ORIGINAL

11-026

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
MAY 2 4 2011
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name: U.S. Renal Care Streamwood Dialysis		
Street Address: 141-149 Irving Park Road		
City and Zip Code: Streamwood, 60107		
County: Cook	Health Service Area 7	Health Planning Area:

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: USRC Streamwood LLC
Address: 2400 Dallas Pkwy #350 Plano, Texas 75093
Name of Registered Agent: C T Corporation System
Name of Chief Executive Officer: Stephen Pirri (President)
CEO Address: 2400 Dallas Pkwy #350, Plano, Texas 75093
Telephone Number: 214.736.2700

Type of Ownership of Applicant/Co-Applicant

- [ ] Non-profit Corporation
- [ ] For-profit Corporation
- [x] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: Edward Clancy
Title: Attorney
Company Name: Ungaretti & Harris LLP
Address: 70 W. Madison Suite 3500, Chicago Illinois 60602
Telephone Number: 312.977.4487
E-mail Address: eclancy@uhlaw.com
Fax Number: 312.977.4405

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: N/A
Title:
Company Name:
Address:
Telephone Number:
E-mail Address:
Fax Number:

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: USRC Alliance LLC
Address: 2400 Dallas Pkwy #350, Plano, Texas 75093
Name of Registered Agent: C T Corporation System
Name of Chief Executive Officer: Stephen Pirri (President)
CEO Address: 2400 Dallas Pkwy #350, Plano, Texas 75093
Telephone Number: 214.736.2700

Type of Ownership of Applicant/Co-Applicant

☐	Non-profit Corporation	☐	Partnership		
☐	For-profit Corporation	☐	Governmental		
☒	Limited Liability Company	☐	Sole Proprietorship	☐	Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name: Thomas L. Weinberg
Title: Senior Vice President and General Counsel
Company Name: U.S. Renal Care Inc.
Address: 2400 Dallas Parkway, Suite 350 Plano, Texas 75093
Telephone Number: 214-736-2700
E-mail Address: Tweinberg@USRENALCARE.COM
Fax Number: 214-736-2701

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Inland Real Estate Column I LLC
Address of Site Owner: 2901 Butterfield Road, Oak Brook Illinois 60523
Street Address or Legal Description of Site: **Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.**
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: USRC Streamwood LLC
Address: 2400 Dallas Pkwy #350 Plano, Texas 75093

- [ ] Non-profit Corporation
- [ ] For-profit Corporation
- [x] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (http://www.hfsrb.illinois.gov).

APPEND DOCUMENTATION AS ATTACHMENT-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☐ Substantive	☐ Part 1120 Not Applicable
☒ Non-substantive	☐ Category A Project
	☒ Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

USRC Streamwood, LLC ("Applicant") proposes to establish a thirteen (13) station in-center hemodialysis facility at 141-149 Irving Park Road, Streamwood, Illinois 60107. The facility will utilize leased space at the Woodland Heights Shopping Center to be built out by Applicant. The facility will provide both in-center hemodialysis and peritoneal dialysis for patients with End Stage Renal Disease ("ESRD").

USRC Streamwood, LLC will be in HSA 7.

This project is "non-substantive" under Planning Board rule 1110.10(b) as it entails the establishment of an In-Center Hemodialysis Center that will provide renal dialysis services.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts*	$444,105		$444,105
Contingencies			
Architectural/Engineering Fees	$42,000		$42,000
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	$70,157	$98,601	$168,757
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	$932,466		$932,466
Other Costs To Be Capitalized	$91,244		$91,244
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	$1,579,972	$98,601	$1,678,573
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	$1,579,972	$98,601	$1,678,573
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$1,579,972	$98,601	$1,678,573

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

*Modernization Contracts of $523,170 are offset by a leasehold improvement allowance of ($79,065) resulting in a total of $444,105.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $______________
Fair Market Value: $______________

The project involves the establishment of a new facility or a new category of service
☒ Yes ☐ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ $2,198,937.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☒ Preliminary

☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): 8/1/2012

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
N/A ☐ Cancer Registry
N/A ☐ APORS
N/A ☐ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
N/A ☐ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of USRC Streamwood, LLC * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE

Thomas L. Weinberg
PRINTED NAME

Manager
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

SIGNATURE

Stephen M. Pirri
PRINTED NAME

President and Manager
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

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- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of USRC Alliance, LLC * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

SIGNATURE

Thomas L. Weinberg
PRINTED NAME

Manager
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

SIGNATURE

Stephen M. Pirri
PRINTED NAME

President and Manager
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate.**

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:

2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
☒ **In-Center Hemodialysis**	0	13

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$1,678,573	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
______	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
______	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$1,678,573	**TOTAL FUNDS AVAILABLE**	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **All of the projects capital expenditures are completely funded through internal sources**
2. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
3. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	
Department (list below)	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	Total Cost (G + H)
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	
ESRD		$90.00			5,813			$523,170	$523,170
Contingency									
TOTALS		$90.00			5,813			$523,170	$523,170

* Include the percentage (%) of space for circulation

D. **Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. **Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaidpatients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care Information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ATTACHMENT 1

TYPE OF OWNERSHIP – CERTIFICATE OF GOOD STANDING

File Number 0345099-6

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

USRC STREAMWOOD LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 28, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 28TH *day of* MARCH *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1108700996
Authenticate at: http://www.cyberdriveillinois.com

Jesse White
SECRETARY OF STATE

File Number 0345096-1

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

USRC ALLIANCE, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON FEBRUARY 28, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 5TH *day of* MAY *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1112501906

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 2

SITE OWNERSHIP – PROOF OF OWNERSHIP

1870970-1

Colliers INTERNATIONAL

May 12, 2011

Mr. Charles Cimorelli
Inland Real Estate Corporation
2901 Butterfield Road
Oakbrook, IL 60523

RE: LETTER OF INTENT

Dear Charles:

USRC Streamwood, LLC ("Tenant") has directed Colliers International to submit the following Letter of Intent. USRC is ready and willing to enter into lease document negotiations subject to the following terms:

PEMISES / LEASE TERM: **LANDLORD:** **Inland Real Estate Corporation, 2901 Butterfield Rd., Oak Brook, IL 60523.**	Tenant will require approximately 6,000 square feet. Please propose an address, dedicated suite number and rentable square footage. Please propose a ten (10) year term with the right to terminate at any time after 60 months with 90-days written notice.	With combining space #11 with a portion of space #21 the square footage will be approximately 5,813sf. Space #11 has an address of 145-149 Irving Pk. Rd. and space #21 is141-143 Irving Pk. Rd, Streamwood, IL. 60107. We propose a 10 year lease with the one time right to terminate by providing notice within 30 days after the 60th month. Termination will take effect Tenant will be responsible for reimbursing Landlord all unamoritized Landlord expenses associated with securing US Renal Care as a tenant. **Inland Real Estate Column ILLC, an Illinois limited liability company.**
RENTAL RATE/ CONCESSIONS:	Please provide an aggressive, market sensitive rate with corresponding concessions on a ten (10) year term. Please indicate the structure of the rental rate (net, gross or full service) and all costs and/or services not included in the rent.	Rent: $11.81 /sf for years 1 - 5 $13.00 /sf for years 6 – 10 Cam: Currently $1.94/sf. Taxes: Currently $$5.82/sf.

