aging of such accounts receivable as of such date, which accounts receivable net of reserves and allowances, if any, are reflected on the Interim Financial Statements. All of the accounts receivable reflected on the Financial Statements and all of the accounts receivable arising after the Most Recent Balance Sheet Date (a) arose out of bona fide transactions occurring in the Ordinary Course of Business, (b) are valid and enforceable claims against the account debtor, (c) the Company has not received notice that such accounts receivable are subject to any valid counterclaim or setoff and (d) the Company has delivered to such account debtors invoices which accurately reflect such amounts due. None of such accounts receivable arose from a sale made to a client of the Company involving any illegal activity (including kickbacks, bribes or similar payments or price fixing, bid-rigging or similar activities) or resulted in any inappropriate benefit to the Company or any of its employees. [The reserves for bad debts reflected on the Financial Statements have been established in accordance with the Company's current accounts receivable reserve policy attached hereto in Section 3.28 of the Disclosure Schedule.] The Company makes no representation as to the collectability of any Accounts Receivable in any particular time frame, or ever or that the payor will not assert any defenses to payment of any accounts receivable listed on Section 3.28 of the Disclosure Schedule, listed on the Most Recent Balance Sheet or generated at any time thereafter. [Buyer acknowledges that payors reserve the rights to dispute payment of accounts receivable or pay slowly and that the accounts receivable reserve policy reflects this uncertainty.]

Section 3.29 Powers of Attorney. Except as set forth on Section 3.29 of the Disclosure Schedule, there are no outstanding powers of attorney executed on behalf of the Company.

Section 3.30 Bank Accounts. Schedule 3.30 of the Disclosure Schedule lists the account numbers and names of each bank, broker or other depository institution at which the Company maintains a depository account, and the names of all Persons authorized to sign on and/or withdraw funds from each such account.

Section 3.31 Health Care Regulatory Compliance.

(a) Neither the Company nor any of its officers or, to the Knowledge of the Company, any of its employees, consultants, independent contractors or agents (collectively, “**Health Care Professionals**”), has engaged in any activity or contractual relationship or omitted to take required action, such as the filing or submission of any claim for reimbursement, report or other documentation, in violation of any applicable federal, state or local Law, including the False Claims Act (31 U.S.C. Section 3729 et seq.), the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations at 45 C.F.R. Parts 160, 162 and 164, as amended (“**HIPAA**”), the fraud and abuse provisions of Section 1128B of the Social Security Act, the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. Section 1320a-7b), Section 1877 of the Social Security Act (42 U.S.C. Section 1395nn) (the “**Stark self-referral amendments**”), or any directives, rules or regulations thereunder promulgated by the U.S. Department of Health and Human Services or any other Governmental Authority or any comparable self-referral or fraud and abuse Laws promulgated by any other federal, state or local agency. None of the Company or any Health Care Professionals have offered, given or received, directly or indirectly, any economic benefit (including payments, rebates, discounts, commissions and promotional allowances) in violation of any self-referral or fraud and abuse Law.

(b) To the Knowledge of the Company, all billing and coding practices by the Company with respect to federal and/or state health care programs (including but not limited to, Medicare and state Medicaid Programs, each, a “**Program**”, and, collectively, the “**Programs**”) and all third party payors (including, but not limited to, Medicaid, private insurance, managed care plans and HMOs, collectively, the “**Third Party Payors**”) are and have been in compliance in all material respects with all applicable Laws and, except as disclosed on Section 3.31(b)(i) of the Disclosure Schedule, all policies and rules governing reimbursement and claims of all such Programs and Third Party Payors, including the obligation to return credit balance or drug testing reimbursements to any such Program or Third Party Payor. To the Knowledge of the Company, the Company has filed all reports required to be filed in connection with all Programs, and, if applicable, Third Party Payors, and such reports were true, complete and correct in all material respects at the time of such filing. The Company does not bill any Governmental Authority or Medicaid or Medicare services or any applicable state program, The Company has not received any notice of, and there are no claims, actions, payment reviews or appeals (other than those that occur in the Ordinary Course of Business that are immaterial individually or in the aggregate) pending or threatened by or before any Governmental Authority, the Administrator of the Centers for Medicaid and Medicare Services, or any

applicable state program, or except as disclosed on Section 3.31(b)(ii) of the Disclosure Schedule, any Third Party Payor. There are no other Program or Third Party Payor compliance matters that could be reasonably expected to have a Material Adverse Effect on the Company.

(c) Other than as set forth in Section 3.31(c) of the Disclosure Schedule, the Company has not received any notices of non-compliance, requests for remedial action, return of overpayment or imposition of fines (whether ultimately paid or otherwise resolved) by any Governmental Authority or Third Party Payor, other than notices of overpayments made in the Ordinary Course of Business and/or notices advising of routine payor audits that are immaterial individually or in the aggregate. The Company has prepared and submitted, as applicable, timely responses and any corrective action plans required to be prepared and submitted in response to any surveys performed by any Governmental Authority or Third Party Payor and has implemented all corrective actions described in such corrective action plans. Except as set forth in Section 3.31(c) of the Disclosure Schedule the Company has no (i) uncured deficiency that could reasonably be expected to lead to the imposition of a material fine, cost, penalty or other similar remedy or (ii) other than adjustments made in the Ordinary Course of Business, existing accrued unpaid Indebtedness to any Governmental Authority or to any Program or Third Party Payor.

(d) Neither the Company nor, to the Knowledge of the Company, any physician that orders services provided by the Company nor any officer, director, shareholder or, to the Knowledge of the Company, employee or agent of the Company or any Health Care Professional, has been charged, convicted or indicted for a Program-related offense, nor has the Company or any officers, directors, employees or shareholders or, to the Knowledge of the Company, been debarred, excluded or suspended from participation in Medicare, Medicaid, the State Children's Health Insurance Program, TRICARE (formerly known as Civilian Health and Medical Program of the Uniformed Services or CHAMPUS), or any other Program or been subjected to any order or consent decree of, or criminal or civil fine or penalty imposed by, any Governmental Authority related thereto. The Company has not arranged or contracted with (by employment or otherwise) any Person that is excluded or suspended from participation in any Program, or from the provision of services or items for which payment may be made under such Program. The Company is not party to any corporate integrity or other agreement with any Governmental Authority. No officer, director, employee, agent, shareholder or managing employee (as such term is defined in 42 U.S.C. § 1320a-5(b)) of the Company has been excluded from any Program or any other federal health care program (as defined in 42 U.S.C. § 1320a-7b(f)), been subject to sanction pursuant to 42 U.S.C. § 1320a-7a or 1320a-8, or been convicted of a crime described at 42 U.S.C. § 1320a-7b, nor, to the Knowledge of the Company, is any such exclusion, sanction or conviction threatened or pending.

(e) With respect to the generation, transportation, treatment, storage, disposal and other handling of medical waste, the Company has been and is in compliance with the Medical Waste Tracking Act of 1988, 42 U.S.C. § 6992, et seq., the United States Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 U.S.C. § 2501, et seq., the Marine Protection, Research and Sanctuaries Act of 1972, 33 U.S.C. § 1401 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651, et seq., the United States Department of Health and

Human Services, National Institute for Occupational Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119, et seq., and all other applicable Laws regulating medical waste or imposing requirements relating to medical waste.

(f) The Company is in compliance with all Laws relating to patient, medical or individual healthcare information, including HIPAA, as it has been amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and the Federal Alcohol and Other Drugs Confidentiality Law and regulations at 42 USC 290dd-3 and 42 CFR Part 2 (collectively, the “**Health Information Laws**”), and, except as disclosed on Section 3.31(f) of the Disclosure Schedule, has implemented all measures required for it to comply with the Health Information Laws. The Company has entered into, where required, Business Associate (as defined in HIPAA) agreements, and is in compliance with the terms of all Business Associate agreements to which the Company is a party or otherwise bound. The Company has created and maintained written policies and procedures to protect the privacy of all patient information, and has implemented security procedures and is continuing to further refine and implement and putting in writing commercially reasonable and legally compliant security procedures, including physical and electronic safeguards, to protect all personal information stored or transmitted in electronic form. The Company has not received any written inquiries from the U.S. Department of Health and Human Services or any other Governmental Authority or any other Person regarding the Company's compliance with the Health Information Laws, and the policies and procedures of the Company have not been rejected by any applicable certification organization which has reviewed such policies and procedures, or to which such policies and procedures have been submitted, for Health Information Law compliance. The Company is not aware of any violation of Health Information Laws by any of its Business Associates. The Company has not been debarred, excluded or suspended from participation under Medicare, Medicaid, TRICARE or any other Federal health care program as that term is defined at 42 U.S.C. §1320a-7b(f) or by any Third Party Payor. No successful “security incident” as defined in 45 C.F.R. 164.304 has occurred with respect to “protected health information” as defined in 45 C.F.R. 164.103 in possession or under the control of the Company.

Section 3.32 Health Care Professional Licensure; Accreditation.

(a) At all times during which a Health Care Professional has provided any health care services to or on behalf of the Company, to the Knowledge of the Company, such Health Care Professional has been and is duly licensed to practice in each applicable jurisdiction, if so required, and each such Health Care Professional has been and is validly registered with the United States Drug Enforcement Administration (“**DEA**”) under Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, 21 U.S.C. § 801, et seq. (commonly known as the Controlled Substances Act) if so required. The Company has not been denied or lost, had revoked or rescinded any professional license, DEA registration or accreditation application.

(b) To the Knowledge of the Company, none of its current Health Care Professionals (i) has been reprimanded, suspended, sanctioned or disciplined by any licensing board or any federal or state Governmental Authority, professional society, hospital, third-party payor or specialty board, (ii) is currently under review by the medical staff of any hospital, (iii)

has had a final judgment or settlement without judgment entered against him or her in connection with a malpractice or similar action, (iv) has, to the Knowledge of the Company, during the time the applicable Health Care Professional provided or provides services for the Business, used drugs or any controlled substances (other than those medications lawfully prescribed by a medical doctor that do not interfere with that person's capacity to perform his or her duties) or abused alcohol; (v) has during the time the applicable Health Care Professionals provided or provides service for the Business been the subject of any criminal complaint, indictment or criminal proceedings; (vi) has been the subject of any investigation or proceeding, whether administrative, civil or criminal, relating to an allegation of filing false health care claims, violating anti-kickback, Stark self-referral amendments or other self-referral, or fee-splitting Laws, or engaging in other billing improprieties; or (vii) has been the subject of any allegation, or any investigation or proceeding based on any allegation of violating professional ethics or standards, or engaging in illegal, immoral or other misconduct (of any nature or degree), relating to his or her profession. Other than as set forth in Section 3.32(b) of the Disclosure Schedule, since January 1, 2010 there has been no death, injury or accident requiring medical attention involving any Health Care Professional or any current or former client of the Company or its predecessor entities.

ARTICLE IV REPRESENTATIONS AND WARRANTIES REGARDING SELLERS

Sellers, severally and not jointly, represent and warrant to Buyer that the statements contained in this Article IV are true, correct and complete as of the date hereof and will be true, correct and complete as of the Closing Date.

Section 4.1 Authority of Sellers. Each Seller has full power and authority to enter into this Agreement and the Ancillary Agreements to which such Seller is a party, to carry out his, her or its respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement and each such Ancillary Agreement to which each Seller is a party have been duly executed and delivered by each such Seller, and (assuming due authorization, execution and delivery by the counterparties hereto and thereto) this Agreement and the Ancillary Agreements constitute a legal, valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms except to the extent that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally, and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 4.2 No Conflicts; Consents. The execution and delivery of this Agreement and the Ancillary Agreements by any Seller, the performance by any Seller of such Seller's obligations hereunder or thereunder and the consummation by any Seller of the transactions contemplated hereby or thereby will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Charter Documents of such Seller; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the

Company or such Seller; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Seller is a party or by which such Seller is bound; or (d) result in the creation or imposition of any Lien on any property or asset of the Company or such Seller.

Section 4.3 Contributed Shares. Each Seller owns, of record and beneficially, the number of Contributed Shares set forth next to such Seller's name on Section 4.3 of the Disclosure Schedule, free and clear of all Liens. No Seller is a party to any option, warrant, purchase right, or other Contract (other than this Agreement) that could require such Seller to sell, transfer, or otherwise dispose of any capital stock of or equity interest in the Company. No Seller is a party to any voting trust, proxy, or other Contact or understanding with respect to the voting of any capital stock of or equity interest in either Company.

Section 4.4 Litigation. There is no Action pending or, to the Knowledge of any Seller, threatened against any Seller that could reasonably be expected to adversely affect any Seller's performance under this Agreement or prevent or materially delay the Closing. No Seller is subject to any outstanding order, writ, injunction or decree that could materially and adversely affect any Seller's performance under this Agreement.

Section 4.5 Purchase for Investment; Accredited Investor; No Public Market. The Rollover Common Shares are being acquired by the Sellers solely for investment purposes and not with a view to the sale or distribution of any part thereof. No Seller has any present intention of selling, granting participation in, or otherwise distributing the Rollover Common Shares, and neither Seller is a party to any Contract with any Person to sell, transfer or grant participations to such Person, or to any third party, with respect to the Rollover Common Shares. Such Seller has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Rollover Common Shares. Such Seller acknowledges that the Rollover Common Shares have not been, and will not be, registered under the Securities Act or any state securities Laws, and are subject to transfer restrictions. Such Seller is able to bear the economic risk of an investment in the Rollover Common Shares, including risks associated with holding the Rollover Common Shares for an extended period of time. Such Seller is an "accredited investor" as defined in Rule 501 of the Securities Act. Neither Seller will, directly or indirectly, dispose of the Rollover Common Shares, except in compliance with applicable federal and state securities Laws. Such Seller understands that no public market now exists for any of the Rollover Common Shares and that there is no assurance that a public market will ever exist for the Rollover Common Shares.

Section 4.6 Brokers' Fees and Commissions. None of Sellers or any of their Affiliates, Family Members or Representatives has any Liability to pay any fees or commissions to any investment banker, broker, finder, or agent in connection with the transactions contemplated hereby.

ARTICLE V
REPRESENTATIONS AND WARRANTIES REGARDING BUYER AND NCP

Buyer hereby represents and warrants to Sellers that the statements contained in this Article V are true, correct and complete as of the date hereof and will be true, correct and complete as of the Closing Date.

Section 5.1 Existence and Qualification. Buyer is a corporation validly existing and in good standing under the Laws of the State of Delaware, with all requisite corporate power and authority to own, lease and operate its properties and to carry on its businesses as now being conducted. Buyer has provided Sellers with complete and correct copies of its Charter Documents and the draft Amended and Restated Certificate of Incorporation of the Company in substantially the form to be filed with the secretary of state of the State of Delaware and such Amended and Restated Certificate of Incorporation permits the issuance of the Buyer Preferred Stock, the Buyer Common Stock, the Rollover Class A Common Shares and the Rollover Class B Common Shares. Each NCP Fund is a limited partnership validly existing and in good standing under the Laws of the State of Delaware, with all requisite corporate power and authority to own, lease and operate its properties and to carry on its businesses as now being conducted.

Section 5.2 Authorization. Buyer and each NCP Fund has full power and authority to enter into this Agreement and the Ancillary Agreements to which it is a party, to carry out its respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. As of the Closing, Buyer shall have the full power and authority to issue the Rollover Common Shares and the Class B Rollover Common Shares pursuant to the terms and conditions of this Agreement. This Agreement and each such Ancillary Agreement to which Buyer or any NCP Fund is a party have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by the counterparties hereto and thereto) this Agreement and the Ancillary Agreements constitute a legal, valid and binding obligation of Buyer or such NCP Fund, as applicable, enforceable against Buyer or such NCP Fund, as applicable, in accordance with its terms except to the extent that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws now or hereafter in effect relating to creditors' rights generally, and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 5.3 No Conflicts; Consents. The execution and delivery of this Agreement and the Ancillary Agreements by Buyer, the performance by Buyer of its obligations hereunder or thereunder and the consummation by Buyer of the transactions contemplated hereby or thereby will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Charter Documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would

constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which Buyer is a party or by which Buyer is bound; or (d) result in the creation or imposition of any Lien on any property or asset of Buyer.

Section 5.4 Brokers' Fees and Commissions. Neither Buyer nor any of its Affiliates or Representatives has any Liability to pay any fees or commissions to any investment banker, broker, finder, or agent in connection with the transactions contemplated hereby.

Section 5.5 Purchase for Investment; Accredited Investor. Buyer is acquiring the Contributed Shares for its own account for investment purposes and not with a view to the distribution of the Contributed Shares. Buyer has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Contributed Shares. Buyer acknowledges that the Contributed Shares have not been, and will not be, registered under the Securities Act, or any state securities Laws. Buyer is able to bear the risk of an investment in the Contributed Shares, including risks associated with holding the Contributed Shares for an extended period of time. Buyer is an "accredited investor" as defined in Rule 501 of the Securities Act.

Section 5.6 Litigation. There are no Actions pending or, to the knowledge of Buyer, threatened, by or against Buyer, or administrative proceedings to which Buyer is a party, which would prevent the consummation of the transactions contemplated by this Agreement.

Section 5.7 Anti-Sandbagging. Buyer has not intentionally failed to inform the Company and Sellers of any specifics as to any existing breaches of any of the Company's representations and warranties as of the date hereof of which Buyer is actively aware.

ARTICLE VI COVENANTS

Section 6.1 Conduct of Business of the Company Prior to the Closing. Except as contemplated by this Agreement or with the prior written consent of Buyer, during the period from the date of this Agreement to the Closing, Sellers will (x) cause the Company to conduct its business and operations in the Ordinary Course of Business, and (y) use commercially reasonable efforts consistent therewith to preserve intact the Company's properties, assets and business organization, to keep available the services of the Company's officers and employees and to maintain, preserve and retain reasonably satisfactory relationships with clients, suppliers, payors, distributors and others having commercially beneficial business relationships with the Company. Without limiting the generality of the foregoing, Sellers will cause the Company not to, and will not permit the Company to, take any of the following actions without the prior written consent of Buyer (such consent to not be unreasonably withheld or delayed):

(a) issue, sell or pledge, or authorize or propose the issuance, sale or pledge of additional shares of capital stock of any class or interests, or securities convertible into any such shares or interests, or any rights, warrants or options to acquire any such shares or interests or other convertible securities;

(b) redeem, purchase or otherwise acquire any outstanding shares of the Company Common Stock; provided, however, that the Company may redeem shares of Company Common Stock from [Vieau/the Trust] [Discuss] immediately prior to the Closing to the extent the redemption price paid therefor will not result in the Company's Net Working Capital being less than the Target Working Capital (the effect of any such redemption to be taken into account in the Seller's Estimated Net Working Capital calculation delivered to Buyer prior to the Closing pursuant to Section 2.4(a) hereof);

(c) propose or adopt any amendment to the Charter Documents of the Company;

(d) except for the sale of inventory in the Ordinary Course of Business, (i) sell, transfer or otherwise dispose of any of its properties or assets or (ii) mortgage or encumber any of its properties or assets;

(e) enter into, materially amend, relinquish, fail to renew or terminate any Material Contract or License;

(f) declare, set aside or pay any dividend or other distribution in respect of the Company's capital stock; provided, however, that the Company may declare and pay dividends or other distributions in respect of the Company's capital stock immediately prior to the Closing to the extent the dividends or distributions paid therefor will not result in the Company's Net Working Capital being less than the Target Working Capital (the effect of any such dividend or distribution to be taken into account in the Seller's Estimated Net Working Capital calculation delivered to Buyer prior to the Closing pursuant to Section 2.4(a) hereof);

(g) except with respect to capital projects approved prior to the date hereof and set forth on Section 6.1(g) of the Disclosure Schedule, enter into any agreement or commitment involving an aggregate capital expenditure or aggregate capital commitment exceeding \$50,000;

(h) issue any note, bond or other debt security, incur any other Indebtedness or guarantee any Indebtedness of another Person;

(i) make any loan to, or enter into any other transaction with, any individual shareholder, director, officer, or employee of the Company;

(j) except (x) as required under the terms of any Employee Benefit Plan in effect on the date hereof, or any applicable Law (each such requirement as set forth on Section 6.1(j) of the Disclosure Schedule) or (y) in connection with the transaction bonuses set forth on Schedule 6.1(j) (for the avoidance of doubt, which shall constitute Transaction Expenses hereunder), (A) increase or modify the benefits under, grant any new benefits under or amend any Employee Benefit Plan, (B) adopt or enter into any new Employee Benefit Plan or terminate any Employee Benefit Plan, (C) merge or transfer any Employee Benefit Plan or the assets or liabilities of any Employee Benefit Plan or change the sponsor of any Employee Benefit Plan, (D) increase the compensation or benefits (including, without limitation, salary, wages,

commissions, bonuses, incentives, pension or benefits) payable to any current or former officer, employee, director or consultant of the Company, (E) exercise any discretion to accelerate the vesting or payment of any compensation or benefit under any Employee Benefit Plan, (F) take any action to fund the payment of compensation or benefits under any Employee Benefit Plan or fail to make any required contribution to any Employee Benefit Plan, or (G) enter into any new contract, agreement or arrangement providing for compensation or benefits (including, without limitation, salary, wages, commissions, bonuses, incentives, pension or benefits) to any officer, employee, director or consultant of the Company;

(k) extend any offers of employment to potential directors, officers, employees or consultants earning in excess of \$100,000 per annum or terminate any such existing relationships;

(l) recognize any union, negotiate, enter into or amend any collective bargaining agreement or any agreement with any works council, oppose any union organizing campaign, participate in any union decertification campaign, settle any material grievances or unfair labor practice charges, file any unfair labor practice charges, or otherwise take any action similar to the foregoing;

(m) enter into or consummate any transaction involving the acquisition of the business, stock, assets or other properties of any other Person, other than the acquisition of inventory or equipment in the Ordinary Course of Business;

(n) except as may be required as a result of a change in Law or in GAAP, change any of its accounting methods, principles or practices;

(o) settle, initiate or compromise any Action; provided, however, that the Company may settle or compromise the Action set forth on Schedule 6.1(o) prior to the Closing to the extent (i) any such settlement or compromise involves the payment of cash and (ii) any cash payments made under such settlement or compromise will not result in the Company's Net Working Capital being less than the Target Working Capital (the effect of any such settlement or compromise payment to be taken into account in the Seller's Estimated Net Working Capital calculation delivered to Buyer prior to the Closing pursuant to Section 2.4(a) hereof);

(p) file any amended Tax Return, make or revoke any Tax election or enter into any agreement in respect of Taxes, including the settlement of any Tax controversy, adoption or change of any accounting method in respect of Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes; or

(q) agree to take any of the foregoing actions.

(r) From the date hereof until the Closing Date, to the extent Sellers or the Company has knowledge of the commencement or scheduling of any Tax audit, the assessment of any Tax, the issuance of any notice of Tax due or any bill for collection of any Tax due or the commencement or scheduling of any other administrative or judicial proceeding with

respect to the determination, assessment or collection of any Tax of the Company, Sellers or, if relevant, the Company shall provide prompt notice to Buyer of such matter, setting forth information (to the extent known) describing any asserted Tax Liability in reasonable detail and including copies of any notice or other documentation received from the applicable Tax authority with respect to such matter.

Section 6.2 Efforts. Subject to the terms and conditions herein provided, each of the Parties hereto agrees to use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under applicable Laws and regulations to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement. If at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, including, without limitation, the execution of additional instruments, the Parties to this Agreement shall use all commercially reasonable efforts to take such action, at no material additional cost to such Party, unless agreed by such Party.

Section 6.3 Consents and Approvals; Third Party Communications.

(a) The Parties hereto each will cooperate with one another and use commercially reasonable efforts to prepare all necessary documentation to effect promptly all necessary filings and to obtain all necessary permits, consents, approvals, orders and authorizations of, or any exemptions by, all third parties and Governmental Authorities necessary to consummate the transactions contemplated by this Agreement. Each Party will keep the other Parties apprised of the status of any inquiries made of such Party by any Governmental Authority or members of their respective staffs with respect to this Agreement or the transactions contemplated hereby. Buyer and Sellers shall each pay fifty percent (50%) of all fees and expenses regarding compliance with regulatory and/or antitrust Laws and the filings for the Certificate of Need in Connecticut, and each of Buyer and Sellers shall be responsible for their own professional fees incurred in connection therewith.

(b) Each Party hereto shall promptly notify Buyer of any communication it or any of its Affiliates or Representatives receives from any Governmental Authority or other Person relating to the matters that are the subject of this Agreement or any Ancillary Agreement and give Buyer the reasonable opportunity to review in advance any related proposed communication by such Party to any Governmental Authority or other Person. No party shall agree to participate in any meeting with any Governmental Authority in respect of any related filings, investigation or other inquiry, or with any other Person with whom the Company has or is seeking to have a material business relationship, unless it consults with Buyer in advance and, to the extent permitted by such Governmental Authority or other Person, gives Buyer the opportunity to attend and participate in such meeting. Subject to the terms of Section 6.7, each Party will coordinate and cooperate fully with Buyer in exchanging such information and providing such assistance as Buyer may reasonably request in connection with the foregoing and will keep Buyer informed of all correspondence, filings or communications between such Party or any of its Affiliates or Representatives, on the one hand, and any Governmental

Authority or other Person, on the other hand, with respect to this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby.

Section 6.4 Public Announcements. From the date hereof until the Closing, unless otherwise required by applicable Law based upon the reasonable advice of counsel, no Party to this Agreement shall make any public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of Buyer and the Sellers' Representative, and the Parties shall cooperate as to the timing and contents of any such announcement. Notwithstanding the foregoing, from and after the Closing, (a) Buyer shall not be restricted from making any public announcements or issuing any press releases with respect to the transactions contemplated by this Agreement, and (b) neither Seller nor any of their respective Affiliates or Representatives shall make any public announcement or issue any press release or make any disclosure to any third party concerning the transactions contemplated by this Agreement or the conduct or operations of Buyer or the Company without the prior written consent of Buyer.

Section 6.5 Disclosure Supplements.

(a) From the date hereof until the Closing, Sellers shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Company and/or Sellers hereunder not being true and correct, or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.2 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(iv) any Action commenced or, to the Knowledge of Sellers, threatened against, relating to or involving or otherwise affecting the Company or any Seller that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.17 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) From and after the date of this Agreement until the earlier of the termination of this Agreement or the Closing, the Sellers' Representative may update the Disclosure Schedule for informational purposes only by preparing and delivering to Buyer supplements or amendments (which may contain additional subsections that are not in existence

as of the date of this Agreement). Notwithstanding the foregoing, in no event shall any such update be deemed to have supplemented and/or amended the Disclosure Schedule (whether retroactively as of the date of this Agreement, as of the Closing Date, or otherwise) for purposes of modifying any representations and warranties or covenants of the Company or the Sellers or, and shall have no effect on the indemnification obligations of the Sellers set forth in this Agreement.

Section 6.6 Continuing Indemnification.

(a) Indemnification and Insurance. Buyer agrees that all rights to indemnification or exculpation now existing in favor of the directors, advisory board members or officers of the Company (the “**Company Indemnified Parties**”) as provided in the Charter Documents of the Company, or as provided in any agreements between a Company Indemnified Party and the Company set forth on Section 6.6(a) of the Disclosure Schedule (the “**Indemnification Agreements**”) shall continue in full force and effect (or Buyer shall provide comparable coverage) for a period of not less than six (6) years from the Closing Date; provided, however, that in the event any claim or claims are asserted or made within such six (6)-year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims. Any determination required to be made with respect to whether a Company Indemnified Party's conduct complies with the standards set forth in the Governing Instruments or the Indemnification Agreements shall be made by independent counsel selected by Buyer and reasonably satisfactory to the Company Indemnified Party (whose fees and expenses shall be paid by the Company). Buyer agrees to cause the Company to fully perform all obligations to be performed by the Company under the Governing Instruments and the Indemnification Agreements. Buyer further agrees that, for six (6) years after the Closing, the Company shall, at the cost of Company, maintain officers' and directors' liability insurance policies indemnifying and holding harmless the Company Indemnified Parties with respect to any actions or omissions occurring prior to the Closing, to the extent of such coverage as currently maintained by the Company; provided, however, that in the event any claim is asserted or made within such six (6)-year period, coverage under such insurance shall be continued in respect thereof until final disposition of such claim. In the event the foregoing indemnities or insurance policies become unavailable or unenforceable for any reason during the time periods set forth above, Buyer agrees to cause the Company to indemnify and hold harmless the Company Indemnified Parties to the same extent as if such indemnities and insurance were available and in full force and effect.

(b) Binding on Successors. In the event that the Company or any of its successors or assigns (i) consolidates with, merges into or conducts an interest exchange with any other Person and shall not be the continuing or surviving corporation or entity of such consolidation, merger or interest exchange, or (ii) transfers all or substantially all of its properties, assets or stock to any Person, then, in each such case, proper provision shall be made so that the successors and assigns of the Company (or their respective successors and assigns) shall assume the obligations set forth in this Section 6.6.

Section 6.7 Confidentiality.

(a) Subject to Section 6.4, the Parties shall keep this Agreement and the execution and terms hereof confidential; provided that each of the Parties may disclose such matters to its directors, officers, executive employees and advisors to such extent as may be reasonable for the negotiation, execution, consummation and performance of this Agreement.

(b) Sellers will, and will cause their Affiliates to, hold, and will use their reasonable efforts to cause their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Company; provided, that that the foregoing shall not apply to any Seller that is an employee of the Company following the Closing to the extent such information is used solely for the benefit the Company.

(c) The foregoing obligations of confidentiality in this Section 6.7 do not pertain to the disclosure of information which is available publicly, is required to be disclosed by any court or other Governmental Authority or any Party discloses, upon advice of counsel, in order to comply with applicable Law. The Parties recognize and agree that in the event of a breach by any of them of this Section 6.7, money damages would not be an adequate remedy to the injured party for such breach and, even if money damages were adequate, it would be impossible to ascertain or measure with any degree of accuracy the damages sustained by such injured party therefrom. Accordingly, if there should be a breach or threatened breach by any of Buyer, Sellers' Representative or Sellers of the provisions of this section, the injured Party shall be entitled to an injunction restraining the breaching Party from any breach without showing or proving actual damage sustained by the injured Party. Nothing in the preceding sentence shall limit or otherwise affect any remedies that any of Buyer, Sellers' Representative or any of Sellers may otherwise have under applicable Law.

Section 6.8 Resignations. Prior to or at the Closing, Sellers will cause each of the members of the board of directors of the Company to terminate any consulting or similar agreement or arrangement with the Company (provided that any indemnification with respect to their service as a member of the board of directors of the Company shall remain in effect), effective as of the Closing.

Section 6.9 Standstill.

(a) From the date hereof until the Closing, neither the Company nor any Seller shall, and the Company and the Sellers shall cause their respective Affiliates, Representatives, and their Affiliates' respective Representatives not to, directly or indirectly: (i) encourage, solicit, initiate, facilitate or continue discussions, proposals, inquiries, or offers regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to (including, without limitation, by way of providing access to the Company's management), any Person concerning a possible Acquisition Proposal; or (iii) enter into any letter of intent, memorandum of understanding, commitment, agreement or other instrument (whether or not binding) regarding an Acquisition Proposal. Sellers and the Company shall immediately cease and cause to be terminated, and shall cause their respective Affiliates, their respective Representatives, and their Affiliates' respective Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted

heretofore with respect to, or that could lead to, an Acquisition Proposal. Sellers and the Company shall not, and shall cause their respective Affiliates, their respective Representatives, and their Affiliates' respective Representatives not to, respond to any inquiry made by any Person concerning any Acquisition Proposal (including, without limitation, Persons with whom the Company, Sellers or their Representatives may have had discussions prior to the date hereof).

(b) For purposes hereof, “**Acquisition Proposal**” shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning: (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving the Company; (ii) the issuance or acquisition of shares of Company Common Stock or other equity securities of the Company; or (iii) the sale, lease, exchange or other disposition of any significant portion of the Company's properties or assets.

(c) In addition to the other obligations under this Section 6.9, the Company shall promptly (and in any event within twenty-four (24) hours after receipt thereof by the Company, any Seller or any Affiliates or Representatives thereof) advise Buyer verbally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal received after the date of this Agreement, any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal received after the date of this Agreement, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(d) Sellers and the Company agree that the rights and remedies for noncompliance with this Section 6.9 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 6.10 Tax Matters.

(a) Sellers will, on a joint and several basis, indemnify and hold Buyer and each other Buyer Indemnified Party harmless from and with respect to any and all Damages arising out of or relating to: (i) Taxes of the Company with respect to any Pre-Closing Tax Period or the portion of any Straddle Period ending on the Closing Date (determined in accordance with Section 6.10(e)); (ii) any Liability of the Company for Taxes of others (for example, by reason of transferee Liability or application of Treasury Regulation Section 1.1502-6 or otherwise) with respect to any Pre-Closing Tax Period or the portion of any Straddle Period ending on the Closing Date (determined in accordance with Section 6.10(e)), other than such Taxes arising under any lease or contract entered into in the ordinary course of business and that does not relate primarily to Taxes to the extent such Taxes are not due and owing as of the Closing Date; (iii) breach of any representation or warranty made by Sellers in Section 3.10(d) or Section 3.15; (iv) breach by Sellers of any Tax-related covenant made by Sellers in Section 6.1 or any covenant in this Section 6.10; and (v) Transfer Taxes for which such Sellers are liable in accordance with Section 6.10(g) hereof. Notwithstanding the previous sentence, Sellers shall not be liable for Taxes under this Section 6.10(a) to the extent that such liability for Taxes is

specifically taken into account in the determination of Final Net Working Capital or that were previously paid on or prior to the Closing Date by the Company or the Sellers, including as payments of Indebtedness or Transaction Expenses required to be made pursuant to Section 2.2 herein. For the purposes of this Section 6.10(a), reference to “Damages” of any description shall be deemed to include amounts that would have constituted “Damages” but for the set off or other utilization of any loss, deduction or credit realized in, or attributable to, a Post Closing Tax Period. Buyer shall indemnify Sellers for any Damages resulting from a breach by Buyer or NCP of any of its Tax-related covenants in Sections 2.7, 6.1, and this Section 6.10, and Transfer Taxes for which Buyer is liable in accordance with Section 6.10(g) hereof. All payments made under or pursuant to this Section 6.10(a) shall be paid in accordance with the provisions of Sections 10.6 and 10.7, and are subject to the provisions of Sections [10.4(b)], 10.5, and 10.8, [including without limitation the Fundamental Indemnity Cap].

(b) After the Closing, Sellers and Buyer shall: (i) reasonably assist the other Party and their Affiliates in preparing and filing any Tax Returns required to be filed on behalf of Sellers, Buyer, or the Company in accordance with this Section 6.10 and preparing for any audits of, or disputes with Taxing authorities regarding any Tax Returns of the Company, including without limitation providing appropriate duly authorized officers of the Company to execute Tax Returns of the Company prepared in accordance with this Section 6.10 and power of attorneys with respect to Taxes of the Company to the extent consistent with the provisions of Section 6.10; (ii) make available to the other, as reasonably requested, all information, records and documents relating to the Company up to Closing; (iii) provide timely notice to the other in writing of any pending or threatened Tax audits or assessments for Tax periods for which the other may have a Liability under this Section 6.10; and (iv) furnish the other with copies of all correspondence received from any Taxing authority in connection with any Tax audit or information request with respect to any such taxable period. The requesting Party shall bear all out-of-pocket costs and expenses incurred by the other Party hereto in providing such assistance. Buyer and Sellers shall retain copies of all Tax Returns, schedules, work papers, records and other documents in its possession relating to Tax matters with respect to the Company for periods or portions thereof before the Closing Date until sixty (60) days after the expiration of the applicable statute of limitations with respect to such Tax matters.

(c) Except as otherwise provided in Section 6.10(i), Sellers shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company for Tax periods ending on or before the Closing Date (“**Pre-Closing Tax Periods**”). Sellers shall permit Buyer to review and comment on each such Tax Return described in the prior sentence a reasonable period of time prior to the earlier of the due date for filing, if any, or filing of such Tax Return (but with respect to any income Tax Return, at least ten (10) Business Days prior to the earlier of the due date for filing, if any, or filing of such Tax Return) and shall make such revisions to such Tax Returns as are reasonably requested by Buyer provided that such revisions are in compliance with applicable Law, do not expose the Company or Sellers to any penalties, and do not increase the Sellers' Liabilities for Taxes under this Agreement. All Tax Returns to be prepared by or for the Company pursuant to this Section 6.10(c) shall, except as otherwise required by Law, be prepared in a manner consistent with the past practice of the Company. Sellers shall be responsible for payment of all Taxes of the Company shown on the Tax Returns

for such Pre-Closing Tax Periods (other than Transfer Taxes to the extent provided in Section 6.10(g)) to the extent such Taxes have either not already been taken into account in the determination of the Final Net Working Capital or have been previously paid on or prior to the Closing Date by the Company or the Sellers, including in the payment of Indebtedness or Transaction Expenses required to be made pursuant to Section 2.2 herein. The payments required by this Section 6.10(c) shall be made in each case three (3) days prior to the earlier of the due date for filing, if any, or filing of the applicable Tax Return for the Pre-Closing Tax Period.

(d) Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company other than those addressed in Section 6.10(c). Buyer shall permit Sellers' Representative to review and comment on each Tax Return for a Straddle Period a reasonable period of time prior to the due date of such Tax Return (but with respect to any income Tax Return, at least ten (10) Business Days prior to the due date of such Tax Return) and shall make such revisions to such Tax Returns as are reasonably requested by Sellers' Representative provided that such revisions are in compliance with applicable Law and do not expose the Company or Buyer to any penalties and do not increase Taxes other than Taxes for which Sellers are responsible under this Agreement. [Buyer shall not make or cause the Company to make any election or waiver on or with respect to any Tax Return (including an election under Code Section 338) that would increase the Tax liabilities of the Company or reduce the Tax benefits or Tax Refunds of the Company, in each case with respect to a Pre-Closing Tax Period or the portion of any Straddle Period ending on the Closing Date (determined in accordance with Section 6.10(e)) or which would otherwise adversely affect the Taxes of the Sellers or the Liabilities of the Sellers under this Agreement, without the prior written consent of the Sellers' Representative.] Sellers shall be responsible for and shall pay all Taxes of the Company shown on a Tax Return for a Straddle Period for the portion of the Straddle Period ending on the Closing Date as determined under Section 6.10(e) hereof (other than Transfer Taxes to the extent provided in Section 6.10(g)) to the extent such Taxes have not already been specifically taken into account in the determination of Final Net Working Capital or have been previously paid on or prior to the Closing Date by the Company or the Sellers including as payment of Indebtedness or Transaction Expenses. The amounts required to be paid by Sellers under this Section 6.10(d) shall be paid in each case three (3) days prior to the earlier of the due date for filing, if any, or the filing of the applicable Tax Return on which the payment of such Tax is due to the applicable Taxing authority. Buyer shall pay or cause the Company to timely pay all other amounts due with respect to the Tax Returns required to be prepared and filed under this Section 6.10(d).

(e) In the case of any Straddle Period, the amount of any Taxes for the portion of such Straddle Period ending on the Closing Date shall (i) in the case of ad valorem or property Taxes, be deemed to be the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period before and including the Closing Date and the denominator of which is the total number of calendar days in the Straddle Period, and (ii) in the case of all other Taxes be determined based on an interim closing of the books as of the close of business on the Closing Date. For the avoidance of doubt, the Parties further understand and agree that all Tax

deductions attributable to the payment of Transaction Expenses or the payments with respect to the Certificates of Participation, in each case, on or before the Closing Date shall be taken into account or allocated to a Pre-Closing Tax Period or the portion of the Straddle Period that ends on the Closing Date for U.S. federal income Tax purposes and state income Tax purposes.

(f) Buyer shall promptly notify Sellers in writing upon receipt by Buyer or the Company of a written notice of any pending or threatened Tax audits or assessments for which Sellers may have Liability pursuant to this Agreement (“**Tax Contest Claims**”); provided, however, that no failure or delay by Buyer to provide notice of a Tax Contest Claim shall reduce or otherwise affect the obligation of Sellers hereunder, except and only to the extent that Sellers are materially prejudiced in their defense of such Tax Contest Claim by such failure or delay. Buyer and Sellers shall cooperate with each other in the conduct of any Tax Contest Claim. Sellers shall have the right to control at their expense the conduct of any Tax Contest Claim with respect to any Pre-Closing Tax Period if Sellers agree in writing that Sellers are liable for all Taxes payable with respect to such Tax Contest Claim and Sellers timely act to assume the defense of such Tax Contest Claim (any such claim, a “**Sellers' Tax Contest Claim**”); provided, however, that: (i) Sellers shall keep Buyer informed regarding the progress and substantive aspects of any Sellers' Tax Contest Claim, including providing Buyer with all written materials relating to such Tax proceeding received from the relevant Governmental Authority; (ii) Buyer shall be entitled to participate in any Sellers' Tax Contest Claim, including having an opportunity to comment on any written materials prepared in connection with any Sellers' Tax Contest Claim and attending any conferences relating to any Sellers' Tax Contest Claim; and (iii) Sellers shall not compromise or settle any Sellers' Tax Contest Claim without obtaining Buyer's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. In the event of any conflict between this Section 6.10(f) and any other provision herein, this Section 6.10(f) shall control. If Sellers fail to notify Buyer within thirty (30) days after receipt of Buyer's notice of a Tax Contest Claim with respect to a Pre-Closing Tax Period or elect not to assume the defense of a Tax Contest Claim with respect to a Pre-Closing Tax Period, Buyer shall be entitled to assume the defense of such Tax Contest Claim at the expense of Sellers. In such case, Buyer's and Company's expenses associated with a Tax Contest Claim for a Pre-Closing Tax Period shall be recoverable as Damages in accordance with Section 6.10(a).

(g) Notwithstanding anything to the contrary in this Agreement, all Transfer Taxes incurred in connection with the transactions contemplated in this Agreement shall be borne 50% by Buyer and 50% by Sellers. For this purpose, the Party responsible for payment under applicable Tax Law shall pay or cause to be paid the Transfer Taxes to the appropriate Taxing authority when due to the extent not taken into account in Net Working Capital, provided however, the other Party shall then reimburse such responsible Party for one-half of such Transfer Taxes within ten days of written notice from such responsible Party following payment of such Transfer Taxes to the Taxing authority. The Party responsible for filing under applicable Tax Law shall file or cause to be timely filed prior to the applicable due date all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and provide to the other Party at least five (5) Business Days prior to the due date a copy of the applicable Tax Return for such Transfer Taxes for such other Party's review and comments which such

responsible Party shall consider in good faith. If required by applicable Law, each Party will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation. “**Transfer Taxes**” means all sales, use, stamp, registration, value added, goods and services and other substantially similar Taxes and fees (including any penalties and interest). Each of the Parties hereto agree to cooperate and file any refund claim, exemption or other documentation as permitted by applicable Law to reduce or eliminate the amount of Transfer Taxes, if any. If Buyer or Company (or their Affiliates) receives a refund or credit of such Transfer Taxes to the extent such refund or credit is not taken into account in Net Working Capital it shall within three days of the receipt of such refund or credit, pay to the Sellers' Representative for the benefit of the Sellers, an amount equal to one-half of the refund (or dollar value of the credit). If any Seller receives a refund or credit of such Transfer Taxes, it shall within three days of the receipt of such refund or credit, pay to Buyer an amount equal to one-half of the refund (or dollar value of the credit).