LEASE COMMENCEMENT:	1. Landlord must deliver the Premises in warm shell condition per mutually acceptable specs within thirty (30) days of lease execution. 2. Rent will commence ninety (90) days after issuance of a Certificate of Occupancy by the City of Streamwood.	Landlord will deliver the Premises per pre-agreed upon specs within 120 days of lease execution Rent will commence ninety (90) days after Tenant's possession.
RENEWAL OPTION:	Please propose two (2) consecutive, five (5) year lease renewal options at fixed rates.	Option I: Five (5) years at $14.00 /sf. Option II: Five (5) years at $15.38 /sf.
TENANT IMPROVEMENT ALLOWANCE (TENANT PERFORMS):	1. Landlord shall deliver the Premises in warm shell condition per Tenant's specs which have been listed in the section below. 2. Please provide a market sensitive Tenant Improvement Allowance for a ten (10) year term. 3. After delivery of the Premises, Tenant shall complete all necessary tenant improvements to the Premises pursuant to a space plan and specifications to be prepared by Tenant, approved by Landlord. 4. Tenant shall not be required to pay Landlord any construction management or supervisory fee for any tenant improvements.	Landlord shall deliver the Premises per the original lease, specs attached. Landlord will provide a Tenant Improvement Allowance of $79,065.00 ($13.60 /sf) Agree Agree

TENANT SPECS:	Tenant will require certain specifications listed below. If the specifications are not part of the base building package, please elaborate on how the specifications can be met. 1. 1.5" diameter incoming water line. 2. The presence of sewer service with no less than a 4" line into the premises with an invert depth that will adequately service our sanitary demands 3. 208V 3Phase power panel with 400 amps if gas is provided. If gas is not available, 600 amps will be required. 4. Gas line running to the Premises. 5. One (1) ton of HVAC service for every 250 USF. 6. Current asbestos survey. 7. Fully engineered as built drawings of the Premises. 8. The subject property shall not be located within a 100 year flood plain. 9. The property shall not be located within 150 feet of easement boundaries or setbacks of hazardous underground locations including but not limited to liquid butane or propane, liquid petroleum or natural gas transmission lines, high pressure lines, and not within the easement of high voltage electrical lines.	Landlord will deliver the space per previously agreed upon terms set forth in a lease delivered July 8th, 2010.
BASE YEAR / OPERATING EXPENSES:	Please provide a break-down of all operating expenses for which Tenant will be responsible.	Copy of operating expense reconciliations will be provide upon execution of proposal.

SIGNAGE:	Please describe building standard signage rights along with any opportunities for Building signage and or monument/pylon signage.	Copy of Exhibit "D", Sign Criterea is included is lease previously provided, copy attached. There is pylon signage which will be provided upon availability.
PARKING:	Tenant will require 5 marked reserved handicapped spaces located at or near the entrance of the Premises, 10 marked reserved visitor spaces loacted near the entrance of the Premises, and 20 marked spaces which will be located in the Building parking area.	Landlord will investigate the possiblity of providing additional handicapped parking spaces near the entrance of the premises.
RIGHT OF FIRST REFUSUAL:	1. Tenant shall have a Right of First Refusal on any adjacent suite(s). 2. Tenant shall have 15 business days from receipt of written notice from Landlord to exercise its Right of First Refusal. 3. If Tenant exercises its Right of First Refusal, Tenant shall lease the additional space for a term that is coterminous with its Lease for the Premises and at the rental rate(s) and other Lease terms in effect, with a pro rated construction allowance.	Do not agree. See above See above
MISCELLANEOUS:	1. Tenant will require the right to allow a tractor trailer (18 wheeler) to deliver supplies in the delivery area located behind or in front of the Building. 2. Landlord will allow Tenant, at its own expense to install an awning at the front of the Premises for a patient drop off/ pick up area.	Tenant will require the right to allow a tractor trailer (18 wheeler) to deliver supplies in the delivery area located behind the Building. Landlord will not allow Tenant to install an awning at the front of the Premises for a patient drop off/ pick up area. A sufficient "over-hang" currently exists in front of the premises.

TERMINATION OPTION:	Tenant shall have the right to terminate the Lease at any time after the fifth anniversary of the rent commencement date by providing written notice thereof at least 120 days prior to the date of termination.	Tenant shall have the one time right to terminate the Lease within 30 days after the fifth anniversary of the rent commencement date
HOLDOVER:	Tenant shall have the right to holdover for three (3) months after term expiration at the same rate as the last month of the lease term. After the third month, the holdover rate shall increase to 125% of the rent for the last month of the lease term.	Tenant shall not have the right to holdover
BROKER / DISCLOSURE:	Both Landlord and Tenant recognize and acknowledge that the Tenant is represented by Howard Watkins with Transwestern as procuring Broker, in this transaction. Landlord agrees to pay a procuring brokerage a commission per a separate agreement.	Agree per a finalized agreement between Howard Watkins and Patrick Vizzone whereas Mr. Watkins will be entitled to 75% of the total commission due, and Mr. Vizzone will negate a previously signed commission agreement and receive the 25% balance.

Each of the aforementioned issues should be addressed thoroughly in the proposal. Any items of consequence that were overlooked in this request that would further distinguish this building from the competition should be included with the proposal.

This proposal should be submitted to my office no later than **Thursday, November 18, 2010.** Please forward the Proposal to my attention at the address indicated on the letterhead. This Request for Proposal is a request only and is not intended to legally bind either party.

Sincerely,

PATRICK VIZZONE
VICE PRESIDENT

COLLIERS INTERNATIONAL

Inland Real Estate Corporation

Charles Cimorelli V.P.
Inland Comm Prop Mgmt.
5/12/11

USRC Streamwood, LLC

Jean. Hanif
Senior V.P. US.RC.

ATTACHMENT 3

OPERATING IDENTITY/LICENSEE CERTIFICATE OF GOOD STANDING

Persons with 5% or more ownership interest in licensee.