(h) An exact copy of any Tax Return relating to the Company filed by Sellers under Section 6.10(c) and evidence of payment of such Taxes shall be provided to Buyer no later than ten (10) Business Days after such Tax Return is filed.

(i)

(A) Notwithstanding anything to the contrary in this Agreement, Sellers shall (i) not file, or permit the Company to file, any amended Tax Return relating to the Company (or otherwise change such Tax Returns or make an election) with respect to Taxable periods ending on or prior to the Closing Date without a written consent of Buyer if such amendment adversely affects Buyer or the Company and (ii) shall be entitled to any refund of Taxes that were paid as Transaction Expenses or Indebtedness pursuant to Section 2.2 herein and any refund of Taxes of the Company received by the Company with respect to a Pre-Closing Tax Period, except to the extent such refund was factored into the determination of the Final Net Working Capital or such refund arises (determined on a with and without basis) from a loss carryback of the Company or other Tax attribute with respect to a Post-Closing Tax Period or is allocable to or incurred in the portion of any Straddle Period beginning after the Closing Date. Buyer shall cause the Company to pay over to the Sellers' Representative for the benefit of the Sellers other than the Phantom Participants and to the Company for the benefit of the Phantom Participants the amount of such Tax refunds within five (5) business days of the receipt of the applicable refund from the applicable Governmental Authority. Sellers' Representative shall be permitted to file at its expense on behalf of the Company any claim for a refund of Taxes of the Company (including through an amended Tax Return) for a Pre-Closing Tax Period or for Taxes paid as Transaction Expenses or Indebtedness pursuant to Section 2.2 herein provided that such refund claim is in accordance with applicable Law, is prepared in accordance with Section 6.1(c) herein and if such refund claim could reasonably be expected to adversely affect the Buyer or Taxes of the Company with respect to a Straddle Period or Post-Closing Tax Period,

Buyer provides its prior written consent. Buyer and the Company shall cooperate in accordance with Section 6.10(b) with respect to the filing of any refund claim in accordance with this Section 6.10(i)(A).

(j) In the event that a dispute arises between Sellers and Buyer as to the amount of Taxes or indemnification or any matter relating to Taxes attributable to the Company, the Parties shall attempt in good faith to resolve such dispute, and any agreed upon amount shall be paid to the appropriate Party. If such dispute is not resolved within thirty (30) days thereafter, the dispute shall be resolved by an accounting firm reasonably acceptable to Buyer and Sellers as arbitrator, and the determination of such arbitrator so engaged shall be final, conclusive, binding and non-appealable for all purposes under this Agreement. The fees, costs and expenses of the arbitrator incurred in connection with any such determination shall be shared equally by Buyer, on the one hand, and Sellers, on the other.

(k) To the extent permitted by applicable Law, the Parties agree that any indemnification payments (and/or payments or adjustments) made with respect to this Section 6.10 shall be treated for all Tax purposes as adjustments to the Purchase Price.

(l) This Section 6.10 shall survive until sixty days after the expiration of the statute of limitations (as extended), with respect to the applicable Tax.

Section 6.11 Non-Competition; Non-Solicitation, etc.

(a) No Seller shall, during the Restricted Period, directly or indirectly: (i) engage in or assist others in engaging in the Business in the Territory in any manner; (ii) have a direct or indirect interest in any Person that engages, directly or indirectly, in the Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, advisor, trustee or consultant; or (iii) intentionally interfere in any respect with the business relationships (whether formed prior to or after the date of this Agreement) between the Company and its clients or suppliers; provided that the foregoing restrictions shall not prohibit any Seller from engaging in the Business on behalf of Buyer and its Affiliates. Notwithstanding the foregoing, a Seller may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if such Seller is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own two percent (2%) or more of any class of securities of such Person.

(b) No Seller shall, during the Restricted Period, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients of the Company or any potential clients of the Company for purposes of (i) diverting their business or services from the Company or (ii) marketing, leasing, selling or providing any product or service that is, or is proposed to be, competitive with any product or service marketed, leased, sold or provided by the Company.

(c) No Seller shall, during the Restricted Period, directly or indirectly, (i) solicit any employee of the Company or encourage any such employee to leave such employee's employment with the Company (except pursuant to a general solicitation which is not

directed specifically to any such employees), or (ii) hire any person employed by the Company at any time during the six (6) month period prior to the Closing Date.

(d) If a Seller breaches, or threatens to commit a breach of, any of the provisions of this Section 6.11, each of Buyer and the Company shall have the following rights and remedies:

(i) the right and remedy to have such provision specifically enforced by any court having jurisdiction, it being acknowledged and agreed that any such breach or threatened breach may cause irreparable injury to each of Buyer and the Company and that money damages may not provide an adequate remedy to Buyer or the Company; and

(ii) the right and remedy to recover from such Seller any and all monetary damages suffered by Buyer or the Company, as the case may be, as the result of any acts or omissions constituting a breach of this Section 6.11.

(e) Such Seller acknowledges that the restrictions contained in this Section 6.11 are reasonable and necessary to protect the legitimate interests of Buyer and the Company and constitutes a material inducement to Buyer to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements. In the event that any covenant contained in this Section 6.11 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 6.11 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 6.12 Buyer's Financing Activities. Buyer shall use commercially reasonable efforts to take all actions necessary to consummate the debt and equity financings needed to consummate the transaction contemplated hereby. Sellers shall provide, and shall cause the Company and its Representatives to provide, all cooperation reasonably requested by Buyer in connection with the equity and debt financing needed in order to consummate the transactions contemplated hereby and by the Ancillary Documents and fund the working capital requirements of the Company after the Closing, including (a) participation in meetings, presentations and due diligence discussions, (b) upon request, furnishing Buyer and its financing sources with financial statements and other pertinent information regarding the Company as may be reasonably requested by Buyer, (c) assisting Buyer and its financing sources in the preparation of (i) an offering document for any debt raised to complete the transactions contemplated by this Agreement and (ii) materials for rating agency presentations, (d) granting Buyer, its accountants, its financing sources and their respective Representatives full and complete access to the books

and records of the Company and to any employees or other Representatives of the Company knowledgeable about such books and records, in each case, to the extent reasonably requested by Buyer, (e) providing and executing documents as may be reasonably requested by Buyer, including a certificate of the chief financial officer of the Company with respect to solvency matters and consents of accountants for use of their reports in any materials relating to the Financing, (f) granting and perfecting (effective at Closing) a security interest in any collateral and assisting in the negotiation and execution of agreements required in connection with the Financing, (g) providing reasonable and customary management and legal representations to the accountants of the Company, and (h) reasonably cooperating with the marketing efforts of Buyer and its financing sources for any debt raised by Buyer to complete the transactions contemplated by this Agreement; provided, however, that neither Sellers nor the Company shall be required to pay any commitment or other similar fee or incur any other Liability in connection with the equity and debt financing, except, in the case of the Company, following the Closing. Buyer shall, promptly upon request by Sellers, reimburse Sellers for all reasonable documented out of pocket costs incurred by Sellers or the Company in connection with such cooperation.

Section 6.13 Access to Information. From the date hereof until the Closing, the Company shall, (a) afford Buyer and its Representatives full and free access, at all reasonable times, upon reasonable prior notice to Vieau, and in a manner not to interfere with the normal business operations of the Company, to, and the right to inspect all of, the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company, (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of Sellers and the Company to cooperate with Buyer in its investigation of the Company.

Section 6.14 Litigation Support. In the event and for so long as any Party hereto or Affiliate thereof is actively contesting or defending any action in connection with (i) any transaction contemplated under this Agreement or the Ancillary Agreements or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction in existence or occurring on or prior to the Closing Date involving the Company, each of the other Parties shall cooperate with such contesting party and such contesting party's counsel in such defense or contest, make available its personnel, and provide such testimony and access to its books and records as shall be reasonably necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending party (except with respect to any claim for indemnification under Article X or Section 6.10(a)).

Section 6.15 Release and Discharge. Effective at Closing, except for the indemnification and other rights set forth in this Agreement and the Ancillary Agreements, in connection with continuing employment arrangements with the Company or in connection with a Seller's owning Buyer Common Stock following the Closing, as applicable, each Seller hereby, without any further action, releases and forever discharges Buyer, the Company, their respective Affiliates, and each of their Affiliates' respective officers, managers, directors, employees, shareholders, members or partners and Affiliates from any and all Liabilities, claims, obligations,

actions, causes of action, suits at law or in equity of whatever kind or nature, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, commitments, controversies, promises, variances, trespasses, judgments, verdicts, extents, executions, Encumbrances, payments, Losses, damages, costs, attorneys' fees, expenses, and demands of any kind or nature, which such Seller may have or may have had, known or unknown, during any period of time, prior to the Closing against Buyer, the Company, or any of their respective Affiliates, or any of their or their Affiliates' officers, managers, directors, employees, shareholders, members or partners.

Section 6.16 Parachute Payments. Prior to the Closing, the Company shall submit to the Company's shareholders who are entitled to vote (as determined under Section 280G(b)(5)(B) of the Code and the regulations promulgated thereunder) any and all payments or other benefits contingent on the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements (within the meaning of Section 280G(b)(2)(A)(i) of the Code and the regulations promulgated thereunder) for a vote in a manner such that, if such vote is adopted by such shareholders in a manner that satisfies the shareholder approval requirements under Section 280G(b)(5)(B) of the Code and regulations promulgated thereunder, no payment received by any "disqualified individual" would be a "parachute payment" under Section 280G(b) of the Code (determined without regard to Section 280G(b)(4) of the Code). Such vote shall establish such "disqualified individual's" right to the payment or other compensation. In addition, the Company shall provide adequate disclosure (in a manner that satisfies Section 280G(b)(5)(B)(ii) of the Code and regulations promulgated thereunder) to such shareholders of all material facts concerning all payments that, but for such vote, could be deemed "parachute payments" to any such "disqualified individual" under Section 280G of the Code. The Company agrees to provide written drafts of the shareholder disclosure statement and shareholder approval forms that will be provided to such shareholders to Buyer for Buyer's approval (which approval shall not be unreasonably delayed, withheld or conditioned) in advance of delivering such documents to such shareholders, and allow Buyer and its representatives a reasonable opportunity to provide comments on such documents. For the avoidance of doubt, the Closing is not contingent on the submission or adoption of such vote.

ARTICLE VII CLOSING CONDITIONS

Section 7.1 Conditions to Each Party's Obligations Under this Agreement. The respective obligations of each Party under this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions:

(a) the Parties shall have received all of the consents, authorizations, orders and approvals from, and delivered all notices and made all filings with, all Governmental Authorities including with Connecticut with respect to the Certificate of Need and as otherwise set forth on Schedule 7.1(a); and

(b) no injunction, restraining order or other ruling or order issued by any court of competent jurisdiction or Governmental Authority or other legal restraint or

prohibition preventing the consummation of the transactions contemplated hereby shall be in effect.

Section 7.2 Conditions to the Obligations of Buyer Under this Agreement. The obligations of Buyer under this Agreement shall be further subject to the satisfaction or written waiver, at or prior to the Closing, of the following conditions:

(a) each of the obligations of the Company and/or Sellers required to be performed by the Company and/or Sellers at or prior to the Closing pursuant to this Agreement shall have been duly performed and complied with in all material respects, and the representations and warranties of the Company and/or Sellers contained in this Agreement shall be true and correct in all respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date as though made at and as of the Closing Date (except as to any representation or warranty which specifically relates to an earlier date and representations and warranties qualified by “materiality” or “Material Adverse Effect”, which shall be true and correct in all respects as so qualified), and Buyer shall have received a certificate to that effect signed by Vieau and a duly authorized officer of the Company; provided, however, that notwithstanding anything contained in Section 6.5(b) to the contrary, any inaccuracies in the representations and warranties of the Company and/or Sellers contained in this Agreement which are corrected after the date of this Agreement by way of updates to the Disclosure Schedule by the Sellers’ Representative pursuant to Section 6.5(b) shall be disregarded for purposes of this Section 7.2(a) to the extent such inaccuracies taken together do not constitute a Material Adverse Effect;

(b) all third party notices, consents, waivers, approvals or authorizations required to be delivered or obtained, and all filings required to be made by the Company for the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements listed on Schedule 7.2(b) shall have been delivered, obtained or made by Sellers and/or the Company, and shall each be in a form reasonably acceptable to Buyer;

(c) each of the Sellers, the Company and the Escrow Agent, as applicable, shall have executed and delivered each Ancillary Agreement to which any of the Sellers, the Company or the Escrow Agent is a party;

(d) Vieau shall have executed and delivered the Employment Agreement;

(e) each Seller shall each deliver to Buyer an executed affidavit, in accordance with Code Section 1445(b)(2) and Treasury Regulation Section 1.1445-2(b), certifying that such Seller is not a foreign person and setting forth such Seller's name, taxpayer identification number and address;

(f) N/A;

(g) since the date of this Agreement, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect;

(h) Buyer shall have obtained, on commercially reasonable terms and conditions satisfactory to it, all of the financing needed in order to consummate the transactions contemplated hereby and fund the working capital requirements of the Company after the Closing in accordance with the terms of the term sheet entered into by Buyer and Webster Bank, N.A.;

(i) the Company shall have executed and delivered each of the Contracts of Sale for the purchase of Acquisition Properties in substantially the form attached as Exhibit E hereto;

(j) the Company shall have obtained (i) a title commitment issued by a title company selected by Buyer (the "**Title Company**"), together with a copy of all documents referenced therein (including, without limitation, any surveys), and (ii) a new title insurance policy from the Title Company (the "**Title Insurance Policy**") insuring the Company's fee simple title to the Owned Real Property as of the Closing Date (other than the Acquisition Properties) (including all recorded appurtenant easements, insured as separate legal parcel), with gap coverage from the Title Company through the date of recording, in such amounts as the Company shall reasonably determine to be the value of the Owned Real Property insured thereunder (other than the Acquisition Properties), and which shall include such endorsements the Company shall reasonably request, in form and substance reasonably satisfactory to the Company;

(k) Sellers shall have delivered to Buyer current surveys ("**Survey**") of the Owned Real Property, in form acceptable to Buyer, the Title Company and Buyer's financing source, and shall have corrected any defects to title (including, without limitation, any encroachments onto the Owned Real Property) shown on the Survey and corrected any exceptions to coverage and addressed any other issues, raised by the Title Company or Buyer, as the result of any conditions shown on the Survey, and the Survey shall have been included as part of the Title Insurance Policy;

(l) Sellers shall have delivered a copy of each letter issued by the applicable Governmental Authority, evidencing the Company's compliance with all applicable building codes, fire codes, other health and safety rules and regulations, parking, density and height requirements and other building and zoning laws together with a copy of all certificates of occupancy issued with respect to the Owned Real Property;

(m) Sellers shall have delivered to Buyer and the Title Company such affidavits, documentation or certificates as the Title Company and/or Buyer's financing sources shall require; and

(n) Sellers shall have delivered to Buyer the additional items, if any, set forth in Section 7.1(a).

Section 7.3 Conditions to the Obligations of Sellers Under this Agreement. The obligations of Sellers under this Agreement shall be further subject to the satisfaction or written waiver, at or prior to the Closing, of the following conditions:

(a) each of the obligations of Buyer required to be performed by Buyer at or prior to the Closing pursuant to the terms of this Agreement shall have been duly performed and complied with in all material respects, and the representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date as though made at and as of the Closing Date (except as to any representation or warranty which specifically relates to an earlier date, and representations and warranties qualified by “materiality” or “Material Adverse Effect”, which shall be true and correct in all respects as so qualified), and Sellers shall have received a certificate to that effect signed by a duly authorized officer or director of Buyer;

(b) each of Buyer or NCP (or an Affiliate thereof), as applicable, shall have executed and delivered each Ancillary Agreement to which any of Buyer or NCP (or an Affiliate thereof) is a party; and

(c) Sellers shall have received a copy of Buyer's board of directors authorizing resolutions, if required.

ARTICLE VIII CLOSING

Section 8.1 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of Morrison Cohen LLP located at 909 Third Avenue, New York, New York, 10022, (a) on the earlier of (i) the date selected by Buyer that is not less than three (3) Business Days after the satisfaction or waiver of the conditions to the Closing set forth in Article VII (except for those conditions that by their terms are to be satisfied on the Closing Date), and (ii) [December 31, 2015]; provided, however, that, as of such date, the conditions to the Closing set forth in Article VII have been satisfied or waived (except for those conditions that by their terms are to be satisfied on the Closing Date), or (b) at such other time and place and on such other date as Buyer and Sellers shall agree (the “**Closing Date**”). The Closing shall be effective as of 11:59 p.m. (Eastern Standard Time) on the Closing Date.

Section 8.2 Closing Deliveries. At the Closing:

(a) Sellers shall deliver, or cause to be delivered, to Buyer the following:

(i) the certificate described in Section 7.2(a);

- (ii) the documents set forth in Section 7.2 herein;
- (iii) certificates representing all of the Contributed Shares in appropriate form reasonably acceptable to Buyer for transfer to Buyer or accompanied by stock powers duly executed in blank;
- (iv) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying the names and signatures of the officers of the Company authorized to sign this Agreement, the Ancillary Agreements and the other documents to be delivered hereunder and thereunder;
- (v) a copy of the Charter Documents of the Company certified by, as applicable (i) the secretary of state of the State of Connecticut and (ii) an authorized officer of the Company;
- (vi) a good standing certificate (or its equivalent) for the Company from the secretary of state of the State of Connecticut; and
- (vii) all other previously undelivered documents required to be delivered by Sellers to Buyer at or prior to the Closing pursuant to the terms of this Agreement.

(b) Buyer shall deliver or cause to be delivered the following:

- (i) the certificate described in Section 7.3(a) herein;
- (ii) the documents set forth in Section 7.3 herein;
- (iii) the Estimated Purchase Price in accordance with Section 2.2;
- (iv) share certificates evidencing the Non-Escrowed Rollover Common Shares following the consummation of the transactions contemplated by this Agreement; and
- (v) all other previously undelivered documents required to be delivered by Buyer to Sellers at or prior to the Closing pursuant to the terms of this Agreement.

ARTICLE IX TERMINATION AND ABANDONMENT

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

- (a) by mutual written consent of Sellers and Buyer; or

(b) by written notice from Buyer, if Buyer is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by any Seller and/or the Company pursuant to this Agreement that would give rise to (i) the failure of any of the conditions specified in Article VII or (ii) a Material Adverse Effect, and such breach, inaccuracy or failure has not been or cannot be cured by such Seller or the Company, as applicable, within ten (10) days of receipt by such Seller or the Company, as applicable, of written notice of such breach from Buyer;

(c) by written notice from Sellers, if neither Seller nor the Company is then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been or cannot be cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from Sellers; or

(d) by written notice from Sellers, on the one hand, or Buyer, on the other hand:

(i) if a court of competent jurisdiction or Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree or ruling the Parties hereto shall use their reasonable best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable; or

(ii) if the Closing shall not have occurred on or before [December 31, 2015]; provided, however, that the right to terminate this Agreement shall not be available to any party whose breach of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date [and provided that if the Transaction does not close by [December 31, 2015] as a result of the Connecticut Certificate of Need not being issued, rather than terminating, for a period of up to thirty (30) days, the Parties will use commercially reasonable efforts to negotiate revisions to the purchase price to put the Parties in substantially the same economic position as if the transactions had closed by [December 31, 2015].]

Section 9.2 Procedure and Effect of Termination. In the event of termination of this Agreement and abandonment of the transactions contemplated hereby pursuant to Section 9.1, written notice thereof shall forthwith be given to the other Parties to this Agreement and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the Parties hereto. If this Agreement is terminated as provided herein, no Party hereto shall have any Liability or further obligation to any other Party to this Agreement resulting from such termination except that (a) this Section 9.2 and Article XI shall remain in full force and effect, and (b) no Party waives any claim or right against any other Party with respect to any breach, inaccuracy or non-performance by a Party hereto of any of its representations,

warranties, covenants or agreements set forth in this Agreement occurring prior to such termination.

ARTICLE X INDEMNIFICATION

Section 10.1 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties made in this Agreement or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing and continue in full force and effect for a period ending on the date which is thirty (30) calendar days following receipt by Buyer of the audited financial statements of the Company for the fiscal year ending December 31, 2016 (the “**Survival Period**”); provided, however, that (i) the representations and warranties set forth in Section 3.10(d) or Section 3.15 (Taxes) and Section 3.11 (Employee Benefit Plans) shall survive the Closing until the date which is sixty (60) days after the expiration of the applicable statute of limitations (including any extensions thereof); (ii) Section 3.19 (Environmental Matters), Section 3.31 (Health Care Regulatory Compliance), Section 3.32 (Health Care Professional Licensure; Accreditation) shall survive the Closing and continue in full force and effect for a period ending on the three (3) year anniversary of the Closing Date; and (iii) the representations and warranties set forth in Section 3.1 (Existence and Qualification), Section 3.2 (Execution; Authorization; Enforceability), Section 3.3 (No Violation) Section 3.4 (Capitalization), Section 3.9 (Indebtedness), Section 3.13 (Brokers; Fees and Commissions), Section 3.16 (Title to Assets), Section 4.1 (Authority of Sellers), Section 4.2 (No Conflicts; Consents), Section 4.3 (Contributed Shares), Section 4.6 (Brokers' Fees and Commissions), Section 5.1 (Existence and Qualification), Section 5.2 (Authorization), Section 5.3 (No Violation), and Section 5.4 (Brokers' Fees and Commissions) (collectively, the “**Fundamental Representations**”) shall survive the Closing indefinitely; provided further, however, that any claim made by the Indemnified Party seeking to be indemnified within the applicable survival period set forth in this Section 10.1 shall survive until such claim is finally and fully resolved. Covenants and other agreements contained in this Agreement which by their nature or the terms thereof are intended, or can reasonably be construed, to survive the Closing shall survive the execution and delivery of this Agreement, the Closing and the consummation of the transactions contemplated hereby and shall be fully effective and enforceable for the periods therein indicated or, where not indicated, until 60 days after the expiration of the applicable statute of limitations (including any extensions thereof). The right to indemnification, payment of Damages and other remedies based on representations, warranties, covenants and obligations in this Agreement shall not be affected by any investigation conducted or any knowledge acquired (or capable of being acquired) by any Party at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of, or compliance with, any such representation, warranty, covenant or obligation.

Section 10.2 Indemnity.

(a) Subject to the limitations and other provisions of this Agreement, including Section 6.10 and including the minimum amounts and the time limitations set forth in

Section 10.4 hereto, Sellers (the “**Seller Indemnifying Parties**”) will, severally but not jointly, hold Buyer, its Representatives and its Affiliates (including the Company), each of their respective shareholders, members, partners, officers, directors, managers, employees, agents, and each of the heirs, executors, successors and assigns of any of the foregoing (each, a “**Buyer Indemnified Party**”) harmless from and with respect to any and all claims, Liabilities, losses, damages, deficiencies, Actions, judgments, interest, awards, penalties, dues, fines, obligations, Taxes, Liens, costs, fees and expenses, including courts costs and fees and reasonable fees and disbursements of attorneys, accountants, financial advisors and other experts, amounts paid in settlement and costs of investigation (collectively, “**Damages**”) arising out of or relating to (i) any breach of, or inaccuracy in, any representation or warranty made by such Seller or the Company in this Agreement or in any certificate or instrument delivered by or on behalf of any Seller and/or the Company pursuant to this Agreement, (ii) any breach or non-performance of any covenant made by such Seller or by the Company in this Agreement with respect to the period ending on and including the Closing Date or (iii) any Liabilities related to the matters set forth on Schedule 10.2.

(b) Subject to the limitations and other provisions of this Agreement, including the minimum amounts and the time limitations set forth in Section 10.4 hereto, Buyer (the “**Buyer Indemnifying Party**”) will indemnify and hold Sellers, their respective Representatives and Affiliates, each of their respective shareholders, members, partners, officers, directors, managers, employees, agents, and each of the heirs, executors, successors and assigns of any of the foregoing (each, a “**Seller Indemnified Party**”) harmless from and with respect to any and all Damages arising out of or relating to (i) any breach of, or inaccuracy in, any representation or warranty made by Buyer in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, or (ii) any breach of any covenant made by Buyer in this Agreement. Buyer Indemnified Parties and the Seller Indemnified Parties are sometimes referred to herein collectively as an “**Indemnified Party**”. The Buyer Indemnifying Party and the Seller Indemnifying Parties are sometimes referred to herein collectively as an “**Indemnifying Party**”.

Section 10.3 Third Party Claims.

(a) Indemnified Party shall promptly notify Indemnifying Party of any Action at any time instituted against or made upon Indemnified Party by any third party for which Indemnified Party may seek indemnification hereunder (each, a “**Third Party Claim**”) of such Third Party Claim; provided, however, that the failure to so notify Indemnifying Party shall not relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is materially prejudiced in its defense of such Action by such failure. Indemnifying Party shall have thirty (30) days after receipt of such notice to notify Indemnified Party if it has elected to assume the defense of such Third Party Claim, provided, however, that Indemnified Party shall in any event be entitled to take such actions as are reasonably necessary to avoid prejudicing Indemnified Party's rights with respect to such Third Party Claim during such thirty (30)-day period while it awaits notice from Indemnifying Party. If Indemnifying Party elects to assume the defense of such Third Party Claim, Indemnifying Party shall be entitled, at its own expense, to conduct and control the defense and settlement of

such Third Party Claim through counsel of its own choosing that is reasonably acceptable to Indemnified Party; provided, however, that Indemnifying Party shall not, without the prior written consent of Indemnified Party, settle, compromise or consent to the entry of any judgment in respect of any Third Party Claim unless such settlement, compromise or consent to entry of judgment (i) does not result in or lead to any Liability or the creation of a financial or other obligation on the part of Indemnified Party, (ii) does not impose an injunction or other equitable relief upon Indemnified Party, and (iii) provides, in form acceptable to Indemnified Party, for the unconditional release of Indemnified Party from all Liabilities in connection with such Third Party Claim, and the Indemnifying Party desires to accept and agree to such offer. Indemnified Party shall cooperate in all reasonable respects with Indemnifying Party and its Representatives in the investigation, trial and defense of such Third Party Claim; provided, however, that Indemnified Party may participate in the investigation, trial and defense of such Third Party Claim with its own counsel at its own expense or, if the nature of the Damages is such that, in the opinion of counsel, there is a conflict of interest or potential conflict of interest between the Indemnified Party and the Indemnifying Party, the Indemnifying Party shall bear the cost of Indemnified Party's counsel. If Indemnifying Party fails to notify Indemnified Party within thirty (30) days after receipt of Indemnified Party's notice of a Third Party Claim or elects, by written notice to Indemnified Party, not to assume the defense of such Third Party Claim, Indemnified Party shall be entitled to assume the defense of such Third Party Claim at the expense of Indemnifying Party, provided, however, that Indemnified Party may not settle or compromise any Third Party Claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without Indemnifying Party's consent (such consent not to be unreasonably or untimely withheld, conditioned or delayed).

(b) [Parties need to agree on process and allocation of costs for audit by payor related to both pre- and post-Closing.]

Section 10.4 Limitations of Liability.

(a) An Indemnifying Party shall not be required to indemnify an Indemnified Party hereunder for any Damages arising under Section 10.2(a)(i) or Section 10.2(b)(i), as applicable, until the aggregate amount of Damages for which an Indemnified Party is entitled to indemnification pursuant to such Section exceeds \$250,000 (the “**Indemnity Threshold**”), in which event Indemnifying Party shall be required to pay or be liable for all Damages (counting from the first dollar). The aggregate amounts payable by each Indemnifying Party with respect to all claims for indemnification arising under Section 10.2(a)(i) or Section 10.2(b)(i) shall not exceed \$3,600,000 (the “**General Indemnity Cap**”).

(b) Notwithstanding anything set forth in Section 10.4(a), except as set forth in Section 10.4(c), Damages arising with respect to any breach of, or inaccuracy in (i) any Fundamental Representation or (ii) the representations and warranties of the Company set forth in Section 3.15 (Taxes), shall not be subject to the Indemnity Threshold or the General Indemnity Cap, provided, however, the aggregate amounts payable by each Indemnifying Party with respect to all claims for indemnification arising under Section 6.10, Section 10.2(a)(i) and/or Section 10.2(b)(i), as applicable, including any breach of, or inaccuracy in, (i) any

Fundamental Representations or (ii) the representations and warranties of the Company set forth in Section 3.15 (Taxes), shall not exceed the Purchase Price (the “**Fundamental Indemnity Cap**”).

(c) Notwithstanding anything set forth in Section 10.4(a) or Section 10.4(b), Damages arising with respect fraud, willful misconduct or intentional misrepresentation, shall not be subject to the Indemnity Threshold, the General Indemnity Cap or the Fundamental Indemnity Cap.

(d) No action or claim for Damages pursuant to Section 6.10, Section 10.2(a) or Section 10.2(b), as applicable, shall be brought or asserted by an Indemnified Party after the applicable survival period set forth in Section 6.10(l) or Section 10.1 herein unless an Indemnified Party has asserted a claim for such Damages within such applicable survival period.

Section 10.5 Net Liability.

(a) For purposes of Section 6.10 and this Article X, in computing any individual or aggregate amounts of Damages for indemnification, the amount of such Damages shall be deemed to be an amount net of any insurance proceeds actually received by an Indemnified Party (net of the costs of recovery, including deductibles paid and any increases in premiums with respect to the two (2) year period following such insurance recovery) and any indemnity, contribution or other similar payment from any third party actually received by an Indemnified Party with respect thereto (net of costs of recovery).

(b) If any representation or warranty contained herein or in any certification delivered pursuant hereto or referred to herein is limited or qualified based on materiality, including the terms “material”, “Material Adverse Effect” or similar qualifications, such limitation or qualification shall be given no effect for purposes of determining the amount of any Damages.

Section 10.6 Payments. Once Damages are agreed to or finally adjudicated to be payable pursuant to this Article X (each, a “**Date of Determination**”) or Section 6.10, (a) any payment due to any Buyer Indemnified Party by Sellers (each, a “**Seller Payment**”) shall be made from the following sources and in the following order of priority: (i) first, from the following sources in the Proportional Escrow Amounts: (A) out of the portion of the Cash Escrow Account, if any, then held in escrow and not previously distributed pursuant to the terms of the Escrow Agreement, by Buyer and Sellers' Representative executing and delivering to the Escrow Agent joint written instructions directing the Escrow Agent to disburse or transfer to Buyer the amount of the Seller Payment from the Cash Escrow Account, and (B) by transfer, free and clear of all Liens, of Escrowed Rollover Common Shares to Buyer (determined on the basis that each Escrowed Rollover Common Share shall have a value equal to the Rollover Common Shares Closing Share Price) (such shares, the “**Escrowed Indemnification Shares**”); provided, however, that if the Cash Escrow Account is used to satisfy any Adjustment Difference pursuant to Section 2.4(i), then, once the Cash Escrow Account has been exhausted, any remaining Seller Payment obligation shall be paid from the remaining Escrowed Rollover Common Shares, and

(ii) thereafter, by Sellers (A) by wire transfer of immediately available funds to an account specified by the Buyer Indemnified Party and (B) to the extent that Damages due to any Buyer Indemnified Party by Sellers exceed, in the aggregate, the Cash Payment, then, at the election of Sellers, by transfer, free and clear of all Liens, of Non-Escrowed Rollover Common Shares to Buyer (determined on the basis that each Escrowed Rollover Common Share shall have a value equal to the Rollover Common Shares Closing Share Price) (such shares, the “**Non-Escrowed Indemnification Shares**”, and together with the Escrowed Indemnification Shares, the “**Indemnification Shares**”), and (b) any payment due to any Seller Indemnified Party by Buyer shall be made by Buyer by wire transfer of immediately available funds to an account specified by the Seller Indemnified Party. All cash payments pursuant to this Section 10.6 shall be made within three (3) Business Days of the applicable Date of Determination. In the event that any Seller transfers any Indemnification Shares pursuant to Section 10.6(a)(i)(B) or Section 10.6(a)(ii)(B), the Indemnification Shares shall be returned to the treasury of the Company and any stock certificates or other evidences of ownership of Indemnification Shares shall be canceled, null and void and Buyer shall be permitted to modify its books and records to reflect the forfeiture and redemption of such Indemnification Shares. Each Seller agrees to execute and deliver, and hereby grants the Secretary of the Company the power of attorney to execute and deliver on behalf of such Seller, all instruments, including stock powers and other documents or agreements as may be reasonably requested by Buyer in order to effectuate any of the transfer of the Indemnification Shares to Buyer and agrees to hold Buyer harmless from any federal, state or local income Tax liability such Seller may incur as a result of any of the foregoing. The foregoing power of attorney granted by each Seller to Buyer is given in consideration of the agreements and covenants of the parties hereto in connection with the transactions contemplated by this Agreement and, as such, each is coupled with an interest and shall be irrevocable until this Agreement terminates pursuant to Article IX or is amended to remove such grant of power of attorney in accordance with Section 11.2. At Buyer's election, the Rollover Common Shares shall be imprinted with restrictive legends to reflect the provisions of this Article X.

Section 10.7 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 10.8 Exclusive Remedies. Subject to Section 11.13, the Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity, intentional misrepresentation or willful misconduct on the part of a Party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, whether constituting a Third Party Claim or a direct claim, shall be pursuant to the indemnification provisions set forth in Section 6.10 and this Article X. Nothing in this Section 10.8 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any Person's fraudulent, criminal, willful or intentional misconduct.

Section 10.9 Tax Claims. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company

(including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.15 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in Section 6.10) shall be governed exclusively by Section 6.10 hereof.

ARTICLE XI ADDITIONAL PROVISIONS

Section 11.1 Sellers' Representative.

(a) Upon execution of this Agreement by Sellers, each Seller will be deemed to have irrevocably appointed Vieau, as its, his or her true and lawful attorney-in-fact and agent (as may be replaced in accordance with Section 11.1(c) (the “**Sellers' Representative**”), each with full power of substitution or resubstitution, to act solely and exclusively on behalf of such Seller with respect to the transactions contemplated by this Agreement, and to act on behalf of such Seller in any proceeding involving this Agreement, to do or refrain from doing all such further acts and things and to execute all such documents as Sellers' Representative shall reasonably deem necessary or appropriate in connection with the transactions contemplated hereby, including the power:

(i) to act for such Seller with regard to matters pertaining to the indemnification referred to in this Agreement, including the power to investigate, defend, prosecute, pay, settle or compromise any indemnity claim on behalf of such Seller;

(ii) to act for such Seller with regard to matters pertaining to any adjustment to the Purchase Price provided for herein, including the power to pay or compromise any such adjustment on behalf of such Seller;

(iii) to execute and deliver all agreements, documents and instruments (including the Ancillary Agreements) in connection with the transactions contemplated hereby or any renewals, amendments or terminations thereto that Sellers' Representative deems necessary or appropriate;

(iv) to receive funds, make payments of funds, and give receipts for fund on behalf of such Seller;

(v) to receive funds for the payment of expenses of such Seller and apply such funds in payment for such expenses;

(vi) to provide notices, instructions and other communications pursuant to and in connection with this Agreement and the Ancillary Agreements on behalf of such Seller;

(vii) to make all decisions and take all actions relating to such Seller's rights, obligations and remedies under this Agreement and the Ancillary Agreements;

(viii) to do or refrain from doing any further act or deed on behalf of such Seller that Sellers' Representative deems necessary or appropriate in Sellers' Representative's sole discretion relating to the subject matter of this Agreement as fully and completely as such Seller could do if personally present; and

(ix) to receive service of process in connection with any claims under this Agreement.

(b) The appointment of Sellers' Representative shall be deemed coupled with an interest and shall be irrevocable, and Buyer and any other person may conclusively and absolutely rely, without inquiry, upon any action of Sellers' Representative in all matters referred to herein. Any action taken by Sellers' Representative must be in writing and must be signed by Sellers' Representative. All notices required to be made or delivered by Buyer to any of Sellers under this Agreement shall be made to Sellers' Representative for the benefit of such Seller and shall discharge in full all notice requirements of Buyer to such Seller with respect thereto. By their appointment of Sellers' Representative, Sellers thereby confirm all that Sellers' Representative shall do or cause to be done by virtue of its appointment as the representative of Sellers hereunder. Sellers' Representative shall act for Sellers on all of the matters set forth in this Agreement (including the Ancillary Agreements) in the manner Sellers' Representative reasonably believes to be in the best interest of Sellers and in a manner consistent with the obligations of Sellers under this Agreement. Sellers' Representative shall not have any duties or responsibilities except those expressly set forth in this Agreement, and no implied covenants, functions, responsibilities, duties or liabilities, or the existence of any partnership or other fiduciary relationship between Sellers and Sellers' Representative, shall be read into this Agreement or shall otherwise exist against Sellers' Representative. By approval of this Agreement, Sellers hereby agree (a) to reimburse Sellers' Representative for all out-of-pocket costs and expenses incurred by Sellers' Representative under this Agreement, including fees for any attorneys or other representative that may be employed, and (b) to severally (without, for the avoidance of doubt, any right of contribution from Buyer or the Company) indemnify and hold harmless and defend Sellers' Representative, its agents and assigns against all Losses arising out of or in connection with (i) Sellers' Representative's omissions to act, or actions taken, resulting from, arising out of, or incurred in connection with, or otherwise with respect to this Agreement, or (ii) services taken with respect to this Agreement or reasonably believed to be in the scope of Sellers' Representative.

(c) In the event that Sellers' Representative terminates its legal existence or resigns from its position as Sellers' Representative, Vieau shall select a replacement Sellers' Representative, which replacement Sellers' Representative shall be deemed to be Sellers' Representative for all purposes of this Agreement.

Section 11.2 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written instrument signed by Buyer and Sellers' Representative and consented to by NCP.

Section 11.3 Waiver of Compliance; Consents. Any failure of Buyer, on the one hand, or of Sellers or the Company, on the other hand, to comply with any obligation, covenant, agreement or condition contained herein may be waived in writing by Sellers' Representative or Buyer (with the consent of NCP), respectively, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any other failure.

Section 11.4 Severability. The Parties believe that every provision of this Agreement is effective and valid under applicable Law, and whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid. If any portion of this Agreement is found to be invalid or unenforceable for any reason, any court or other tribunal adjudicating the rights and duties of the Parties under this Agreement shall alter, modify or strike portions of this Agreement so that it will be enforceable to the fullest extent permitted by Law. If any provision of this Agreement is held, in whole or in part, to be invalid, the remainder of such provision and this Agreement shall remain in full force and effect, with the offensive term or condition being stricken to the extent necessary to comply with any conflicting Law and the Parties agree to be bound to a valid, legal and enforceable substitute provision that best reflects the Parties' original intention.

Section 11.5 Expenses and Obligations. Except as otherwise provided herein, all costs and expenses incurred by Buyer and/or NCP in connection with the transactions contemplated by this Agreement shall be paid by Buyer, and all costs and expenses incurred in connection with the transactions contemplated by this Agreement by Sellers and/or the Company shall be paid by Sellers, whether or not the Closing shall have occurred; provided, however, that any expenses related to compliance with regulatory Laws shall be paid as set forth in Section 6.3.

Section 11.6 Parties in Interest. Except as provided in Section 6.10 or Article X, this Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 11.7 Notices. All communications must be sent to the respective Parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.7):

(a) If to Buyer, to:

CT Clinical Partners, Inc.
c/o North Castle Partners
183 East Putnam Avenue

Greenwich, CT 06830
Attention: Louis Marinaccio
Telephone:(203) 862-3200
Fax:(203) 862-3271
Email: lou@northcastlepartners.com

with a copy to (which shall not constitute notice):

Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Attention: David A. Scherl, Esq. and
Perry A. Pappas, Esq.
Telephone:(212) 735-8600
Fax:(212) 735-8708
Email: dscherl@morrisoncohen.com
ppappas@morrisoncohen.com

(b) If to Sellers, to:

CT Clinical Partners, Inc.
c/o David Peter Vieau
521 State Street
Gilford, Connecticut 06437
Telephone:(203) 887-2661
Fax: _____
Email: vieau97@hotmail.com

with a copy to (which shall not constitute notice):

Goldberg Kohn Ltd.
55 East Monroe Street, Suite 3300
Chicago, IL 60603
Attention: Denise B. Caplan, Esq.
Telephone:(312) 201-3901
Fax:(312) 863-7401
Email: denise.caplan@goldbergkohn.com

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested), (c) on the date sent by facsimile or e-mail of a

PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid.

Section 11.8 Applicable Law; Legal Venue.

(a) The terms and conditions of this Agreement shall be governed, construed, interpreted and enforced in accordance with the domestic Laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY ONLY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF NEW YORK, IN EACH CASE LOCATED IN THE COUNTY OF NEW YORK, IN THE STATE OF NEW YORK, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG

OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.8(c).

(d) Notwithstanding the foregoing, the Parties agree that the results of the dispute resolution provisions of Sections 2.4(d) and 6.10(j) will be final and binding on the Parties.

Section 11.9 Counterparts and Facsimile Signatures. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures sent by facsimile, e-mail or other means of electronic transmission shall be binding on the Parties.

Section 11.10 Headings. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.11 Entire Agreement. This Agreement, the Disclosure Schedule, the Exhibits attached hereto and the Ancillary Agreements embody the entire agreement and understanding of the Parties in respect of the subject matter contained herein or therein. There are no agreements, representations, warranties or covenants other than those expressly set forth herein or therein. This Agreement, the Disclosure Schedule, the Exhibits attached hereto and the Ancillary Agreements supersede all prior agreements and understandings between the Parties, NCP and their respective Affiliates with respect to such subject matter (including (i) the Letter of Intent and Summary of Terms, dated July 9, 2015, by and between the Company and North Castle Partners V, L.P. and (ii) the Confidentiality Agreement, dated May 14, 2015, by and between the Company and North Castle Partners, LLC) In the event of any inconsistency between the statements in the body of this Agreement and those in the Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedule), any Exhibit or the Ancillary Agreements, the statements in the body of this Agreement will control.

Section 11.12 Successors and Assigns; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and permitted assigns. No Seller may assign this Agreement or any portion of any right, title, interest or obligation hereunder without the prior written consent of Buyer, which consent may not be unreasonably or untimely withheld. Buyer may not assign this Agreement or any portion of any right, title, interest or obligation hereunder without the prior written consent of Sellers and NCP, which consent may not be unreasonably or untimely withheld; provided, however, that Buyer may, without the prior written consent of Sellers, assign this Agreement or any portion of any right, title, interest or obligation hereunder to (one or more Affiliates, (b) any lender(s) as collateral security, (c) a subsequent purchaser of all or any portion of the capital stock or assets of Buyer or the Company.