Name:	% Ownership
GORDON R. LANG, M.D., F.A.C.P.	32%
ANIS ABDUL RAUF, D.O., F.A.S.N.	5%
MOHAMMED S. AHMED, D.O.	5%

1870970-1

File Number 0345099-6

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

USRC STREAMWOOD LLC, HAVING ORGANIZED IN THE STATE OF ILLINOIS ON FEBRUARY 28, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A DOMESTIC LIMITED LIABILITY COMPANY IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 28TH *day of* MARCH *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1108700996

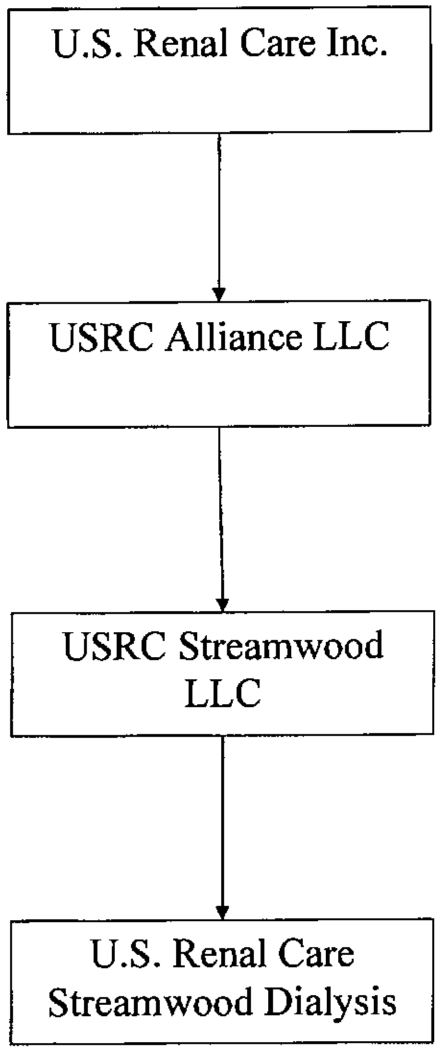
Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

ATTACHMENT 4

ORGANIZATIONAL RELATIONSHIPS – ORGANIZATIONAL CHART

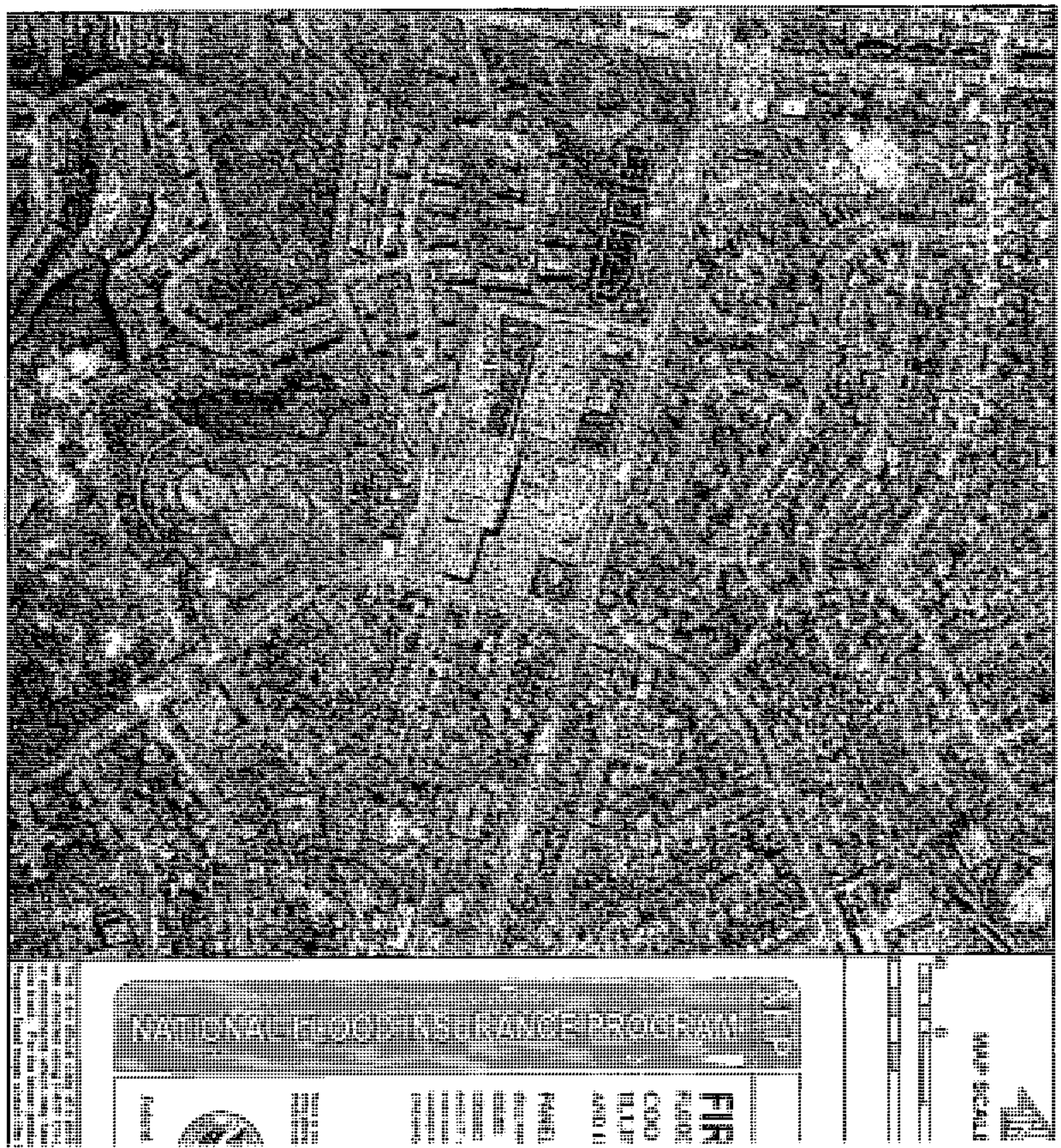


1870970-1

ATTACHMENT 5

FLOOD PLAIN REQUIREMENTS

1870970-1


NATIONAL FLOOD INSURANCE PROGRAM

ATTACHMENT 6

ILLINOIS HISTORICAL PRESERVATION AGENCY LETTER

1870970-1

Illinois Historic
Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Cook County
Streamwood
CON - Lease to Establish a Dialysis Facility, U.S. Renal Care
141-149 Irving Park Road
IHPA Log #014032811

April 15, 2011

Shawn Moon
Ungaretti and Harris
Three First National Plaza
70 W. Madison - Suite 3500
Chicago, IL 60602-4224

Dear Mr. Moon:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

ATTACHMENT 7

PROJECT COST/SOURCE OF FUNDS

ITEMIZATION OF COSTS NOT OTHERWISE IDENTIFIED IN THE PROJECT COST/SOURCE OF FUNDS TABLE

Architect Fees	42,000
Computers & Wiring	32,867
Dialysis Chairs / Scales	20,744
Fair Market Value of Dialysis Machine Lease	188,166
Leasehold Improvement	523,170
Leasehold Improvement Allowance	(79,065)
Fair Market Value of Leased Space	744,300
Medical / Biomed Equipment	16,546
Misc	11,244
Office Furniture / Equipment	98,601
Water Treatment	80,000

1870970-1

ATTACHMENT 8

OBLIGATION

1870970-1

ATTACHMENT 9

COST SPACE REQUIREMENTS

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	$1,678,573	0	5,813		5,813		
Total Clinical	$1,678,573	0	5,813		5,813		
NON REVIEWABLE							
Administrative							
Total Non-clinical							
TOTAL	$1,678,573	0	5,813		5,813		

1870970-1

ATTACHMENT 11

BACKGROUND OF THE APPLICANT

Please find the attached list of facilities owned or operated by the Applicant as well as a certification in compliance with 77 Ill. Admin. Code 1110.230.