Section 11.13 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed by Sellers or the Company in

accordance with the terms hereof and that Buyer shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

Section 11.14 Interpretation. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. Unless the context of this Agreement otherwise requires, (a) words of any gender shall be deemed to include each other gender, (b) words using the singular or plural number shall also include the plural or singular number, respectively, (c) references to “hereof,” “herein,” “hereby” and similar terms shall refer to this entire Agreement unless expressly so limited, (d) all references in this Agreement to Articles, Sections and Exhibits shall mean and refer to Articles, Sections and Exhibits of this Agreement, (e) all references to statutes and related regulations shall include all amendments of the same and any successor or replacement statutes and regulations, (f) references to any Person shall be deemed to mean and include the successors and permitted assigns of such Person (or, in the case of a Governmental Authority, Persons succeeding to the relevant functions of such Person), (g) the word “including” means “including, without limitation,” (h) references to a number of days refer to calendar days, unless such reference is specifically to “Business Days,” and if any action under this Agreement is required to be done or taken on a day that is not a Business Day, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter, and (i) references to “writing,” “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. The Parties intend that each representation, warranty, and covenant contained in this Agreement shall have independent significance. If any Party has breached any representation, warranty, or covenant contained in this Agreement in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

Section 11.15 No Strict Construction. Notwithstanding the fact that this Agreement has been drafted or prepared by one of the Parties, each of the Parties confirms that both it and its counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement shall be deemed to be the language chosen by the Parties thereto to express their mutual intent, and no rule of strict construction shall be applied against any Person. This Agreement shall not be construed against the principal drafter.

Section 11.16 Non-Recourse. This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of, or related to this Agreement may only be brought against the Parties and their permitted successors and assigns and then only with respect to the specific obligations set forth herein with respect to such Party. Except to the extent a named party to this Agreement (and then only to the extent of the specific obligations undertaken by such named party in this Agreement and not otherwise), no past, present or future director, advisory committee member, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney of the parties hereto or of their respective Affiliates shall have any Liability (whether in contract or tort) for any one or more of the representations, warranties,

#5851535 v5 \017370 \0103

covenants, agreements or other obligations or liabilities of any one or more of Sellers or Buyer under this Agreement (whether for indemnification or otherwise) of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby.

[Signatures follow on next page]

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase and Contribution Agreement as of the date first written above.

BUYER:

CT CLINICAL PARTNERS, INC.

By: _____
Name: _____
Title: _____

COMPANY:

CT CLINICAL SERVICES, INC.

By: _____
Name: _____
Title: _____

SELLERS:

David Peter Vieau

[VIEAU TRUST]

By: _____
Name: _____
Title: _____

PHANTOM PARTICIPANTS:

Brett Tiberio

Jonathan Palmer

James E. Hazelton, IV

[ADD NCP Entities for Agreed Sections]

SCHEDULE I

| Seller | Contributed Shares | Percentage Under Phantom Stock Plan | Cash | Class A Rollover Common Shares | Class B Rollover Common Shares | Pro Rata Portion |
|-----------------------|---------------------------|--|-------------|---------------------------------------|---------------------------------------|-------------------------|
| David Peter Vieau | 1,000 | N/A | | | | |
| [Vieau Trust] | [10] | N/A | | | | |
| Brett Tiberio | 0 | 2.0% | | | | |
| Jonathan Palmer | 0 | 2.2% | | | | |
| James E. Hazelton, IV | 0 | 1.0% | | | | |

09/04/15

0156

Financial Statements.

**CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT**

Year Ended December 31, 2014

**DH
L&S**

DWORKEN, HILLMAN, LAMORTE & STERCZALA, P.C.
Certified Public Accountants / Business Consultants

**CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT**

Year Ended December 31, 2014

CONTENTS

| | Page |
|--|-------------|
| Independent auditors' report | 1-2 |
| Financial statements: | |
| Balance sheet | 3 |
| Statement of income | 4 |
| Statement of changes in shareholders' equity..... | 5 |
| Statement of cash flows | 6 |
| Notes to financial statements | 7-12 |
| Accompanying information to financial statements: | |
| Net clinical service revenue..... | 13 |
| Net residential revenue | 13 |
| Property expenses | 14 |
| Facility expenses..... | 14 |
| Program expenses | 14 |
| Administrative and general expenses | 14 |



DWORKEN, HILLMAN, LAMORTE & STERCZALA, P.C.
Certified Public Accountants / Business Consultants

JENNIFER S. BULL, CPA
JAMES G. COSGROVE, CPA
MICHAEL F. GANINO, CPA
ERIC N. HENDLIN, CPA
WILLIAM C. LESKO, CPA
ALBERTO C. MARTINS, CPA
PAUL M. STERCZALA, CPA
JOSEPH A. VERRILLI, CPA

Independent Auditors' Report

Shareholders
CT Clinical Services, Inc.
d/b/a Turning Point
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of CT Clinical Services, Inc. d/b/a Turning Point (the Company), which comprise the balance sheet as of December 31, 2014, and the related statements of income, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



An independent member of HLB International
A world-wide organization of accounting firms and business advisers

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information on pages 13 and 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying information is fairly stated in all material respects in relation to the financial statements as a whole.

Dworken, Hillman, LaMorte & Sterczala, P.C.

June 3, 2015
Shelton, Connecticut

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

BALANCE SHEET

December 31, 2014

Assets

Current assets:

| | |
|---|---------------------------|
| Cash and cash equivalents | \$2,982,914 |
| Residents' deposits held in trust | 51,862 |
| Accounts receivable, net of allowance for doubtful accounts of \$2,011,800 | 1,371,204 |
| Note receivable, related party | 100,000 |
| Prepaid expenses and other | <u>273,749</u> |
| Total current assets | 4,779,729 |
| Property, plant and equipment, net | 3,809,945 |
| Security deposit | <u>11,550</u> |
| Total Assets | <u>\$8,601,224</u> |

Liabilities and Shareholders' Equity

Current liabilities:

| | |
|-----------------------------------|-------------------------|
| Accounts payable | \$ 100,622 |
| Accrued expenses | 1,192,093 |
| Residents' deposits held in trust | 51,862 |
| Deferred revenue | <u>769,339</u> |
| Total current liabilities | 2,113,916 |
| Deferred income taxes | <u>116,800</u> |
| Total Liabilities | <u>2,230,716</u> |

Commitments and contingencies (Note 5)

Shareholders' Equity:

| | |
|--|---------------------------|
| Common stock, no par value; 1,000 shares authorized, issued and outstanding | 1,000 |
| Additional paid in capital | 620,498 |
| Retained earnings | <u>5,749,010</u> |
| Total shareholders' equity | <u>6,370,508</u> |
| Total Liabilities and Shareholders' Equity | <u>\$8,601,224</u> |

See notes to financial statements.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

STATEMENT OF INCOME

Year Ended December 31, 2014

| | |
|-------------------------------------|---------------------|
| Revenue: | |
| Net clinical service revenue | \$10,656,751 |
| Net residential revenue | 7,047,769 |
| Interest and other income | <u>25,488</u> |
| Total revenue | <u>17,730,008</u> |
| Expenses: | |
| Property expenses | 735,234 |
| Facility expenses | 230,697 |
| Program expenses | 787,526 |
| Administrative and general expenses | 12,388,674 |
| Depreciation | <u>212,221</u> |
| Total expenses | <u>14,354,352</u> |
| Income before income taxes | <u>3,375,656</u> |
| Income taxes: | |
| Current | 1,306,021 |
| Deferred | <u>76,200</u> |
| | <u>1,382,221</u> |
| Net income | <u>\$ 1,993,435</u> |

See notes to financial statements.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | <u>Common Stock</u> | <u>Additional Paid in Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|---|-------------------------|---|------------------------------|---------------------------|
| Balance at January 1, 2014 | \$1,000 | | \$3,755,575 | \$3,756,575 |
| Equity from merger with CT Sober Housing, Inc. | | \$620,498 | | 620,498 |
| Net income | _____ | _____ | <u>1,993,435</u> | <u>1,993,435</u> |
| Balance at December 31, 2014 | <u>\$1,000</u> | <u>\$620,498</u> | <u>\$5,749,010</u> | <u>\$6,370,508</u> |

See notes to financial statements.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

| | |
|---|---------------------------|
| Cash flows from operating activities: | |
| Net income | \$1,993,435 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 212,221 |
| Loss on disposal of fixed assets | 46,457 |
| Deferred income taxes | 76,200 |
| Changes in operating assets and liabilities net of effects from merger with CT Sober Housing, Inc.: | |
| Accounts receivable | 253,572 |
| Prepaid expenses and other | (133,883) |
| Accounts payable | 71,349 |
| Accrued expenses | (448,327) |
| Cash restricted for residents' deposits held in trust | (9,147) |
| Residents' deposits held in trust | 9,147 |
| Deferred revenues | <u>249,166</u> |
| Net cash provided by operating activities | <u>2,320,190</u> |
| Cash flows from investing activities: | |
| Security deposit | 4,000 |
| Capital expenditures | (1,197,681) |
| Cash acquired in connection with merger | 150,204 |
| Proceeds from sale of fixed assets | <u>86,972</u> |
| Net cash used in investing activities | (956,505) |
| Cash flows from financing activities: | |
| Repayments of notes payable | (16,780) |
| Net cash used in financing activities | (16,780) |
| Net change in cash and cash equivalents | 1,346,905 |
| Cash and cash equivalents, beginning | <u>1,636,009</u> |
| Cash and cash equivalents, ending | <u>\$2,982,914</u> |

See notes to financial statements.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

1. Description of business and summary of significant accounting policies:

CT Clinical Services, Inc. d/b/a Turning Point (the Company) was incorporated in Connecticut in 2011 and is in the business of providing outpatient therapy, both individual and group, medical test procedures on an as-needed basis as well as full-time residency in one of the Company's facilities. The Company operates from its main office located in New Haven, Connecticut.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Company considers all highly liquid investments that have an original maturity of less than three months to be cash equivalents. The Company has deposits from time to time, in financial institutions in excess of the insured deposit amount. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property, plant and equipment:

Property, plant and equipment are stated at cost. For financial reporting purposes, depreciation is being provided primarily by use of the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are being amortized using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease. Accelerated methods are used for income tax reporting purposes.

Revenue recognition:

Clinical service revenue is recognized in the period in which the services are performed.

Residential revenue is recognized over the occupancy term of each client.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

1. **Description of business and summary of significant accounting policies (continued):**

Net clinical service revenue:

Net clinical service revenue is reported at the estimated net realizable amounts from clients, third-party payors, and others for service rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Laws and regulations governing these programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. See Note 5.

The Company recognizes clinical service revenue associated with services provided to clients who have third party payor coverage for the services rendered. For uninsured clients, the Company recognizes revenue on the basis of its standard rates of services provided or discounted rates if the client qualifies based on financial need. Clinical service revenue, net of contractual allowances recognized in the period from these major payor sources, is as follows:

| | <u>Third-Party Payors</u> | <u>Self-Pay</u> | <u>Total</u> |
|------------------------------|---------------------------|--------------------|---------------------|
| Year ended December 31, 2014 | <u>\$12,152,125</u> | <u>\$1,045,165</u> | <u>\$13,197,290</u> |

Income taxes:

Deferred income taxes are provided for timing differences in reporting operating results for income tax and financial reporting purposes. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect in the years in which the differences are expected to reverse. These differences relate principally to the use of accelerated depreciation for income tax purposes and timing differences in the deductibility of certain expenses.

Generally, federal and state authorities examine the Company's tax returns three years from the date of filing. Consequently, income tax returns for the years ended 2011, 2012 and 2013 are subject to examination by taxing authorities.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

1. **Description of business and summary of significant accounting policies (continued):**

Healthcare regulatory environment:

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, reimbursement for client services, and insurance fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers.

Violations of these laws and regulations could result in the imposition of significant fines and penalties, as well as significant repayments for client services previously billed. Management believes that the Company is in compliance with fraud and abuse regulations, as well as other applicable laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation, as well as regulatory actions unknown or unasserted at this time.

2. **Business combination:**

Effective January 1, 2014, the Company merged with its affiliated company, CT Sober Housing, Inc., with the Company being the surviving corporation. CT Sober Housing, Inc. provided sober living services to individuals recovering from addictive behavior, in discrete residential facilities located in New Haven, Connecticut. Through the merger, the Company plans to achieve increased operational efficiencies in management of the two businesses.

As of January 1, 2014, CT Sober Housing, Inc. held the following major classes of assets and liabilities:

| <u>Assets</u> | |
|------------------------------------|-----------|
| Cash | \$150,204 |
| Residents' deposits held in trust | 42,715 |
| Accounts receivable | 167,534 |
| Note receivable, related party | 112,737 |
| Property, plant and equipment, net | 620,663 |
| Prepaid expenses and other | 101,980 |
| Security deposits | 11,050 |

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

2. **Business combination** (continued):

Liabilities

| | |
|---------------------------------|-----------|
| Accrued expenses | \$ 99,106 |
| Note payable | 16,780 |
| Resident deposits held in trust | 42,715 |
| Deferred revenue | 427,794 |

3. **Accounts receivable:**

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts. Management regularly reviews information about these major payor sources of revenue when evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to clients with third-party coverage, the Company analyzes amounts due and provides an allowance, if necessary. For receivables associated with self pay clients, including clients with insurance and a deductible and/or copayment, the Company records a provision for bad debts in the period of service on the basis of past experience of clients unable or unwilling to pay the service fee for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts. An allowance for doubtful accounts of \$2,011,800 is determined to be necessary by management as of December 31, 2014.

4. **Property, plant and equipment:**

| | December 31, 2014 |
|------------------------------------|------------------------------|
| Building and building improvements | \$2,460,210 |
| Furniture and equipment | 1,001,865 |
| Leasehold improvements | 40,841 |
| Land | <u>621,909</u> |
| | 4,124,825 |
| Less accumulated depreciation | (314,880) |
| | <u>\$3,809,945</u> |

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

5. **Commitments and contingencies:**

Leases:

The Company leases its office facility, certain residential facilities and a vehicle under noncancellable operating leases expiring at various dates through March 2017. Several of the leases contain provisions for future rent increases. In accordance with ASC No. 840 "Leases", the Company records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease term. Rent expense in excess of payments is presented as a deferred rent obligation which is included in accrued expenses on the balance sheet.

Rent expense was approximately \$357,500 for the year ended December 31, 2014.

Future minimum lease payments are as follows:

| <u>Year ending December 31:</u> | |
|---------------------------------|------------------|
| 2015 | \$292,200 |
| 2016 | 262,200 |
| 2017 | <u>41,100</u> |
| | <u>\$595,500</u> |

Phantom stock plan:

The Company maintains a Phantom stock plan for select employees. The plan calls for certain performance conditions to be met before the compensation is earned. The plan defines the performance condition as a change in control resulting in more than 50% of the Company's fair value or voting power of stock to be held by an independent third party through sale of stock or assets. The change in ownership may also occur through an initial public offering. As of December 31, 2014, two employees participate in the plan with a total compensation opportunity of 4.2% of net proceeds resulting from the change in control, as defined.

Accounting Standards Codification No. 718-10-25-20 (ASC 718-10-25-20) requires accruals of compensation cost based on the probable outcome of the plan's performance criteria. As of December 31, 2014, the plan has not met the performance criteria and, therefore, no liability has been accrued.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

5. **Commitments and contingencies** (continued):

Loss contingency:

During 2014, the Company's pay rate structure was reviewed by the primary third party insurance payor for claims dating back to 2013. One purpose of the review would be to identify proper reimbursement rates for specific medical procedures performed by the Company. The Company has reviewed the risk to its billed and collected revenues, and estimated a potential liability of \$1,000,000 which is included in accrued expenses on the balance sheet. As of June 3, 2015, the review has not been finalized. These results may have a material effect on future revenue.

6. **Related party transactions:**

The Company loaned \$100,000 to a relative of its majority shareholder. Interest compounds at 6.00% with all outstanding principal and interest being due and payable on demand.

7. **Supplemental disclosures of cash flow information:**

Cash paid for interest and income taxes in 2014 was \$507 and \$1,350,000, respectively.

8. **Concentration:**

The Company receives a significant portion of its clinical service revenue from insurance companies. Approximately 84% of net clinical service revenue was earned from four insurance companies in 2014.

9. **Subsequent events:**

Management has evaluated subsequent events through June 3, 2015, the date which the financial statements were available for issue.

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

ACCOMPANYING INFORMATION TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

NET CLINICAL SERVICE REVENUE

| | |
|--|---------------------|
| Clinical services: | |
| Drug testing | \$12,746,310 |
| Intensive outpatient therapy | 2,429,605 |
| Individual therapy | 1,322,094 |
| Group therapy | 1,000,485 |
| Psychiatric therapy | <u>273,782</u> |
| | 17,772,276 |
| Less: contractual allowances | <u>4,574,986</u> |
| Clinical service revenue net of contractual allowances | 13,197,290 |
| Less: provision for bad debts | <u>2,540,539</u> |
| | <u>\$10,656,751</u> |

NET RESIDENTIAL REVENUE

| | |
|----------------------------------|---------------------|
| Residential revenue | \$ 7,894,478 |
| Less: scholarships and discounts | <u>(846,709)</u> |
| | <u>\$ 7,047,769</u> |

PROPERTY EXPENSES

| | |
|-------------------|-------------------|
| Rent | \$ 334,500 |
| Utilities | 270,760 |
| Real estate taxes | 95,889 |
| Parking | <u>34,085</u> |
| | <u>\$ 735,234</u> |

CT CLINICAL SERVICES, INC.
D/B/A TURNING POINT

ACCOMPANYING INFORMATION TO FINANCIAL STATEMENTS

Year Ended December 31, 2014

FACILITY EXPENSES

| | |
|-----------------------|-------------------|
| Maintenance | \$ 136,084 |
| Landscaping | 36,321 |
| Furnishings and decor | 36,275 |
| Cleaning | <u>22,017</u> |
| | <u>\$ 230,697</u> |

PROGRAM EXPENSES

| | |
|-----------------------|-------------------|
| Drug testing supplies | \$ 424,857 |
| Kitchen expense | 207,907 |
| Recreational therapy | 123,938 |
| Discharge fees | 15,860 |
| Miscellaneous | <u>14,964</u> |
| | <u>\$ 787,526</u> |

ADMINISTRATIVE AND GENERAL EXPENSES

| | |
|---------------------------|---------------------|
| Payroll | \$ 9,580,335 |
| Marketing and advertising | 821,101 |
| Payroll taxes | 436,895 |
| Professionals fees | 317,254 |
| Employee benefits | 306,080 |
| Insurance | 170,072 |
| Merchant processing fees | 150,102 |
| Office expenses | 137,156 |
| Automobile expenses | 118,053 |
| Miscellaneous | 112,059 |
| Medical billing fees | 109,121 |
| Travel and entertainment | 52,226 |
| Bad debt expense | 39,420 |
| Charitable contributions | <u>38,800</u> |
| | <u>\$12,388,674</u> |



North Castle Partners V, L.P.

Combined Financial Report
Year Ended December 31, 2014

Contents

Independent Auditor's Report

Financial Statements

| | |
|--|------|
| Combined Statement of Net Assets and Partners' Capital | 1 |
| Combined Schedule of Investments | 2 |
| Combined Statement of Operations | 3 |
| Combined Statement of Changes in Partners' Capital | 4 |
| Combined Statement of Cash Flows | 5 |
| Notes to Combined Financial Statements | 6-16 |

Supplemental Schedule for the Year Ended December 31, 2014

| | |
|--|----|
| Schedule of Individual Partner's Capital Account | 17 |
|--|----|



Independent Auditor's Report

To the General Partner
North Castle Partners V, L.P.
Greenwich, Connecticut

Report on the Financial Statements

We have audited the accompanying combined financial statements of North Castle V, L.P. (the Partnership), which comprise the combined statement of net assets and partners' capital, including the combined schedule of investments, as of December 31, 2014, and the related combined statements of operations, changes in partners' capital and cash flows for the year ended December 31, 2014, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Partnership as of December 31, 2014, and the results of its operations, and its cash flows for the year ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

McGladrey LLP

Stamford, Connecticut
March 24, 2015

NORTH CASTLE PARTNERS V, L.P.

**Combined Statement of Net Assets and Partners' Capital
December 31, 2014**

| | |
|--|----------------------|
| Assets | |
| Investments, at fair value as determined by the general partner (cost \$38,073,169) | \$ 56,873,169 |
| Cash and cash equivalents | 579,776 |
| Due from affiliate | 108,060 |
| Prepaid expenses | 32,301 |
| | <u>57,593,306</u> |
| Liabilities | |
| Due to Partners | 192,847 |
| Accrued expenses | 62,510 |
| | <u>255,357</u> |
| Net Assets | <u>\$ 57,337,949</u> |
| Partners' Capital | |
| General partner | \$ 10,802,713 |
| Limited partners | 46,535,236 |
| | <u>57,337,949</u> |
| Total Partners' Capital | <u>\$ 57,337,949</u> |

See Notes to Combined Financial Statements.

NORTH CASTLE PARTNERS V, L.P.

**Combined Schedule of Investments
December 31, 2014**

| | Cost | | | Fair Value | Industry |
|---|----------------------|---------------------|----------------------|----------------------|---------------|
| | NCP V | NCP V-A | Total | | |
| Curves International Holdings, Inc. ("CI") & Curves for Women, LC. ("CW") 69,319 shares of preferred stock in CI 8,304 warrants in CI 129,755 shares of preferred stock in CW | \$ 19,132,265 | \$ 1,453,638 | \$ 20,585,903 | \$ 20,585,903 | Fitness Clubs |
| Ignite USA, LLC Escrow | 3,241,022 | 246,244 | 3,487,266 | 3,487,266 | Beverageware |
| Doctor's Best Holdings, Inc. 140,000 shares of common stock | 13,011,414 | 988,586 | 14,000,000 | 32,800,000 | Nutrition |
| Total combined investments (99.2% of Partners' Capital) | <u>\$ 35,384,701</u> | <u>\$ 2,688,468</u> | <u>\$ 38,073,169</u> | <u>\$ 56,873,169</u> | |

See Notes to Combined Financial Statements.

NORTH CASTLE PARTNERS V, L.P.

**Combined Statement of Operations
For the Year Ended December 31, 2014**

| | |
|---|----------------------|
| Investment income: | |
| Interest income | \$ 314 |
| | <u>314</u> |
| Expenses: | |
| Management fees | 3,457,196 |
| Advisor fees and expenses | 302,605 |
| Organizational costs | 206,008 |
| Travel expenses | 146,404 |
| Professional fees | 140,204 |
| Insurance expenses | 67,895 |
| Conference and other expenses | 63,783 |
| | <u>4,384,095</u> |
| Net investment loss | <u>(4,383,781)</u> |
| Unrealized and realized gain on investments: | |
| Realized gain on investment | 48,400,664 |
| Net change in unrealized appreciation on investments | 6,970,000 |
| Net gain on investments | <u>55,370,664</u> |
| Net increase in partners' capital resulting from operations | <u>\$ 50,986,883</u> |

See Notes to Combined Financial Statements.

NORTH CASTLE PARTNERS V, L.P.

**Combined Statement of Changes in Partners' Capital
For the Year Ended December 31, 2014**

| | General Partner | Limited Partners | Total |
|--|----------------------|----------------------|----------------------|
| Increase in partners' capital resulting from operations: | | | |
| Net investment loss | \$ (105,849) | \$ (4,277,932) | \$ (4,383,781) |
| Realized gain on investment | 12,826,921 | 35,573,743 | 48,400,664 |
| Net change in unrealized appreciation on investments | 2,268,558 | 4,701,442 | 6,970,000 |
| Net increase in partners' capital resulting from operations | 14,989,630 | 35,997,253 | 50,986,883 |
| Capital contributions | - | 22,935,219 | 22,935,219 |
| Capital distributions | (17,534,686) | (62,306,735) | (79,841,421) |
| Interest income allocated to previously admitted partners | 212,077 | 864,401 | 1,076,478 |
| Interest expense allocated to newly admitted partners | - | (1,076,478) | (1,076,478) |
| Syndication costs | - | (783,999) | (783,999) |
| Total decrease | (2,332,979) | (4,370,339) | (6,703,318) |
| Partners' capital | | | |
| Beginning of year | 13,135,692 | 50,905,575 | 64,041,267 |
| End of year | <u>\$ 10,802,713</u> | <u>\$ 46,535,236</u> | <u>\$ 57,337,949</u> |

See Notes to Combined Financial Statements.

NORTH CASTLE PARTNERS V, L.P.

**Combined Statement of Cash Flows
For the Year Ended December 31, 2014**

Cash Flows From Operating Activities

| | |
|--|-------------------|
| Net increase in partners' capital resulting from operations | \$ 50,986,883 |
| Adjustments to reconcile net increase in partners' capital resulting from operations to net cash provided by operating activities: | |
| Realized gain on investment | (48,400,664) |
| Net change in unrealized appreciation on investments | (6,970,000) |
| Proceeds from sale of investment | 61,913,398 |
| Changes in operating assets and liabilities: | |
| Decrease in due from affiliates | 25,453 |
| Decrease in prepaid expenses | 3,293 |
| Increase in due to partners | 192,847 |
| Increase in accrued expenses | 49,465 |
| Net cash provided by operating activities | <u>57,800,675</u> |

Cash Flows From Financing Activities

| | |
|---------------------------------------|---------------------|
| Capital contributions | 22,935,219 |
| Capital distributions | (79,841,421) |
| Syndication costs | (783,999) |
| Net cash used in financing activities | <u>(57,690,201)</u> |

Net increase in cash and cash equivalents 110,474

Cash and cash equivalents:

| | |
|-----------|-------------------|
| Beginning | <u>469,302</u> |
| Ending | <u>\$ 579,776</u> |

See Notes to Combined Financial Statements.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 1. Nature of Business and Significant Accounting Policies

Organization and nature of business: North Castle Partners V, L.P. (“NCP V”) and its parallel fund North Castle Partners V-A, L.P. (“NCP V-A”) (collectively “North Castle Partners V, L.P.” or the “Partnerships”), are Delaware Limited Partnerships, formed pursuant to and in accordance with the Delaware Revised Uniform Limited Partnership Act. The Partnerships were organized for the principal purposes of (a) making control investments in small cap consumer companies within the health, wellness and active living sectors as described in the Partnerships’ confidential Private Placement Memorandum, (b) managing and supervising such investments, and (c) engaging in such other activities incidental or ancillary thereto as the General Partners deems necessary or advisable. The Partnerships consists of the General Partners (NCP GP V, L.P. and NCP GP V-A, L.P.) and Limited Partners. North Castle Partners, LLC (“North Castle”), a registered investment adviser, is the Manager of the Partnerships (see Note 5).

The Partnerships executed its Agreement of the Limited Partnership (the “Agreements”) as of October 16, 2012. The Partnerships held its final closing on May 15, 2014. Under the Agreements, the Partnerships shall continue until the tenth anniversary of the final closing or such earlier time as determined by the General Partners. The General Partners may extend the term of the Partnerships beyond the tenth anniversary of the final closing date for up to 2 years.

In June 2013, the FASB issued ASU 2013-08, *Financial Services—Investment Companies: Amendments to the Scope, Measurement, and Disclosure Requirements* (“ASU 2013-08”). ASU 2013-08 amends the current criteria for an entity to qualify as an investment company, creates new disclosure requirements and amends the measurement criteria for certain interests in other investment companies. ASU 2013-08 was effective on January 1, 2014, and did not have a material effect on the Partnerships’ financial statements.

A summary of the Partnerships’ significant accounting policies follows:

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents include highly liquid instruments with original maturities of three months or less at the date of acquisition. The Partnerships maintain its cash balances in financial institutions located in the United States. The Partnerships maintain deposits with high quality financial institutions in amounts that periodically are in excess of federally insured limits; however, the Partnerships do not believe they are exposed to any significant credit risk.

Valuation of investments: All of the Partnerships’ investments are recorded at their estimated fair value, as described in Note 2.

Investment transactions, interest, and dividends: Investment transactions are recorded on a trade-date basis. Realized gains and losses on investment transactions are determined on a specific identification basis and are included as net realized gain (loss) on investments in the accompanying combined statement of operations. The difference between the cost and the fair value of investments is reflected as unrealized appreciation (depreciation) on investments, and any change in that amount is reflected in the accompanying combined statement of operations. Interest income and expense is recognized under the accrual basis. Dividend income is recognized on the ex-dividend date.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 1. Nature of Business and Significant Accounting Policies (continued)

Syndication and organization costs: Costs incurred in the private placement offering of the Partnerships' interest were charged against partners' capital as incurred. Costs incurred in organizing the Partnerships were expensed as incurred.

Income taxes: The Partnerships are not subject to federal income tax, but may be subject to certain state taxes. Each partner is individually liable for taxes on their share of partnership income or loss. Taxes withheld from income distributions by portfolio companies to pay the state taxes of certain partners are treated as income to the Partnerships and distributions to the corresponding partners. The Partnerships file U.S. federal and various state income tax returns. In the course of preparing the Partnerships' tax returns, the General Partners review the Partnerships' tax positions for the open tax years (generally current and prior three tax years) to determine if additional taxes would be due if such positions were examined, and has concluded that there are no material uncertain income tax positions for which an expense and liability should be recorded.

Note 2. Fair Value Measurements

As described in Note 1, the Partnerships record investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnerships utilize valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described hereafter:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the Partnerships have the ability to access at the measurement date. The quoted price for these investments is not adjusted, even in situations where the Partnerships hold a large position and a sale could reasonably be expected to impact the quoted price. The types of investments included in Level 1 include listed equities and listed derivatives.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and the fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, certain over-the-counter derivatives, and certain general and limited partnership and membership interests in funds that calculate net asset value per share, or its equivalent. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 2. Fair Value Measurements (continued)

Level 3. Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and certain general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, funds of hedge funds, and distressed debt.

All transfers between fair value hierarchy levels are recognized by the Partnerships at the end of each reporting period. To date, the Partnerships have not had any changes between fair value hierarchy levels.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Partnerships' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

Private equity investments: Investments for which prices are not observable are generally private investments in the equity and debt securities of operating companies. Fair value of private equity investments is based on Level 3 inputs and is determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. In the absence of a principal market (public market), the Partnerships determine the most advantageous market in which the Partnerships would sell their investment. Typically the Partnerships expect to exit their investment through a sale of the underlying portfolio company. Valuations of the underlying portfolio companies are completed to compute the fair value the Partnerships will receive upon such a sale. Generally these valuations are derived by multiplying a key performance metric of the investee company (e.g., EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the referenced comparable. Private equity investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value.

If the fair value of private equity investments held cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value of such private equity investments is the discounted cash flow method. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on the investment, including assumed growth rate (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values. The valuation based on the inputs determined to be the most probable is used as the fair value of the investment.

The determination of fair value using these methodologies takes into account consideration of a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of judgment by the General Partner.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 2. Fair Value Measurements (continued)

Investments in limited partnerships are valued at fair value based on the applicable percentage ownership of the net assets of each of the underlying partnerships as of the measurement date, with consideration given to the effects of various terms and features of each investment and the significance of any transactions in the ownership interests of the investments. In determining fair value, the Partnerships utilize valuations provided by the underlying investment partnerships. The underlying investment partnerships value securities and other financial instruments at fair value. The estimated fair values of certain investments of the underlying investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective investment partnership and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

Because the Partnerships are under no compulsion to dispose of its portfolio investments, which are made with a view to a holding period of two years or more, the estimated values, as determined above, may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Given the inherent uncertainty of the valuation, those estimated values may differ significantly from the values that would have been used had a ready market for those securities existed, and the differences could be material.

As of December 31, 2014, all valuations of the Partnerships' investments are based on Level 3, significant unobservable inputs and 100% of such valuations (direct and limited partnership investments) are based on a market approach.

Investments classified as Level 3 in the fair value hierarchy represent the Partnerships' investments in financial instruments in which the General Partners have used at least one significant unobservable input in the valuation model. Level 3 investments held by the Partnerships' consist solely of equity securities whether held directly or through a limited partnership interest. The following table presents a reconciliation of activity for the Level 3 investments:

| | |
|--|----------------------|
| Balance, January 1, 2014 | \$ 63,415,903 |
| Realized and unrealized gains on investments: | |
| Net change in unrealized appreciation on investments | 6,970,000 |
| Realized gain on investment | 48,400,664 |
| Proceeds from sale of investments | (61,913,398) |
| Balance, December 31, 2014 | <u>\$ 56,873,169</u> |

The net change in unrealized appreciation included in the combined statement of operations attributable to Level 3 investments held at December 31, 2014 is \$6,970,000.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 2. Fair Value Measurements (continued)

The following table presents quantitative information about Level 3 fair value measurements as of December 31, 2014:

| | Fair Value as of 12/31/2014 | Valuation Technique | Unobservable Inputs | Range | Range (Weighted Average) |
|----------------------------|--------------------------------|---|-----------------------|------------|--------------------------------|
| Private Equity Investments | \$ 53,385,903 | Market approach / comparable companies | EBITDA multiple | 10.0-10.1x | 10.1x |
| Contingent Interest | 3,487,266 | Market Approach | Projected realization | 100% | 100% |
| Total Investments | <u>\$ 56,873,169</u> | | | | |

Note 3. Investments

In August 2014, the Partnerships sold Ignite USA, LLC (“Ignite”) to Newell Rubbermaid. As part of the transaction, the Partnerships received \$61,913,398 in cash proceeds, and \$3,487,266 in contingent proceeds, resulting in a long term capital gain of \$48,400,664 on the Combined Statement of Operations for the year ended December 31, 2014. A balance of the contingent proceeds in the amount of \$3,487,266 is reflected as escrow at December 31, 2014 on the Schedule of Investments.

In November 2014, the Partnerships, and certain participating co-investors, entered into an agreement to guarantee up to a maximum of \$13.4 million of a secured revolving line of credit for the benefit of Curves International Holding, Inc. (“Curves International”). The participating co-investors have agreed to backstop their share of the guaranty obligations. In consideration of providing the guaranty, Curves International issued warrants to the Partnerships and the participating co-investors representing 15,404 shares of common stock, of which NCP V and NCP V-A received 7,718 and 586 shares, respectively.

The table on the following page, Schedule of Limited Partnership Interests/Direct Investments, discloses how the shares of the underlying investee company are held (directly or through a special purpose limited partnership).

The Partnerships’ investments are in companies that are organized and operate principally in the United States of America.

Note 3 Investments (continued)

NORTH CASTLE PARTNERS V, L.P.
Schedule of Limited Partnership Interest/Direct Investments
December 31, 2014

| Entity | Investee Company | Investment Structure Limited Partnership Interests/ Direct Investments | Limited Partnership Interests | | Type of Security | NCP V and NCP V-A | | |
|--|-------------------|--|-------------------------------|--------------|------------------|---------------------|-------------------|----------------|
| | | | Entity % | Total Shares | | Limited Partnership | Direct Investment | Total Shares |
| NCP V | NCP-Curves, LP | Limited Partnership Interest | 28.57% | 181,155 | Preferred | 51,758 | - | 51,758 |
| NCP V | NCP-Curves, LP | Limited Partnership Interest | 50.82% | 13,724 | Warrant | 6,974 | - | 6,974 |
| NCP V | | Direct Investment | - | - | Preferred | - | 12,775 | 12,775 |
| NCP V | | Direct Investment | - | - | Warrant | - | 586 | 586 |
| NCP V-A | | Direct Investment | - | - | Preferred | - | 4,786 | 4,786 |
| NCP V-A | | Direct Investment | - | - | Warrant | - | 744 | 744 |
| Total Investment in Curves International Holdings, Inc. | | | | | | 58,732 | 18,891 | 77,623 |
| NCP V | CFW Co-Invest, LP | Limited Partnership Interest | 28.57% | 339,093 | Preferred | 96,884 | - | 96,884 |
| NCP V | NCP-CW Corp. | Direct Investment | - | - | Preferred | - | 23,913 | 23,913 |
| NCP V-A | NCP-CW Corp. | Direct Investment | - | - | Preferred | - | 8,959 | 8,959 |
| Total Investment in Curves for Women, I.C. | | | | | | 96,884 | 32,872 | 129,756 |
| NCP V | NCP - DB I, L.P. | Limited Partnership Interest | 67.39% | 184,015 | Common | 124,015 | - | 124,015 |
| NCP V | | Direct Investment | - | - | Common | - | 6,099 | 6,099 |
| NCP V-A | | Direct Investment | - | - | Common | - | 9,886 | 9,886 |
| Total Investment in Doctor's Best Holdings, Inc. | | | | | | 124,015 | 15,985 | 140,000 |

Investments, at cost

Investments, at fair value (not including contingent investments)

Contingent Interest, at fair value

Total Investments, at fair value (including contingent interest)

Value as a % of total investments

Value as a % of partners' capital

| | | | | | |
|----|------------|----|------------|----|------------|
| \$ | 28,199,505 | \$ | 9,873,664 | \$ | 38,073,169 |
| \$ | 44,243,095 | \$ | 9,142,808 | \$ | 53,385,903 |
| \$ | 44,243,095 | \$ | 3,487,266 | \$ | 3,487,266 |
| | 77.80% | | 12,630,074 | | 56,873,169 |
| | 77.16% | | 22.20% | | 100.00% |
| | | | 22.03% | | 99.19% |

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 4. Partners' Capital

Each partner admitted to the Partnerships committed a specific dollar amount to be drawn down according to the Agreements. At December 31, 2014, the Partnerships received aggregate capital commitments of \$170,400,000 from its partners, and is specifically committed among two separate partnerships as illustrated in the table below.

| <u>Partnership</u> | <u>Limited Partners</u> | <u>General Partner</u> | <u>Total</u> |
|---------------------------------|-----------------------------|----------------------------|----------------|
| North Castle Partners V, L.P. | \$ 145,550,050 | \$ 12,817,450 | \$ 158,367,500 |
| North Castle Partners V-A, L.P. | 5,382,500 | 6,650,000 | 12,032,500 |
| Total | \$ 150,932,550 | \$ 19,467,450 | \$ 170,400,000 |

Capital contributions by a partner to the Partnerships for the purpose of acquiring Portfolio Investments or for the payment of management fees, placement fees, organizational expenses and Partnerships' expenses reduces such partner's Remaining Capital Commitment as defined in the Agreements. The Partnerships received capital contributions in the amount of \$22,935,219 and made distributions in the amount of \$79,841,421 for the year ended December 31, 2014.

At December 31, 2014, the ratio of total contributed capital (not including return of previously drawn down capital not invested in a Portfolio Investment but including capital contributed but subsequently returned as a result of the admission of Additional Limited Partners) to total capital commitments was 34.5%. Pursuant to the Agreements, any Capital Contributions of a Partner returned in connection with the admission of an Additional Limited Partner to the Partnership or an additional limited partner (or similar member) to any Parallel Fund, shall automatically increase Partner's Remaining Capital Commitment. Additionally, contributions used to fund Partnership Expenses or Organizational Expenses, shall to the extent that such Partner previously received sufficient distributions from the Partnerships, be automatically and immediately be added to the Remaining Capital Commitment of such Partner and be subject to recall. Except as otherwise provided in the Agreements, no partner shall have the right to withdraw capital from the Partnerships.

Distributable Cash Not Attributable to Portfolio Investments, as defined in the Partnership Agreements, shall be distributed to the Partners in proportion to their capital commitments.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 4. Partners' Capital (continued)

Distributable Cash Attributable to Portfolio Investments, as defined in the Agreements, shall be initially apportioned among the Partners in proportion to their Sharing Percentages, as defined in the Agreements, with respect to such Portfolio Investments. The amount apportioned to the General Partners shall be distributed to the General Partners. The amount apportioned to each Limited Partner shall be distributed as follows:

- (a) *Return of Capital on Deals Disposed, Unrealized Losses and Allocated Expenses*—First, 100% to each Limited Partner until the cumulative amount distributed to such Limited Partner is equal to the sum of: (i) the aggregate Capital Contributions of such Limited Partner used to fund the cost of such Portfolio Investment and each Portfolio Investment previously disposed of, or used to fund the portion of the cost of each Portfolio Investment then held by the Partnerships that represents an Unrealized Loss as of the date of the distribution, and (ii) the aggregate Capital Contributions of such Limited Partner used to fund the Partnership Expenses and Organizational Expenses;
- (b) *Preferred Return*—Second, 100% to such Limited Partner until the cumulative amount distributed to such Limited Partner is sufficient to provide such Limited Partner with an internal rate of return equal to 8% per annum, compounded annually, on the Capital Contributions described in clause (a) (computed from the due date specified in the draw down notice until the date that distributions are made);
- (c) *Carried Interest Catch Up*—Third, 100% to the General Partner, until the cumulative amount distributed to the General Partner attributable to such Limited Partner is equal to 20% of the cumulative amounts distributed to such Limited Partner and;
- (d) *Carried Interest Split*—Fourth, 80% to such Limited Partner and 20% to the General Partner.

Net income and net loss is generally allocated among the Partners in a manner that as closely as possible gives economic effect to the above, provided that (a) management fees and (b) any placement fees payable by the Partnerships are allocated to the Limited Partners in proportion to their capital commitments. For the year ended December 31, 2014, the General Partners were allocated \$8,960,098 of carried interest, which is included in the allocation of net income. As of December 31, 2014, the general partners have been allocated \$10,414,213 of carried interest of which \$6,679,619 has been distributed to the General Partners. The General Partners of the Partnerships have retained the carried interest distributions net of a tax distribution, as a clawback reserve given the age of the Partnerships.

Pursuant to the provisions of the Agreements, in the event that the aggregate amount of distributions made to the General Partners exceed the maximum allocable amount as outlined above, then each of the General Partners shall contribute to the Partnerships their prorata share of the excess distributions as defined in the Agreements.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 5. Management Fee and Related Parties

The Partnerships pay LLC a management fee for investment advisory and management services rendered on behalf of the Partnerships. The management fee is payable by the Partnerships on a quarterly basis in advance from October 16, 2012 (inception) through each year that the Partnerships are in operation. The amount of the management fee for each quarterly period is equal to the aggregate of the following amounts, calculated with respect to each Limited Partner:

- (i) (a) through the earlier of (1) the last day of the Investment Period as defined in the Agreements and (2) the date on which a Successor Fund as defined in the Agreements has commenced payment to the Manager or any of its Affiliates of the management fee payable pursuant to the Successor Fund's limited partnership agreement or other operating agreement, an amount equal to 0.5% (2.0% per annum) of the Capital Commitment of such Limited Partner, and (b) thereafter, an amount equal to 0.375% (1.5% per annum) of the Outstanding Invested Capital of such Limited Partner as of the relevant Payment Date;
- (ii) increased by the sum of any additional amounts of management fees received by the Partnerships from Additional Limited Partners, as defined in the Agreements, since the previous payment date with respect to such Limited Partner;
- (iii) reduced, but not below zero, by the sum of (a) an amount equal to such Limited Partner's prorata share (based on Capital Commitments of the Limited Partners) of all Placement Fees paid by the Partnership since the previous Payment Date, (b) an amount equal to such Limited Partner's prorata share (based on Capital Commitments of the Partners) of any Excess Organizational Expenses paid by the Partnership since the preceding Payment Date, and (c) an amount equal to such Limited Partner's prorata share (based on Capital Commitments of the Partners) of all Fee Income received since the previous Payment Date; and
- (iv) further reduced, but not below zero, on the first Payment Date following each Fee Period, by an amount equal to such Limited Partner's prorata share (based on Capital Commitments of the Partners) of any Additional Fee Income received during the preceding Fee Period.