1870970-1

DCA of Adel, LLC d/b/a U.S. Renal Care
Adel Dialysis
203 Robinson St
Adel GA 31620
(220) 896-4529
EIN: 56-2335380
License No. ESRD001228
Medicare No. 112733

DCA of Ashland, LLC d/b/a U.S. Renal Care Ashland Dialysis
113 N Washington St
Ashland VA 23005
(804) 752-3444
EIN: 27-0094841
License No. N/A
Medicare No. 492622

DCA of Barnwell, LLC d/b/a U.S. Renal Care Barnwell Dialysis
10708 Marlboro Ave
Barnwell SC 29812
(803) 541-7225
EIN: 20-2131118
License No. ERD-0179
Medicare No. 422615

DCA of Calhoun, LLC d/b/a U.S. Renal Care Calhoun Dialysis
105 Professional Pl
Calhoun GA 30701
(706) 624-4497
EIN: 20-4119620
License No. ESRD001266
Medicare No. 112770

DCA of Camp Hill, LLC d/b/a U.S. Renal Care Camp Hill Dialysis
158 S 32nd St Suite 19
Camp Hill PA 17011
(717) 731-0506
EIN: 26-1554083
License No. N/A
Medicare No. 392750

DCA of Carlisle, Inc. d/b/a U.S. Renal Care
Carlisle Dialysis
101 Noble Blvd Suite 103
Carlisle PA 17013
(717) 258-3099
EIN: 23-2869880
License No. N/A
Medicare No. 392627

DCA of Central Valdosta, LLC d/b/a U.S. Renal Care Central Valdosta Dialysis
506 N. Patterson St
Valdosta GA 31601
(229) 219-0099
EIN: 58-2617394
License No. ESRD001193
Medicare No. 112699

DCA of Chambersburg, Inc. d/b/a U.S. Renal Care Chambersburg Dialysis
765 54th Ave, Park 5th Ave Professional Center Suite A
Chambersburg PA 17201
(717) 263-9300EIN: 25-1810333
License No. N/A
Medicare No. 392648

DCA of Chesapeake, LLC d/b/a U.S. Renal Care Chesapeake Dialysis
305 College Parkway
Arnold MD 21012
(410) 431-5106
EIN: 20-4373428
License No. E2619
Medicare No. 112619

DCA of Chevy Chase, LLC d/b/a U.S. Renal Care Chevy Chase Dialysis
3 Bethesda Metro Center Suite B-005
Bethesda, MD 20814
(301) 652-3434
EIN: 75-2978031
License No. E2633
Medicare No. 21.2633

DCA of Cincinnati, LLC d/b/a U.S. Renal Care Mt Healthy Dialysis
7600 Affinity Pl
Mt Healthy OH 45231
(513) 931-7900
EIN: 31-1810465
License No. 0684DC
Medicare No. 362655

DCA of Columbus, LLC d/b/a U.S. Renal Care Columbus Dialysis
2360 Citygate Dr
Columbus OH 43219
(614) 428-4001
EIN: 20-8388926
License No. 0880DC
Medicare No. 362662

DCA of Delaware County, LLC d/b/a U.S. Renal Care Delaware County Dialysis
1788 Columbus Pike
Delaware OH 43015
(740) 369-4870
EIN: 20-5799636
License No. 0871DC
Medicare No. 362713

DCA of Eastgate, LLC d/b/a U.S. Renal Care Eastgate Dialysis
4600 Beechwood Rd Suite 900
Cincinnati OH 45244
(513) 528-3222
EIN: 26-4578574
License No. 0968DC
Medicare No. 362762

DCA of Edgefield, LLC d/b/a U.S. Renal Care Edgefield Dialysis
306 Main St
Edgefield SC 29824
(803) 637-3225
EIN: 20-2131213
License No. ERD-0149
Medicare No. 422602

DCA of Fitzgerald, LLC d/b/a U.S. Renal Care Fitzgerald Dialysis
402 S Grant St
Fitzgerald GA 31750
(229) 409-2221
EIN: 58-2596232
License No. ESRD001191
Medicare No. 112698

DCA of Hawkinsville, LLC d/b/a U.S. Renal Care Hawkinsville Dialysis
292 Industrial BLvd Suite 100
Hawkinsville GA 31036
(478) 892-8008
EIN: 20-8548207
License No. ESRD001199
Medicare No. 112707

DCA of Hyattsville, LLC d/b/a U.S. Renal Care Hyattsville Dialysis
4920 LaSalle Road
Hyattsville, MD 20782
(301) 277-0490
EIN: 26-3674421
License No. E2620
Medicare No. 212620

DCA of Kenwood, LLC d/b/a U.S. Renal Care Kenwood Dialysis
5150 E Galbraith Rd
Cincinnati OH 45236
(513) 791-2698
EIN: 26-4578451
License No. 0956DC
Medicare No. 362759

DCA of Manahawkin, Inc. d/b/a U.S. Renal Care Manahawkin Dialysis
675 State Hwy 72 Suite 1006-B
Manahawin NJ 08050
(609) 978-6723
EIN: 22-3491564
License No. 22277
Medicare No. 312539

DCA of Mechanicsburg, LLC d/b/a U.S. Renal Care Mechanicsburg Dialysis
120 South Filbert St
Mechanicsburg PA 17055
(717) 790-6080
EIN: 23-3078802
License No. N/A
Medicare No. 392691

DCA of North Baltimore, LLC d/b/a U.S. Renal Care North Baltimore Dialysis
2700 N Charles St Suite 102
Baltimore MD 21218
(410) 243-4193
EIN: 20-4373297
License No. E2577
Medicare No. 212577

DCA of Norwood, LLC d/b/a U.S. Renal Care Norwood Dialysis
1721 Tennesee Ave
Cincinnati OH 45229
(513) 242-6733
EIN: 86-1117490
License No. 0773DC
Medicare No. 362681

DCA of Pottstown, LLC d/b/a U.S. Renal Care Pottstown Dialysis
5 S Sunnybrook Rod Suite 500
Pottstown PA 19464
(610) 718-1127
EIN: 47-0924656
License No. N/A
Medicare No. 392707

DCA of Rockville, LLC d/b/a U.S. Renal Care Rockville Dialysis
11800 Nebel St
Rockville MD 20852
(301) 468-3221
EIN: 06-1707727
License No. E2641
Medicare No. 212641

DCA of Royston, LLC d/b/a U.S. Renal Care Royston Dialysis
611 Cook St
Royston GA 30662
(706) 2345-0817
EIN: 20-0546217
License No. ESRD001105
Medicare No. 112719

DCA of Selinsgrove, LLC d/b/a U.S. Renal Care Selinsgrove Dialysis
EIN: 20-8030379
License No. N/A
Medicare No. 392728

DCA of SO GA, LLC d/b/a U.S. Renal Care South Georgia Dialysis
3564 N Crossing Cir
Valdosta GA 31602
(229) 249-3222
EIN: 22-3715287
License No. ESRD001180
Medicare No. 112688

DCA of South Aiken, LLC d/b/a U.S. Renal Care South Aiken Dialysis
169 Crepe Myrtle Dr
Aiken SC 29803
EIN: 20-2130991
License No. ERD-0156
Medicare No. 422604

DCA of Toledo, LLC d/b/a U.S. Renal Care Bowling Green Dialysis
1037 Conneaut Ave Suite 101
Bowling Green OH 43402
(419) 353-1080
EIN: 34-1933418
License No. 0631DC
Medicare No. 362630

DCA of Vineland, LLC d/b/a U.S. Renal Care Vineland Dialysis
1450 East Chestnut Ave Bldg 2 Suite C
Vineland NJ 08361
(856) 692-9060
EIN: 52-2180919
License No. 22278
Medicare No. 312551

1870970-1

DCA of Warsaw, LLC d/b/a U.S. Renal Care Warsaw Dialysis
4709 Richmond Rd
Warsaw VA 22572
(804) 333-4444
EIN: 13-4226110
License No. N/A
Medicare No. 492627

DCA of Wellsboro, Inc. d/b/a U.S. Renal Care Wellsboro Dialysis
223 Tioga St
Wellsboro PA 16901
(570) 724-3188
EIN: 25-1762601
License No. N/A
Medicare No. 392602

DCA of West Baltimore, LLC d/b/a U.S. Renal Care West Baltimore Dialysis
22 S Athol St
Baltimore MD 21229
(410) 947-3227
EIN: 75-3170570
License No. E2647
Medicare No. 112647

DCA of York, LLC d/b/a U.S. Renal Care York Dialysis
1975 Kenneth Rd
York PA 174808
(717) 764-8322
EIN: 76-0792137
License No. N/A
Medicare No. 392731

Keystone Kidney Care, Inc d/b/a U.S. Renal Care Bedford Dialysis
141 Memorial Dr
Everett PA 15537
(814) 623-2977
EIN: 25-1663054
License No. N/A
Medicare No. 392612

Keystone Kidney Care, Inc d/b/a U.S. Renal Care Huntingdon Dialysis
820 Bryan St Suite 4
Huntingdon PA 16652
(814) 643-3600
EIN: 25-1663054
License No. N/A
Medicare No. 392656

Pine Bluff Dialysis, Inc. d/b/a Kidney Center of McGehee
610 Holly St
Mc Gehee, AR 71654-2109
(870) 222-6700
EIN: 71-0855258
License No. N/A
Medicare No. 04-2565

Pine Bluff Dialysis, Inc. d/b/a Pine Bluff - U.S. Renal Care
2302 W 28th Ave, Suite C
Pine Bluff, AR 71603-5081
(870) 534-7400
EIN: 71-0855258
License No. N/A
Medicare No. 04-2564

U.S. Renal Care Boerne, LLC d/b/a U.S. Renal Care Boerne Dialysis
1595 South Main Suite 107
Boerne, TX 78006
(830) 816-3030
EIN: 43-2099925
License No. 008371
Medicare No. 67-2563

U.S. Renal Care Home Therapies, LLC
1313 La Concha Ln
Houston, TX 77054-1809
(713) 668-2744
EIN: 32-0223510
License No. 008644
Medicare No. 45-2840

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U.S. Renal Care of Northeast Arkansas LLC
d/b/a Paragould - U.S. Renal Care
901 W Kingshighway
Paragould, AR 72450
(870) 215-0187
EIN: 62-1826477
License No. N/A
Medicare No. 04-2562

USRC Altoona, LLC d/b/a U.S. Renal Care
Altoona Dialysis
200 E Chestnut Ave Suite 3-A
Altoona PA 16601
EIN: 27-3164836
License No. Pending
Medicare No. Pending

USRC Ataseosa County Dialysis, LLC d/b/a
U.S. Renal Care Atascosa County Dialysis
1320 W Oaklawn Rd
SUITE G&H
Pleasanton, TX 78064-4304
(830) 569-3052
EIN: 26-1394783
License No. 008674
Medicare No. 672631

USRC Azle, LP d/b/a U.S. Renal Care
Tarrant Dialysis Azle
605 Northwest Parkway Suite 1
Azle TX 76020
(817) 406-4331
EIN: 26-4113763
License No. 110026
Medicare No. 672652

USRC Bellaire Dialysis, LLC d/b/a U.S.
Renal Care Bellaire Dialysis
7243 Bissonnet Dr Suite A
Houston TX 77074
(713) 988.7200
EIN: 26-1527679
License No. 110013
Medicare No. Pending

USRC Canton, LLC d/b/a U.S. Renal Care
Canton Dialysis
400 E TX 243 Suite 14
Canton TX 75103
(903) 567-2250
EIN: 26-2409182
License No. 008728
Medicare No. 672607

USRC Cleburne, LP d/b/a U.S. Renal Care
Tarrant Dialysis Cleburne
1206 W Henderson Suite A
Cleburne TX 76033
(817) 641-5530
EIN: 26-3465019
License No. 110025
Medicare No. 672650

USRC College Partnership, LP d/b/a Baylor
College of Medicine - Scott Street Dialysis
6120 Scott Street Ste F
Houston TX 77021
(713) 741-7059
EIN: 20-8317462
License No. 008624
Medicare No. 672605

USRC Dalton, LLC d/b/a U.S. Renal Care
Dalton Dialysis
1009 Professional Blvd
Dalton GA 30720-2506
(706) 278-1070
EIN: 27-3966564
License No. ESRD001109
Medicare No. 11-2524

USRC Delta, LP d/b/a U.S. Renal Care
Delta Dialysis
400 East Edinburg Blvd
Elsa, TX 78543
(956) 581-8489
EIN: 56-2584922
License No. 008419
Medicare No. 67-2557

USRC Downtown San Antonio, LLC d/b/a U.S. Renal Care Downtown San Antonio Dialysis
343 W Houston St Ste 209
San Antonio TX 78205
(210) 251-2824
EIN:26-3721871
License No. 110024
Medicare No. Pending

USRC Eagle Pass, LLC d/b/a U.S. Renal Care Maverick County Dialysis
3420 Amy Street
Eagle Pass, TX 78852
(830) 773-8878
EIN: 56-2533704
License No. 008305
Medicare No. 67-2534

USRC East Ft Worth LP d/b/a U.S. Renal Care Tarrant Dialysis East Fort Worth
6450 Brentwood Stair Rd
Fort Worth Texas 76112
(817) 888-3015
EIN: 27-3360902
License No. Pending
Medicare No. Pending