Management Fees for the year ended December 31, 2014 are summarized as follows:

| | |
|--|---------------------|
| Gross management fees | \$ 3,018,651 |
| Catch-up management fees for newly admitted limited partners | 1,888,407 |
| Less management fee offsets for: | |
| Fee income | (767,824) |
| Placement fees | (682,038) |
| Net management fees | <u>\$ 3,457,196</u> |

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 6. Indemnification

In the normal course of business, the Partnerships enter into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Partnerships' maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnerships that have not yet occurred. The Partnerships expect the risk of future obligation under these indemnifications to be remote.

Note 7. Financial Instruments with Off-Balance-Sheet Risk

Private equity investments: The Partnerships seek investment opportunities that offer the possibility of attaining substantial capital appreciation. Certain events particular to each industry in which the Partnerships' investments conduct their operations, as well as general economic and political conditions, may have a significant negative impact on the investee's operations and profitability. Such events are beyond the Partnerships' control, and the likelihood that they may occur cannot be predicted. Furthermore, investments of the Partnerships are made in private companies for which there are generally no public markets. The ability of the Partnerships to liquidate these investments and realize value is subject to significant limitations and uncertainties.

Note 8. Financial Highlights

Financial highlights for the Partnerships for the year ended December 31, 2014, were as follows:

| | |
|---|----------------------|
| Ratio to average limited partner's capital: | |
| Partnership expenses | 11.75% |
| Incentive allocation to General Partner | <u>10.26%</u> |
| Total expenses | <u><u>22.01%</u></u> |
| | |
| Net investment loss | <u><u>11.75%</u></u> |

The Internal Rate of Return (IRR) of the Limited Partners, net of all fees and profit allocations (carried interest) to the general partners is 53.3% and 21.0% through December 31, 2014 and 2013, respectively.

The IRR was computed based on the actual dates of the cash inflows (capital contributions), outflows (cash distributions), and the ending net assets at the end of the period (residual value) of the Limited Partners' capital account as of each measurement date. These financial highlights may not be indicative of any single Limited Partner because they were calculated based on the Limited Partners' capital accounts as a whole. These financial highlights may not be indicative of the future performance of the Partnerships.

Note 9. Subsequent Events

In preparing these financial statements, the Partnerships has evaluated events and transactions for potential recognition or disclosure through March 24, 2015, the date the combined financial statements were available to be issued and has determined the following information should be disclosed.

North Castle Partners V, L.P.
Notes to Combined Financial Statements
For the Year Ended December 31, 2014

Note 9. Subsequent Events (continued)

In January 2015, the Partnerships sold 55% of their interests in Doctor's Best, Inc. ("DRB") to a strategic raw materials partner. As part of the transaction, North Castle negotiated a put/call agreement, whereby upon satisfying certain conditions, the Partnerships can sell its stock for a cumulative 3.0x return. In February 2015, the Partnerships distributed \$17,507,864 million related to DRB and \$929,939 related to the residual interests from sale of Ignite, net of a capital draw down for expenses. The amounts allocated to the general partners as carried interest have been retained by the general partner, net of a tax distribution, as a clawback reserve given the age of the fund.

Supplemental Schedule

Greer, Leslie

From: Armah, Olga
Sent: Wednesday, September 30, 2015 10:24 AM
To: dvieau@tpaddictiontreatment.com; btiberio@tpaddictiontreatment.com
Cc: User, OHCA; Schaeffer-Helmecki, Jessica; Armah, Olga; Riggott, Kaila
Subject: 15-32027-CON

Dear Messrs. Vieau & Tiberio:

On September 4, 2015, OHCA received the Certificate of Need application of CT Clinical Services, Inc. d/b/a/ Turning Point and North Castle Partners V, L.P. proposing to transfer 76% ownership of CT Clinical Services to CT Clinical Partners, a subsidiary of North Castle. OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format as an attachment to a responding email, at the earliest convenience.

Repeat each question before providing your response and paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant’s document preceding it. Begin your submission using **Page 197** and reference **“Docket Number: 15-32027-CON.”**

1. Explain in detail how patients will be notified of the change in ownership. Describe the method by which they will be notified, what the notification will include and the timing of the notification.
2. The Applicant stated that the majority of Connecticut patients were from the New Haven area. Be more specific. Using the following table below, provide the number of patients by patient town treated at that facility in FY 2015 and include the months covered by the fiscal year.

UTILIZATION BY TOWN

| Town | Utilization FY 2015 |
|------|---------------------|
| | |

3. Has the initial transfer of 76% ownership to CT Clinical Partners already occurred?
4. Update Table 5’s Historical Utilization by Service to include FY12.

Note that pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request no later than sixty days from the date of this email transmission. Therefore, provide your written responses to OHCA no later than Monday, November 30, 2015, otherwise your application will be automatically considered

withdrawn. **Please email your responses to all of the following email addresses: OHCA@ct.gov, jessica.schaeffer-helmecki@ct.gov, olga.armah@ct.gov, kaila.riggott@ct.gov.** If you have any questions concerning this letter, feel free to contact me at 860-418 7070 or Jessica Schaeffer-Helmecki at (860) 509-8075.

Sincerely,

Olga Armah, M. Phil

Associate Research Analyst
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Phone: 860 418 7070

Fax: 860 418 7053

mailto: olga.armah@ct.gov

Web: www.ct.gov/ohca



Greer, Leslie

From: Brett Tiberio <btiberio@tpaddictiontreatment.com>
Sent: Wednesday, September 30, 2015 4:12 PM
To: Armah, Olga; David Vieau
Cc: User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila
Subject: RE: 15-32027-CON

Dear Olga –

We are in receipt of your request for additional information and will provide to you as soon as possible.

Thank you,

Brett

Brett Tiberio
Turning Point
O. 203-937-2309
F. 203-604-0542

From: Armah, Olga [<mailto:Olga.Armah@ct.gov>]
Sent: Wednesday, September 30, 2015 10:24 AM
To: David Vieau <dvieau@tpaddictiontreatment.com>; Brett Tiberio <btiberio@tpaddictiontreatment.com>
Cc: User, OHCA <OHCA@ct.gov>; Schaeffer-Helmecki, Jessica <Jessica.Schaeffer-Helmecki@ct.gov>; Armah, Olga <Olga.Armah@ct.gov>; Riggott, Kaila <Kaila.Riggott@ct.gov>
Subject: 15-32027-CON

Dear Messrs. Vieau & Tiberio:

On September 4, 2015, OHCA received the Certificate of Need application of CT Clinical Services, Inc. d/b/a/ Turning Point and North Castle Partners V, L.P. proposing to transfer 76% ownership of CT Clinical Services to CT Clinical Partners, a subsidiary of North Castle. OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format as an attachment to a responding email, at the earliest convenience.

Repeat each question before providing your response and paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Begin your submission using **Page 197** and reference "**Docket Number: 15-32027-CON.**"

1. Explain in detail how patients will be notified of the change in ownership. Describe the method by which they will be notified, what the notification will include and the timing of the notification.
2. The Applicant stated that the majority of Connecticut patients were from the New Haven area. Be more specific. Using the following table below, provide the number of patients by patient town treated at that facility in FY 2015 and include the months covered by the fiscal year.

UTILIZATION BY TOWN

| Town | Utilization FY 2015 |
|------|---------------------|
| | |

- 3. Has the initial transfer of 76% ownership to CT Clinical Partners already occurred?
- 4. Update Table 5's Historical Utilization by Service to include FY12.

Note that pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request no later than sixty days from the date of this email transmission. Therefore, provide your written responses to OHCA no later than Monday, November 30, 2015, otherwise your application will be automatically considered withdrawn. **Please email your responses to all of the following email addresses: OHCA@ct.gov, jessica.schaeffer-helmecki@ct.gov, olga.armah@ct.gov, kaila.riggott@ct.gov.** If you have any questions concerning this letter, feel free to contact me at 860-418 7070 or Jessica Schaeffer-Helmecki at (860) 509-8075.

Sincerely,

Olga Armah, M. Phil
Associate Research Analyst
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Phone: 860 418 7070
Fax: 860 418 7053
mailto: olga.armah@ct.gov
Web: www.ct.gov/ohca



Greer, Leslie

From: Feldman, Joan <JFeldman@goodwin.com>
Sent: Monday, October 05, 2015 3:19 PM
To: Armah, Olga; User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila
Cc: David Vieau; Brett Tiberio; lou@northcastlepartners.com
Subject: RE: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V L.P. Completeness Questions
Attachments: Docket Number 15-32027-CON.PDF; 4328907_3.docx

Enclosed please find the completeness responses in connection with the above docket number. Should you have any additional questions, please do not hesitate to contact me or Mr. Tiberio.

Many thanks.
Joan

Shipman & Goodwin LLP
COUNSELORS AT LAW

Joan W. Feldman
Partner
One Constitution Plaza
Hartford, CT 06103-1919

Tel (860) 251-5104
Fax (860) 251-5211
jfeldman@goodwin.com
www.shipmangoodwin.com

Privileged and confidential. If received in error, please notify me by e-mail and delete the message.



Dear Messrs. Vieau & Tiberio:

On September 4, 2015, OHCA received the Certificate of Need application of CT Clinical Services, Inc. d/b/a/ Turning Point and North Castle Partners V, L.P. proposing to transfer 76% ownership of CT Clinical Services to CT Clinical Partners, a subsidiary of North Castle. OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format as an attachment to a responding email, at the earliest convenience.

Repeat each question before providing your response and paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant's document preceding it. Begin your submission using **Page 197** and reference "**Docket Number: 15-32027-CON.**"

1. Explain in detail how patients will be notified of the change in ownership. Describe the method by which they will be notified, what the notification will include and the timing of the notification.
2. The Applicant stated that the majority of Connecticut patients were from the New Haven area. Be more specific. Using the following table below, provide the number of patients by patient town treated at that facility in FY 2015 and include the months covered by the fiscal year.

| UTILIZATION BY TOWN | |
|---------------------|---------------------|
| Town | Utilization FY 2015 |
| | |

| | |
|--|--|
| | |
|--|--|

3. Has the initial transfer of 76% ownership to CT Clinical Partners already occurred?
4. Update Table 5's Historical Utilization by Service to include FY12.

Note that pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request no later than sixty days from the date of this email transmission. Therefore, provide your written responses to OHCA no later than Monday, November 30, 2015, otherwise your application will be automatically considered withdrawn. **Please email your responses to all of the following email addresses: OHCA@ct.gov, jessica.schaeffer-helmecki@ct.gov, olga.armah@ct.gov, kaila.riggott@ct.gov.** If you have any questions concerning this letter, feel free to contact me at 860-418 7070 or Jessica Schaeffer-Helmecki at (860) 509-8075.

Sincerely,

Olga Armah, M. Phil
Associate Research Analyst
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Phone: 860 418 7070
Fax: 860 418 7053
mailto: olga.armah@ct.gov
Web: www.ct.gov/ohca





SHIPMAN & GOODWIN LLP®
COUNSELORS AT LAW

Joan W. Feldman
Phone: (860) 251-5104
Fax: (860) 251-5211
jfeldman@goodwin.com

October 5, 2015

VIA EMAIL

Olga Armah, M. Phil
Associate Research Analyst
CT Department of Public Health
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
PO Box 340308
Hartford, CT 06134

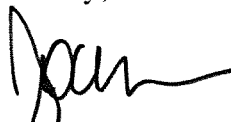
**RE: CT Clinical Services, Inc. d/b/a/ Turning Point and North Castle Partners
V, L.P.
Completeness Letter Responses: Docket Number 15-32027-CON**

Dear Ms. Armah:

On behalf of CT Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V, L.P, attached please find the Applicants' responses to your Certificate of Need Completeness Email dated September 30, 2015. As requested, I have emailed a copy of the Applicant's entire response (including attachments or exhibits), and electronic versions of any Microsoft Word or Excel documents, as applicable.

Please do not hesitate to contact me at 860-251-5104 if you have any questions..

Sincerely,



Joan W. Feldman

JWF/tja
Enclosures
7193v10

Docket Number 15-32027-CON 10/05/2015 0197

- 1. Explain in detail how patients will be notified of the change in ownership. Describe the method by which they will be notified, what the notification will include and the timing of the notification.**

The proposed change in ownership will have no impact on clients of CT Clinical Services, Inc. Notwithstanding, our existing clients will be notified of the change of ownership at a client forum wherein they will be reassured that the change of ownership will not impact the scope or quality of their services. In addition, the forum will let clients know that clinical staff will remain in place and provide an opportunity for clients to ask any questions regarding the change in ownership. The notification will occur within one week of the closing date.

- 2. The Applicant stated that the majority of Connecticut patients were from the New Haven area. Be more specific. Using the following table below, provide the number of patients by patient town treated at that facility in FY 2015 and include the months covered by the fiscal year.**

In the original application dated September 4, 2015 on Question 27, CT Clinical Services, Inc. indicated that only 23% of clients have a permanent address in Connecticut. Additionally, in Table 2 on the original application, CT Clinical Services, Inc. indicated that of those clients with a permanent address in Connecticut, most reside in Fairfield or New Haven counties. Below is a chart reflecting utilization by town.

UTILIZATION BY TOWN

| Town | Utilization CFY 2015* (Jan – Sept) |
|------------------|---|
| Avon, CT | 1 |
| Branford, CT | 1 |
| Bristol, CT | 1 |
| Brookfield, CT | 1 |
| Canton, CT | 2 |
| Danbury, CT | 1 |
| Darien, CT | 3 |
| Fairfield, CT | 4 |
| Greenwich, CT | 2 |
| Hamden, CT | 1 |
| Ivoryton, CT | 1 |
| Lakeville, CT | 1 |
| Manchester, CT | 1 |
| Meriden, CT | 1 |
| Milford, CT | 1 |
| New Canaan, CT | 1 |
| Norwalk, CT | 1 |
| Old Saybrook, CT | 2 |
| Prospect, CT | 1 |
| Ridgefield, CT | 1 |
| Southbury, CT | 1 |
| Stamford, CT | 1 |

| | |
|-------------------|---|
| Stonington, CT | 1 |
| Stratford, CT | 1 |
| Tolland, CT | 1 |
| Trumbull, CT | 1 |
| West Hartford, CT | 1 |
| Weston, CT | 1 |
| Westport, CT | 1 |
| Wilton, CT | 1 |
| Woodbridge, CT | 1 |

*CT Clinical Services, Inc. operates on a calendar year, January through December.

3. Has the initial transfer of 76% ownership to CT Clinical Partners already occurred?

The initial transfer of 76% ownership to CT Clinical Partners, Inc. has not yet occurred. The transfer is expected to happen at date of close, which is anticipated to be December 31, 2015.

4. Update Table 5's Historical Utilization by Service to include FY12.

Please see below.

**TABLE 5
HISTORICAL UTILIZATION BY SERVICE**

| Service** | Actual Volume (Last 3 Completed FYs) | | | | CFY Volume* |
|--|---|------------|------------|------------|--------------------|
| | FY 2012*** | FY 2013*** | FY 2014*** | FY 2015*** | FY 20__ *** |
| Licensed Individual and group therapy sessions | 15,688 | 18,676 | 18,668 | 20,448 | Please see FY 2015 |
| Total | 15,688 | 18,676 | 18,668 | 20,448 | |

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than 6 months, report actual volume and identify the period covered.

** Identify each service type and level adding lines as necessary. Provide the number of visits or discharges as appropriate for each service type and level listed.

*** Fill in years. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

Greer, Leslie

From: Armah, Olga
Sent: Tuesday, October 06, 2015 8:20 AM
To: Feldman, Joan; User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila
Cc: David Vieau; Brett Tiberio; lou@northcastlepartners.com
Subject: RE: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V L.P. Completeness Questions
Attachments: (No Name).vcf

Dear Joan,

Thank you for your responding, we will review the response and let you know if we have additional questions.

Thanks again.

Olga

Olga Armah

CT Department of Public Health
Office of Health Care Access (OHCA)
Phone: 860 418 7070
Fax: 860 418 7053
Mailto: olga.armah@ct.gov
Web: www.ct.gov/ohca



From: Feldman, Joan [<mailto:JFeldman@goodwin.com>]
Sent: Monday, October 05, 2015 3:19 PM
To: Armah, Olga; User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila
Cc: David Vieau; Brett Tiberio; lou@northcastlepartners.com
Subject: RE: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V L.P. Completeness Questions

Enclosed please find the completeness responses in connection with the above docket number. Should you have any additional questions, please do not hesitate to contact me or Mr. Tiberio.

Many thanks.

Joan

Shipman & Goodwin LLP
COUNSELORS AT LAW

Joan W. Feldman
Partner
One Constitution Plaza
Hartford, CT 06103-1919

Tel (860) 251-5104
Fax (860) 251-5211
jfeldman@goodwin.com
www.shipmangoodwin.com

Privileged and confidential. If received in error, please notify me by e-mail and delete the message.

please consider the environment before printing this message

Dear Messrs. Vieau & Tiberio:

On September 4, 2015, OHCA received the Certificate of Need application of CT Clinical Services, Inc. d/b/a/ Turning Point and North Castle Partners V, L.P. proposing to transfer 76% ownership of CT Clinical Services to CT Clinical Partners, a subsidiary of North Castle. OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format as an attachment to a responding email, at the earliest convenience.

Repeat each question before providing your response and paginate and date your response, i.e., each page in its entirety. Information filed after the initial CON application submission (e.g., completeness response letter, prefile testimony, late file submissions and the like) must be numbered sequentially from the Applicant’s document preceding it. Begin your submission using **Page 197** and reference **“Docket Number: 15-32027-CON.”**

1. Explain in detail how patients will be notified of the change in ownership. Describe the method by which they will be notified, what the notification will include and the timing of the notification.
2. The Applicant stated that the majority of Connecticut patients were from the New Haven area. Be more specific. Using the following table below, provide the number of patients by patient town treated at that facility in FY 2015 and include the months covered by the fiscal year.

UTILIZATION BY TOWN

| Town | Utilization FY 2015 |
|------|---------------------|
| | |

3. Has the initial transfer of 76% ownership to CT Clinical Partners already occurred?
4. Update Table 5’s Historical Utilization by Service to include FY12.

Note that pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request no later than sixty days from the date of this email transmission. Therefore, provide your written responses to OHCA no later than Monday, November 30, 2015, otherwise your application will be automatically considered withdrawn. ***Please email your responses to all of the following email addresses: OHCA@ct.gov, jessica.schaeffer-helmecki@ct.gov, olga.armah@ct.gov, kaila.riggott@ct.gov.*** If you have any questions concerning this letter, feel free to contact me at 860-418 7070 or Jessica Schaeffer-Helmecki at (860) 509-8075.

Sincerely,

Olga Armah, M. Phil
 Associate Research Analyst
 CT Department of Public Health
 Office of Health Care Access
 410 Capitol Avenue, MS #13HCA
 P.O. Box 340308

Hartford, CT 06134

Phone: 860 418 7070

Fax: 860 418 7053

mailto: olga.armah@ct.gov

Web: www.ct.gov/ohca



Greer, Leslie

From: Armah, Olga
Sent: Tuesday, November 03, 2015 9:15 AM
To: Brett Tiberio; lou@northcastlepartners.com; David Vieau; Feldman, Joan
Cc: User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila; Greci, Laurie
Subject: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V, L.P. Completeness
Attachments: 15-32027-CON Notification of Application Deemed Complete.docx

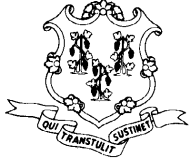
Dear Messrs. Vieau, Tiberio & Marinaccio

OHCA has deemed the application complete. Please see the attached notification.

Olga Armah, M. Phil
Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Phone: 860 418 7070
Fax: 860 418 7053
mailto: olga.armah@ct.gov
Web: www.ct.gov/ohca





STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Office of Health Care Access

November 3, 2015

VIA EMAIL ONLY

Brett Tiberio
Vice President
CT Clinical Services, Inc.
139 Orange Street
New Haven, CT 06510

Louis Marinaccio
Managing Director
North Castle Partners V, L.P.
183 East Putnam Avenue
Greenwich, CT 06830

RE: Certificate of Need Application Docket Number: 15-32027-CON
CT Clinical Services, Inc d/b/a Turning Point and North Castle Partners V, L.P.
Transfer of Ownership of CT Clinical Services, Inc d/b/a Turning Point to North Castle
Partners V, L.P.
Notification Deeming the CON Application Complete

Dear Messrs. Tiberio & Marinaccio:

This letter is to inform you that, pursuant to Section 19a-639a (d) of the Connecticut General Statutes, the Office of Health Care Access has deemed the above-referenced application complete as of November 3, 2015.

If you have any questions regarding this matter, please feel free to contact me at (860) 418-7070 or Jessica Schaeffer-Helmecki at (860) 509-8075.

Sincerely,

Olga Armah

Olga Armah
Associate Research Analyst

An Equal Opportunity Provider

(If you require aid/accommodation to participate fully and fairly, contact us either by phone, fax or email)

410 Capitol Ave., MS#13HCA, P.O.Box 340308, Hartford, CT 06134-0308
Telephone: (860) 418-7001 Fax: (860) 418-7053 Email: OHCA@ct.gov

Greer, Leslie

From: Brett Tiberio <BTiberio@tpaddictiontreatment.com>
Sent: Tuesday, November 03, 2015 9:19 AM
To: Armah, Olga; lou@northcastlepartners.com; Dave Vieau; Feldman, Joan
Cc: User, OHCA; Schaeffer-Helmecki, Jessica; Riggott, Kaila; Greci, Laurie
Subject: RE: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V, L.P. Completeness

Thank you for the notification, Olga!