USRC Edinburg, LP d/b/a U.S. Renal Care Edinburg Dialysis
206 Conquest
Edinburg, TX 78539
(956) 383-8488
EIN: 41-2166757
License No. 008539
Medicare No. 45-2890

USRC Friendswood Dialysis, LLC d/b/a U.S. Renal Care Friendswood Dialysis
3324 E FM 528
Friendswood TX 77546
(281) 993-5067
License No. 008692
Medicare No. 672624

USRC Gateway Dialysis, LLC d/b/a U.S. Renal Care Gateway Dialysis
7171 New Hwy 90 West Suite 101
San Antonio, TX 78227
(210) 673-9200
EIN: 26-2064040
License No. 008664
Medicare No. 45-2851

USRC Grove, LLC d/b/a U.S. Renal Care Grove Dialysis
1200 NEO Loop Suite B&C
Grove OK 74344
(918) 787-2900
EIN: 27-2194282
License No. N/A
Medicare No. Pending

USRC Harlingen, LP d/b/a U.S. Renal Care Harlingen Dialysis
4302 Sesame Drive
Harlingen, TX 78550
(956) 365-4103
EIN: 41-2166755
License No. 008196
Medicare No. 45-2817

USRC Kingwood, LP d/b/a U.S. Renal Care Kingwood Dialysis
24006 Hwy 59 North
Kingwood TX 77339
(713) 741-7059
EIN: 20-8996067
License No. 008603
Medicare No. 672604

USRC Laredo South LP d/b/a U.S. Renal Care Laredo South Dialysis
4602 Ben Cha Road
Laredo, TX 78041
(956) 668-8484
EIN: 20-5786850
License No. 008497
Medicare No. 67-2566

USRC Laredo, LP d/b/a U.S. Renal Care
Laredo Dialysis
6801 McPherson Road Suite 107
Laredo, TX 78041
(956) 725-1202
EIN: 41-2166761
License No. 008197
Medicare No. 45-2823

USRC McAllen, LP d/b/a U.S. Renal Care
McAllen Dialysis
1301 East Ridge Road Suite C
McAllen, TX 78503
(956) 668-8484
EIN: 41-2166763
License No. 008198
Medicare No. 45-2820

USRC Medina County Dialysis, LLC d/b/a
U.S. Renal Care Medina County Dialysis
3202 Avenue G
Hondo, TX 78861
(830) 426-3843
EIN: 26-2175292
License No. 007311
Medicare No. 45-2765

USRC Mid Valley Weslaco LP d/b/a U.S.
Renal Care Mid Valley Weslaco Dialysis
1005 South Airport Drive
Weslaco, TX 78596
(956) 581-8489
EIN: 41-2166767
License No. 008429
Medicare No. 45-2870

USRC Mineral Wells, LP d/b/a U.S. Renal
Care Tarrant Dialysis Mineral Wells
2611 Highway 180 West
Mineral Wells TX 76067
(940) 468-2704
EIN: 26-4113811
License No. 110043
Medicare No. Pending

USRC Mission, LP d/b/a U.S. Renal Care
Mission Dialysis
1300 S Bryan Rd Suite 107
Mission, TX 78572-6626
(956) 581-8489
EIN: 41-2166764
License No. 110005
Medicare No. 67-2502

USRC Murray County, LLC d/b/a U.S.
Renal Care Murray County Dialysis
108 Hospital Dr
Chatsworth GA 30705-2058
(706) 517-4818
EIN: 27-3989608
License No. ESRD001178
Medicare No. 11-2685

USRC N Richland Hills LP d/b/a U.S. Renal
Care Tarrant Dialysis North Richland Hills
6455 Hilltop Drive Suite 112
North Richland Hills, TX 76180-6039
(817) 877-3934
EIN: 16-1774637
License No. 008430
Medicare No. 67-2554

USRC of SE Arkansas, LLC d/b/a Stuttgart -
U.S. Renal Care
805 W. Madison Street
Stuttgart, AR 72160-2543
(870) 673-0008
EIN: 43-1958286
License No. N/A
Medicare No. 04-2579

USRC Rio Grande LP d/b/a U.S. Renal Care
Rio Grande Dialysis
2787 Pharmacy Road
Rio Grande City, TX 78582
EIN: 41-2166762
(956) 487-2929
License No. 008668
Medicare No. 45-2664

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USRC SA Bandera Road LLC d/b/a U.S. Renal Care Bandara Road Dialysis
7180 Bandera Road
San Antonio, TX 78238
(210) 403-9493
EIN: 90-0185327
License No. 008087
Medicare No. 45-2895

USRC SA Houston Street, LLC d/b/a U.S. Renal Care Houston Street Dialysis
2011 East Houston Street Suite 102d
San Antonio, TX 78202
(210) 225-0004
EIN: 34-2011633
License No. 008134
Medicare No. 67-2506

USRC SA Pleasanton Road, LLC d/b/a U.S. Renal Care Pleasanton Road Dialysis
1515 Pleasanton Road
San Antonio, TX 78221
(210) 922-6255
EIN: 20-8968868
License No. 008588
Medicare No. 67-2510

USRC SA Tri County LLC d/b/a U.S. Renal Care Tri County Dialysis
14832 Main Street
Lytle, TX 78052
(830) 772-5784
EIN: 42-1639878
License No. 008135
Medicare No. 67-2507

USRC San Benito Dialysis Ltd d/b/a U.S. Renal Care San Benito Dialysis
295 North Sam Houston
San Benito, TX 78586
(956) 668-8484
EIN: 41-2166758
License No. 008215
Medicare No. 67-2514

USRC SW Ft Worth LP d/b/a U.S. Renal Care Tarrant Dialysis Southwest Fort Worth
5127 Old Granbury Road
Fort Worth, TX 76133-2017
(817) 877-3934
EIN: 16-1774638
License No. 008443
Medicare No. 67-2559

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis Central Fort Worth
4201 East Berry Street Suite 8
Fort Worth, TX 76105
(817) 531-0326
EIN: 87-0746621
License No. 008457
Medicare No. 45-2799

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis Fort Worth
1001 Pennsylvania Avenue
Fort Worth, TX 76104
(817) 877-5907
EIN: 87-0746621
License No. 008467
Medicare No. 45-2579

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis Grand Prairie
1006 North Carrier Parkway
Grand Prairie, TX 75050
(972) 263-7202
EIN: 87-0746621
License No. 008468
Medicare No. 45-2855

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis Mansfield
1800 Hwy 157 North Suite 101
Mansfield, TX 76063-3930
(682) 518-0126
EIN: 87-0746621
License No. 008464
Medicare No. 45-2896

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis North Fort Worth
1978 Ephriham Avenue
Fort Worth, TX 76106-6670
(817) 624-7811
EIN: 87-0746621
License No. 008454
Medicare No. 45-2838