Brett Tiberio
Turning Point
O. 203-937-2309
F. 203-604-0542

From: Armah, Olga [<mailto:Olga.Armah@ct.gov>]
Sent: Tuesday, November 03, 2015 9:15 AM
To: Brett Tiberio <BTiberio@tpaddictiontreatment.com>; lou@northcastlepartners.com; Dave Vieau <dvieau@tpaddictiontreatment.com>; Feldman, Joan <JFeldman@goodwin.com>
Cc: User, OHCA <OHCA@ct.gov>; Schaeffer-Helmecki, Jessica <Jessica.Schaeffer-Helmecki@ct.gov>; Riggott, Kaila <Kaila.Riggott@ct.gov>; Greci, Laurie <Laurie.Greci@ct.gov>
Subject: 15-32027-CON Connecticut Clinical Services, Inc. d/b/a Turning Point and North Castle Partners V, L.P. Completeness

Dear Messrs. Vieau, Tiberio & Marinaccio

OHCA has deemed the application complete. Please see the attached notification.

Olga Armah, M. Phil
Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134

Phone: 860 418 7070
Fax: 860 418 7053
mailto: olga.armah@ct.gov
Web: www.ct.gov/ohca



Greer, Leslie

From: Olejarz, Barbara
Sent: Friday, December 18, 2015 10:04 AM
To: btiberio@ipaddictiontreatment.com
Cc: Greer, Leslie; Martone, Kim; Riggott, Kaila; Hansted, Kevin
Subject: Final Decision
Attachments: 32027.pdf

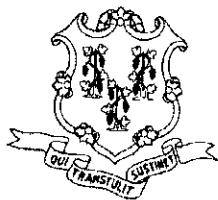
12/18/15

Attached is the final decision for DN: 15-32027-CON regarding the transfer of 76% ownership of CT Clinical Services, Inc. d/b/a Turning Point, to North Castle Partners V, L.P.
Please let me know by return mail that you have received the decision.

Thank you

Barbara K. Olejarz
Administrative Assistant for Kimberly Martone
Office of Health Care Access
Department of Public Health
Phone: (86) 418-7005
Email: Barbara.Olejarz@ct.gov





**Department of Public Health
Office of Health Care Access
Certificate of Need Application**

Final Decision

Applicants: CT Clinical Services, Inc.
139 and 141 Orange Street, New Haven, CT 06510

North Castle Partners V, L.P.
183 East Putnam Avenue, Greenwich, CT 06830

Docket Number: 15-32027-CON

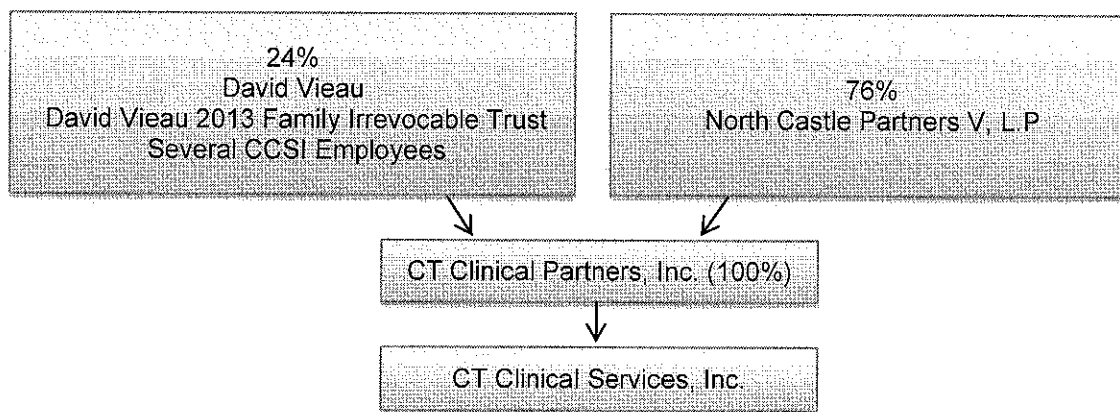
Project Title: Transfer of 76% ownership of CT Clinical Services, Inc., d/b/a Turning Point, to North Castle Partners V, L.P.

Project Description: CT Clinical Services, Inc. (“CCSI”) and North Castle Partners V, L.P. (“North Castle”), or collectively (“Applicants”), seek authorization to transfer seventy-six percent (76%) ownership of CCSI to North Castle, with an associated capital expenditure of \$30,000,000.

Procedural History: The Applicants published notice of their intent to file a Certificate of Need (“CON”) application in the *New Haven Register* on July 22, 23 and 24, 2015. On September 4 27, 2015, the Office of Health Care Access (“OHCA”) received the CON application from the Applicants for the above-referenced project and deemed the application complete on November 3, 2015. OHCA received no responses from the public concerning the proposal and received no hearing requests from the public per Connecticut General Statutes (“Conn. Gen. Stat.”) § 19a-639a(e). Deputy Commissioner Brancifort considered the entire record in this matter.

Findings of Fact and Conclusions of Law

1. Connecticut Clinical Services, Inc. (“CCSI”) is a privately held Connecticut corporation licensed to operate a psychiatric outpatient clinic for adults, a facility for the care or treatment of substance abusive or dependent persons and a clinical laboratory at 139 and 141 Orange Street, New Haven, CT. Ex. A, pp. 11, 45- 47.
2. North Castle is a private equity firm¹ that collaborates with organizations in the health and wellness and active living sectors. Ex. A, p. 14.
3. Recent federal legislation, including the Affordable Care Act and the Mental Health Parity and Addiction Equity Act, has increased access to substance use treatment. Ex. A, p. 19.
4. The Affordable Care Act has also imposed increasing demands on providers with respect to claims processing, regulatory compliance and information technology requirements, which are known as “back office functions.” Ex. A, p. 14.
5. North Castle has expertise in behavioral health and back office function infrastructure and operations and was therefore selected by CCSI as the best option for a partnership. Ex. A, pp. 14-15.
6. David Vieau, the President and Chief Executive Office of CCSI, and the David Vieau 2013 Family Irrevocable Trust wholly own CCSI. Ex. A, pp. 12.
7. CCSI is proposing to sell 76% ownership to CT Clinical Partners, Inc., a yet-to-be-formed subsidiary of North Castle, for an estimated \$30,000,000. CCSI owners will roll over the remaining shares in CCSI, equaling 24% ownership, to the new subsidiary. CCSI will then be wholly-owned by CT Clinical Partners, Inc. Ex. A, pp. 11, 81.
8. A chart of organization following the acquisition is shown below. Ex. A, p. 37.



¹ North Castle is a private equity firm that raises funds through capital commitments of the limited partners. North Castle invests in companies in need of capital to revitalize or expand their operations.

9. Operations and method of governance of CCSI will remain unchanged as will CCSI staffing and executive leadership. A seven-member Board of Directors consisting of four North Castle representatives, CCSI's current president and vice president and a seventh person jointly selected by North Castle and CCSI will govern CCSI. Ex. A, pp. 36, 37.
10. It is expected that the availability of capital resulting from the transfer of ownership will:
 - a) enable CCSI to increase the number of transitional living beds for young adult males;
 - b) allow CCSI to develop transitional living homes for young adult females comparable to CCSI's transitional living homes currently offered for men; and
 - c) facilitate CCSI operating efficiencies.Ex. A, p.11
11. CCSI's treatment approach includes a transitional housing program for post-acute or post-residential treatment and an outpatient behavioral health treatment program. Ex. A, p. 12
12. CCSI currently operates transitional living homes for young adult men who suffer from substance use disorder ("SUD") and co-occurring mental health disorders ("COD") and require assistance reintegrating into the community. Ex. A, p. 13
13. CCSI clinics, in operation following OHCA approval in October 2011 (Docket #11-31701), provide outpatient services for its clients reintegrating into the community. All services are provided in New Haven and are exclusively for clients residing in CCSI's transitional housing. Ex. A, pp. 12, 13, 16.
14. To implement the reintegration process, CCSI designed and developed a transitional living recovery model that utilizes its own step-down delivery system. This continuum of care is comprised of individualized case management that incorporates a mix of educational, spiritual, vocational and recreational activities to teach the necessary function skills and coping tools needed to manage the stressors and triggers that accompany reintegration into the community. Ex. A, p. 13.
15. Clients in CCSI's transitional housing are required to participate in outpatient treatment for the duration of their residence. Ex. A, p. 25.
16. Clinical services include individual, group, psycho-educational, family healing and support services for SUD and/or COD for young adult (18 to 25 years old) male clients. Ex. A, pp. 18, 19.
17. According to the reports from Substance Abuse and Mental Health Services Administration, Connecticut ranked in the highest percentile when compared to other states for illicit drug use among adults ages 18 to 25. Ex. A, p. 19
18. CCSI's young adult male transitional living program is currently at 90% of capacity. Ex. A, p.19.

19. CCSI plans no changes to existing licensed clinical services that it provides. Ex. A, p. 16.
20. CCSI will notify clients of the change of ownership within a week of the closing of the transaction at a client forum and clinical staff will be available to respond to questions. Ex. C, p. 198
21. There are seven outpatient treatment providers in the greater New Haven area that accept Medicaid.² The proposal will have no effect on these providers, as the only clients that use CCSI's licensed services are those already residing in CCSI's transitional living program.

**TABLE 1
 PROVIDERS IN THE SERVICE AREA***

| Service Or Program Name | Population Served | Provider Name, Street Address And Town |
|---|--|---|
| Alcohol Services Organization of South Central CT, Inc.-Cornerstone | Adults requiring 24/hour psychiatric support | 527 Whalley Ave., New Haven, CT 06510 |
| Branford Counseling Center | Adults, Children | 342 Harbor Street, Branford, CT 06405 |
| Cornell Scott Hill Health Center, Inc. | Adults, Children, Families | 400-428 Columbus Ave. New Haven, CT 06519 |
| Yale-New Haven Psychiatric Hospital | Adults, Children | 184 Liberty Street, New Haven, CT 06519 |
| South Central APT Foundation, Inc. | Adults | 1 Long Wharf Drive Suite 321 New Haven, CT 06511 |
| The Substance Abuse Treatment Unit of the CT Mental Health Center | Adults, Young Adults | 34 Park Street, New Haven, CT 06519 |
| Chemical Abuse Services Agency, Inc. | Adults | 426 East Street, New Haven, CT 06511 |

*All providers listed accept Medicaid.
 Ex. A, pp. 33-34.

22. CCSI's historical utilization increased 30% from FY12 to FY15.

**TABLE 5
 HISTORIC UTILIZATION BY SERVICE**

| Service | Historical Volume by Fiscal Year | | | |
|--|----------------------------------|--------|--------|--------|
| | 2012 | 2013 | 2014 | 2015 |
| Licensed individual and group therapy sessions | 15,688 | 18,676 | 18,668 | 20,448 |
| Percent Increase from previous year | - | 19.0% | 0.0% | 9.5% |
| Increase from 2012 to 2015 | - | - | - | 30% |

Fiscal year is January 1 through December 31
 Ex. C, p. 199.

² Source: SAMHSA Behavioral Health Treatment Facility Listing (<https://findtreatment.samhsa.gov>)

23. CCSI's projected utilization is shown in the table below. CCSI expects that the women's program will increase the daily census by an average of 23 clients in FY 2016 and an average of 29 clients in FY 2017.

**TABLE 5
 PROJECTED* UTILIZATION BY SERVICE**

| Service | Projected Volume by Fiscal Year | | |
|--|---------------------------------|--------|--------|
| | 2016 | 2017 | 2018 |
| Licensed individual and group therapy sessions | 24,885 | 26,130 | 27,346 |

*Clients receive intensive outpatient treatment consisting of one individual session and nine group sessions per week for four to eight weeks. Clients are subsequently transitioned to a lower level of care and receive one individual session and one group session per week.
 Ex. A, pp. 25, 31

24. CCSI's current and projected payer mix is shown in the table below.

**TABLE 4
 CCSI'S CURRENT & PROJECTED PAYER MIX***

| Payer | Current FY 2015** | | Projected | | | | | |
|-----------------------------|----------------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| | | | FY 2016 | | FY 2017 | | FY 2018 | |
| | Discharges | % | Discharges | % | Discharges | % | Discharges | % |
| Medicare | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Medicaid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHAMPUS & TriCare | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial Insurers | 216 | 80% | 274 | 80% | 288 | 80% | 302 | 80% |
| Uninsured | 54 | 20% | 69 | 20% | 72 | 20% | 76 | 20% |
| Workers Compensation | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total Non-Government | 270 | 100% | 343 | 100% | 360 | 100% | 378 | 100% |
| Total Payer Mix | 270 | 100% | 343 | 100% | 360 | 100% | 378 | 100% |

Fiscal Year is January 1 through December 31

Based on proposal's implementation as of January 1, 2016.

* Includes non-Connecticut and Connecticut residents

** For the six-month period January 1, 2015 through June 30, 2015, annualized over 12 months.

25. CCSI is not a participating Medicaid provider as recovery home services are not covered under the Connecticut Medicaid program. However, the Applicants' proposal does allow underinsured and uninsured individuals to receive services based upon financial need. Ex. A, p. 23.

26. CCSI provides services in the form of scholarships and discounts to individuals who require financial assistance. CCSI provided approximately 15% of its net revenue in scholarships or discounts in the first half of FY2015.

**TABLE 3
 FINANCIAL ASSISTANCE**

| Year | Scholarships/Discounts | Net Revenue | % Of Revenue To Scholarships/Discounts |
|-----------------|------------------------|--------------|--|
| 2013 | \$1,041,185 | \$18,544,060 | 5.6% |
| 2014 | \$2,186,703 | \$17,665,098 | 12.3% |
| 2015 (Jan-July) | \$1,398,167 | \$9,077,634 | 15.4% |

Ex A, p. 20.

27. North Castle will fund the \$30,000,000 purchase of CCSI with cash and the proceeds³ of \$14,000,000 from a secured term loan and \$3,000,000 from a commercial mortgage loan. Ex. A, p. 24.
28. On December 31, 2014, North Castle had \$57 million in net assets. Ex. A, p. 178
29. CCSI projects incremental gains from operations in each of the first three years following the ownership change. The projections include a 5% increase in revenues and expenses each fiscal year, in part attributable to increased daily census and the need for additional credentialed clinical staff.

**TABLE 6
 CCSI'S PROJECTED INCREMENTAL GAIN FROM OPERATIONS**

| | Fiscal Year | | |
|-----------------------------|--------------------|--------------------|--------------------|
| | 2016 | 2017 | 2018 |
| Revenue from Operations | \$4,066,100 | \$5,168,800 | \$5,426,715 |
| Total Operating Expenses | \$2,713,669 | \$2,935,554 | \$2,948,481 |
| Gain from Operations | \$1,352,431 | \$2,233,246 | \$2,478,234 |

Fiscal Year is January 1st through December 31st

Ex A, p. 25, 196.

30. North Castle will also issue to the stockholders of CCSI common stock representing approximately 24% of the North Castle's capital stock. Ex. A, pp. 24, 25
31. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))
32. This CON application is consistent with the Statewide Health Care Facilities and Services Plan. (Conn. Gen. Stat. § 19a-639(a)(2)).

³ Proceeds are the funds available to North Castle from the loan after the payment of commissions, fees and other charges.

33. The Applicants have established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3)) .
34. The Applicants have demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4)).
35. The Applicants have satisfactorily demonstrated that the proposal will improve access and maintain quality and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat. § 19a-639(a)(5)).
36. The Applicants have shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services for Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6)).
37. The Applicants have satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7)).
38. The Applicants' historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8)).
39. The Applicants have satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9)).
40. The Applicants have demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10)).
41. The Applicants have demonstrated that the proposal will not negatively impact the diversity of health care providers and client choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11)).
42. The Applicants have satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or accessibility to care. (Conn. Gen. Stat. § 19a-639(a)(12)).

Discussion

CON applications are decided on a case-by-case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in Conn. Gen. Stat. § 19a-639(a). The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board*, 309 Conn. 727 (2013).

Connecticut Clinical Services, Inc. (“CCSI”) is a privately held Connecticut corporation licensed to operate a psychiatric outpatient clinic for adults, a facility for the care or treatment of substance abusive or dependent persons and a clinical laboratory in New Haven. *FF1* North Castle, an investment partnership with a collaborative history with organizations in the health, wellness and active living sectors, proposes to purchase CCSI for an estimated \$30,000,000. *FF2,5,7* CCSI owners, David Vieau, the President and Chief Executive Office of CCSI, and the David Vieau 2013 Family Irrevocable Trust, are proposing to sell 76% ownership to CT Clinical Partners, Inc., a yet-to-be-formed subsidiary of North Castle. *FF6,7*

Recent federal legislation, including the Affordable Care Act (“ACA”) and the Mental Health Parity and Addiction Equity Act, has increased access to substance use treatment. *FF3* The ACA has also imposed increasing demands on providers with respect to claims processing, regulatory compliance and information technology requirements, which are known as “back office functions.” *FF4* North Castle has behavioral health, infrastructure and operations expertise and was therefore selected by CCSI as the best option for a partnership. *FF5* The infusion of capital from the transfer of ownership is expected to enable CCSI to increase the number of existing transitional living beds for young adult males; develop a comparable program for young women; and facilitate operating efficiencies with the assistance of North Castle expertise. *FF10*

CCSI’s treatment approach includes a transitional housing program for post-acute or post-residential treatment and an outpatient behavioral health treatment program for young adult men who suffer from substance use disorder and co-occurring mental health disorders. *FF 11,12* CCSI clinics, in operation since OHCA approval in 2011, provide outpatient services for CCSI’s clients reintegrating into the community. *FF13* CCSI has developed a transitional living recovery model that utilizes its own step-down delivery system to implement the reintegration process. This continuum of care includes individualized case management that incorporates educational, spiritual, vocational and recreational activities to teach the necessary function skills and coping tools needed to manage the stressors and triggers that accompany reintegration into the community. *FF14* Clinical services include individual, group, psycho-educational, family healing and support services for SUD and/or COD for young adult (18 to 25 years old) male clients. *FF16* According to the reports from Substance Abuse and Mental Health Services Administration, Connecticut ranked in the highest percentile when compared to other states for illicit drug use among adults ages 18 to 25. CCSI’s young adult male transitional living program is currently at 90% of capacity. *Ex. A, p. 19.*

CCSI is not a participating Medicaid provider, as recovery home services are not covered under the Connecticut Medicaid program. *FF25* There are however, seven existing outpatient treatment providers in the greater New Haven area that accept Medicaid. The proposal will not affect these providers, as the only clients that use CCSI's licensed services are those already residing in CCSI's transitional living program. *FF21* Although not a Medicaid provider, CCSI does provide services in the form of scholarships and discounts to individuals who require financial assistance. CCSI provided approximately 15% of its net revenue in scholarships or discounts in the first half of the 2015 fiscal year. *FF26* Therefore, the Applicants have satisfactorily demonstrated that access to services will be maintained for all relevant client populations.

North Castle, who had \$57 million in net assets in 2014, will fund the purchase of CCSI with cash and proceeds of \$14,000,000 from a secured term loan and \$3,000,000 from a commercial mortgage loan. *FF27,28* The Applicants project incremental gains from operations in the first three years of the proposal, attributable, in part, to an increased daily census. *FF25*. Based on these factors, the Applicants have satisfactorily demonstrated that the proposal is financially feasible.

The Applicants have satisfactorily demonstrated a clear public need for the proposal as the availability of additional capital will allow CCSI to enhance access to its current transitional living program for young adult males and offer new transitional living services to young adult women. Additionally, the Applicants have demonstrated that there will be no impact on quality or cost, and no unnecessary duplication of services in the area. Consequently, the Applicant has shown that the proposal is consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings and Discussion, the Certificate of Need application for CT Clinical Services, Inc., d/b/a/ Turning Point, to transfer 76% ownership to North Castle Partners V, L.P is hereby APPROVED.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

December 17, 2015
Date

Janet M. Brancifort
Janet M. Brancifort, MPH, RRT
Deputy Commissioner

Olejarz, Barbara

From: Brett Tiberio <BTiberio@tpaddictiontreatment.com>
To: Olejarz, Barbara
Sent: Friday, December 18, 2015 10:19 AM
Subject: Read: FW: Final Decision

Your message

To:
Subject: Final Decision
Sent: Friday, December 18, 2015 10:19:02 AM (UTC-05:00) Eastern Time (US & Canada)

was read on Friday, December 18, 2015 10:18:52 AM (UTC-05:00) Eastern Time (US & Canada).

Huber, Jack

From: Huber, Jack
Sent: Tuesday, December 29, 2015 9:09 AM
To: 'btiberio@tpaddictiontreatment.com'
Cc: Roberts, Karen
Subject: Notice of CON Expiration Date for the Final Decision Rendered under Docket Number: 15-32027-CON

Dear Mr. Tiberio:

On December 17, 2015, in a final decision under Docket Number: 15-32027-CON, the Office of Health Care Access authorized a Certificate of Need ("CON") to Connecticut Clinical Services, Inc. ("CCSI"), d/b/a Turning Point to transfer a 76% ownership share of CCSI to North Castle Partners V, L.P.. Pursuant to Section 19a-639b of the Connecticut General Statutes ("C.G.S."), *"a certificate of need shall be valid for two years from the date of issuance by this office."*

With this letter, please be advised that pursuant to Section 19a-639b, C.G.S., the current CON authorization issued under Docket Number: 15-32027-CON will expire on December 17, 2017. Please contact me at (860) 418-7069 or Karen Roberts, Principal Health Care Analyst at (860) 418-7041, if you have any questions regarding this notification. Best wishes for a Happy New Year!

Sincerely,

Jack A. Huber

Jack A. Huber

Health Care Analyst

Department of Public Health | Office of Health Care Access | 410 Capitol Avenue

P.O. Box 340308 MS #13HCA | Hartford, CT 06134 | Ph: 860-418-7069 | Fax: 860-418-7053 | email: Jack.Huber@ct.gov