USRC Tarrant LP d/b/a U.S. Renal Care Tarrant Dialysis South Fort Worth
11905 Medpark Drive
Burleson, TX 76028
(817) 293-1978
EIN: 87-0746621
License No. 008465
Medicare No. 45-2637

USRC Tarrant, LP d/b/a U.S. Renal Care Tarrant Dialysis Arlington
203 West Randol Mill Road
Arlington, TX 76011
(817) 275-7787
EIN: 87-0746621
License No. 008463
Medicare No. 45-2580

USRC Tarrant, LP d/b/a U.S. Renal Care Tarrant Dialysis Tarrant County
1009 Pennsylvania Avenue
Fort Worth, TX 76104
(817) 877-1515
EIN: 87-0746621
License No. 008466
Medicare No. 45-2656

USRC Valley McAllen LP d/b/a U.S. Renal Care Valley McAllen Dialysis
109 Toronto Suite 100
McAllen, TX 78503
(956) 994-3374
EIN: 41-2166760
License No. 008199
Medicare No. 45-2872

USRC Weatherford LP d/b/a U.S. Renal Care Tarrant Dialysis Weatherford
504 Santa Fe Drive
Weatherford, TX 76086-6503
(817) 594-2832
License No. 008567
Medicare No. 67-2543

USRC West Fort Worth Dialysis LP d/b/a U.S. Renal Care Tarrant Dialysis West Fort Worth
1704 S Cherry Lane Suite 200
White Settlement, TX 76108-3629
(817) 367-0822
EIN: 26-1527980
License No. 008649
Medicare No. 672637

USRC Westover Hills, LLC d/b/a U.S. Renal Care Westover Hills Dialysis
11212 State Highway Building Two Suite 100
San Antonio TX 78216
EIN: 27-3170218
License No. Pending
Medicare No. Pending

ATTACHMENT 11

BACKGROUND OF THE APPLICANT

Certification & Authorization

USRC Streamwood LLC

As required by 77 Ill. Admin. Code 1110.230, I certify that no adverse actions have been taken against USRC Streamwood LLC, or any facility owned or operated by the Applicant, by Medicare, Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of this Certificate of Need application; and

As required by 77 Ill. Admin. Code 1110.230, I authorize the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health to access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information related to this Certificate of Need application.

____
Signature

Thomas L. Weinberg
Printed Name

Manager
Title

Subscribed and sworn to before me this 19th day of May, 2011

____
Signature of Notary

Seal

ATTACHMENT 12

PURPOSE OF THE PROJECT

The purpose of this project is to keep dialysis services accessible to a growing ESRD population in Cook County (HSA 7) and to alleviate the current need for the provision of dialysis services within HSA 7. As identified in the Revised Needs Determinations for ESRD Stations dated April 20, 2011, HSA 7 currently has an unmet need for 14 additional stations. U.S. Renal Care Streamwood Dialysis will help alleviate this need by making 13 additional stations available to ESRD patients. The market area that U.S. Renal Care Streamwood Dialysis will serve is comprised mainly of the Streamwood, Schaumburg, Elgin and Bartlett area. This facility is needed to accommodate the pre-ESRD patients that Applicant has identified from this area who will require dialysis services in the next 1-3 years. Operational facilities in the area, as identified in Attachment 26 – Unnecessary Duplication of Services, are currently operating at 76% occupancy, while this is not at the state required level of 80% occu pancy, an incremental increase of less than 5% in patient volume would result in the 80% occupancy level. Applicant has identified 81 pre-ESRD patients that are anticipated to require dialysis services. In addition, this increase in ESRD patients is based upon current patient populations and does not include future patients that present with diagnoses of CKD4 or CKD5. As such, additional dialysis stations are required to meet the needs of these patients. The goal of U.S. Renal Care Streamwood Dialysis is to keep dialysis access available to this patient population as we continue to monitor the growth and provide responsible health care planning for this area. In addition, the project will provide ESRD patients with another choice for provideres of dialysis services. According to the state agency's utilization inventory, Fresenius currently controls approximately 70% of the dialysis stations in HSA 7.

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ATTACHMENT 12

PURPOSE OF THE PROJECT

REVISED NEED DETERMINATIONS
3/20/2011
ESRD STATIONS

ESRD SERVICE AREAS	APPROVED EXISTING STATIONS	CALCULATED STATION NEED	ADDITIONAL STATIONS NEEDED	EXCESS ESRD STATIONS
HSA 1	131	134	3	0
HSA 2	145	149	4	0
HSA 3	155	142	0	13
HSA 4	156	164	8	0
HSA 5	175	142	0	33
HSA 6	1,030	1,083	53	0
HSA 7	1,054	1,068	14	0
HSA 8	330	295	0	35
HSA 9	229	162	0	67
HSA 10	86	56	0	30
HSA 11	153	155	2	0
ILLINOIS TOTAL	3,644	3,550	84	178

AMBULATORY SURGICAL TREATMENT CENTERS

ASTC PLANNING AREAS	ASTC FACILITIES	OPERATING ROOMS
HSA 1	4	11
HSA 2	6	18
HSA 3	5	12
HSA 4	15	41
HSA 5	10	20
HSA 6	22	57
HSA 7	46	149
HSA 8	14	40
HSA 9	9	25
HSA 10	4	9
HSA 11	11	20
ILLINOIS TOTAL	146	402

1870970-1

ATTACHMENT 13

ALTERNATIVES

The alternatives to the Project are limited. The State's Revised Needs Determinations for ESRD Stations dated April 20, 2011, shows a need for 14 ESRD stations in Health Service Area 007. This Project will establish 13 ESRD stations to meet the ESRD needs projected for HSA 7.

Alternative Options

1. A project of greater or lesser scope and cost

Projects of greater and lesser scope were considered in the planning stages of this project. The alternative of a project of lesser scope would not sufficiently meet the ESRD station needs of HSA 7. As indicated in the Purpose of the Project section, Applicant has identified 81 pre-ESRD patients that are anticipated to require dialysis services in the next 1 to 3 years. This increase in ESRD patients is based upon current patient populations and does not include future patients that may present with diagnoses of CKD4 or CKD5. As such, additional dialysis stations are required to meet the needs of these patient.

2. Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes

The operating model for this project is consistent with the standard that US Renal Care has implemented in various states. This model allows US Renal Care to provide the quality patient care services required by its patients while controlling costs. Pursing an alternate arrangement for the provision of these services may negate this proven operating model or otherwise dilute the benefits realized by patients of US Renal Care.

3. Utilizing other health care resources that are available to serve all or a portion of the population the Project proposes to serve

Patients who require dialysis treatment are limited in their options to utilize other health care resources. Due to the high frequency of required treatment (3 treatments per week) and length of treatment, patients must be able to access conveniently located and effective facilities. For example, an incremental increase in drive time of 10 minutes would result an annual drive time increase of 52 hours. Furthermore, based on the inventory of ESRD stations within HSA 7, Fresenius controls approximately 70% of the stations in HSA 7. This market dominance limits the availability of such services for patients who cannot or will not obtain such services from Fresenius. In order to provide dialysis patients with sufficient options in obtaining their required care from the provider of their choice, Applicant proposes to provide dialysis services through this project.

Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of cost, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. (See Attached Comparison Chart)

1870970-1

Comparison of Project to Alternative Options

Proposed Project	Alternative	Cost	Patient Access	Quality	Financial Benefits
Establish U.S. Renal Care Streamwood Dialysis	Project of Lesser Scope / No Project	Alternative Option presents less cost to Applicant but may result in additional costs to patients in the form of travel time and lack of access to the desired provider of dialysis services.	Alternative Option results in reduction in patient access as ESRD patient population growth exceeds Station growth.	Alternative Option results in reduction in quality as ESRD patient population growth exceeds Station growth.	Alternative Option does not result in greater financial benefit to any stakeholders (patients, the state, Applicant).
Establish U.S. Renal Care Streamwood Dialysis	Joint Venture or other Arrangement	Alternative Option would result in the same total cost as the proposed project but distribute such costs among different parties.	Alternative Option would result in the same increased patient access as the proposed project.	Alternative Option would likely result in decreased quality as the provision of care through such an arrangement would represent a deviation from the proven model for the delivery of care established by Applicant.	Alternative Option does not result in greater financial benefit to any stakeholders (patients, the state, Applicant).
Establish U.S. Renal Care Streamwood Dialysis	Use Existing Resources	Alternative Option presents less cost to Applicant but may result in additional costs to patients in the form of travel time and lack of access to the desired provider of dialysis services.	Alternative Option results in reduction in patient access as ESRD patient population growth exceeds Station growth.	Alternative Option results in reduction in quality as ESRD patient population growth exceeds Station growth.	Alternative Option does not result in greater financial benefit to any stakeholders (patients, the state, Applicant).

The applicant shall provide empirical evidence, including quantified outcome data, that verifies improved quality of care, as available.

Applicant maintains high levels of clinical quality for dialysis patients, on a corporate level U.S. Renal Care has accomplished a three month average patient outcomes of 92% of patients with a URR $\geq$65% and 92% of patients with Kt/V $\geq$ 1.2 for the period ending March 31, 2011. Applicant anticipates similar patient outcomes for the proposed project..

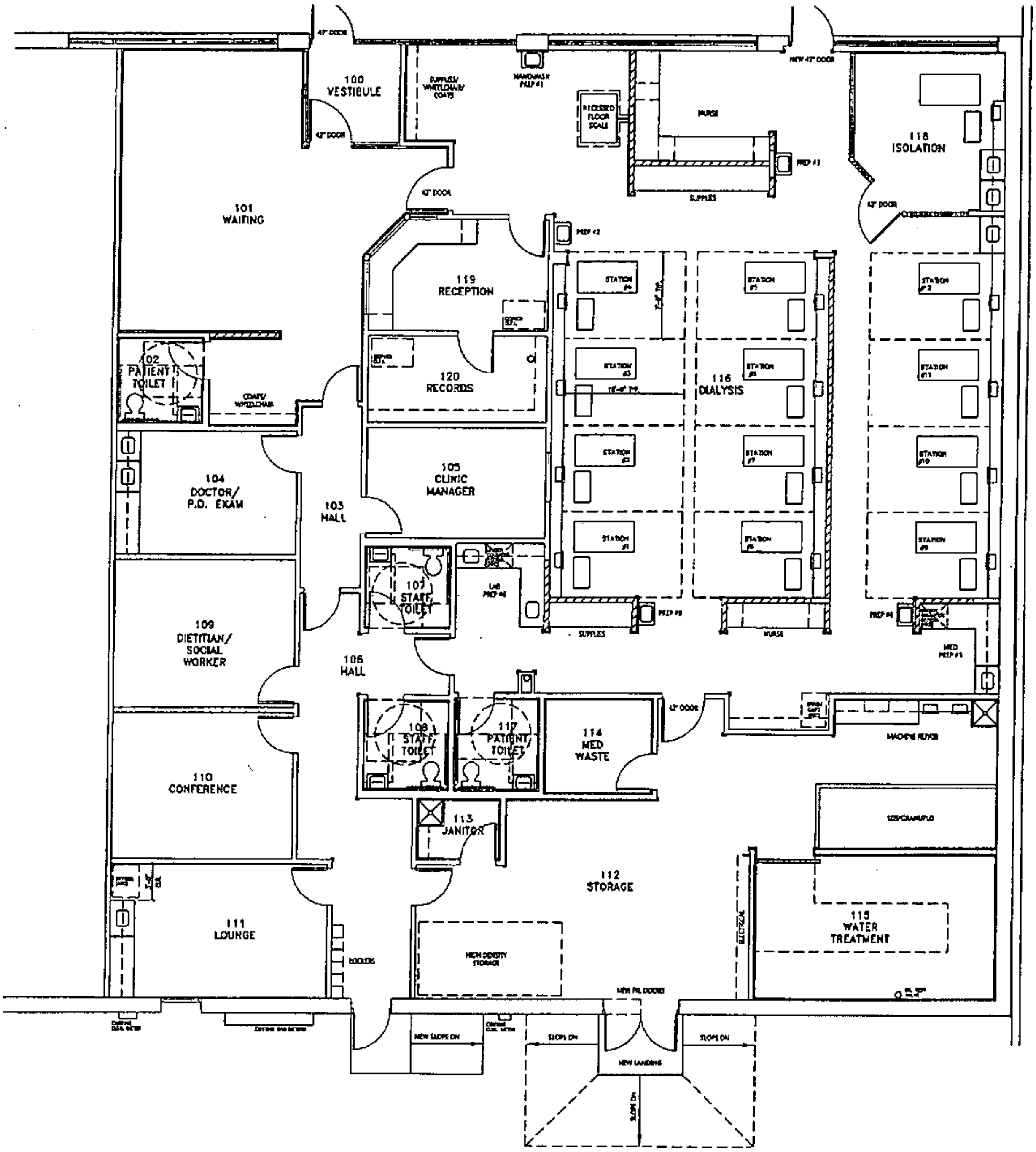
ATTACHMENT 14

SIZE OF THE PROJECT

Size of Project				
Department/Service	Proposed BGSF/DGSF	State Standard	Difference	Met Standard?
In-Center Hemodialysis	447 bgsf/Room	450-650 bgsf/Room	-203 bgsf/Room	Yes

The amount of physical space for the proposed project is necessary, and not excessive, for the provision of hemodialysis services. The 447 bgsf/Room of the proposed project falls well within the state standard.

1870970-1



U.S. RENAL – STREAMWOOD

05/04/11 SCALE: 1/8"=1'-0"

ATTACHMENT 15

PROJECT SERVICES UTILIZATION

Utilization					
	Dept/Service	Historical Utilization/Patient Days etc.	Projected Utilization	State Standard	Met Standard?
Year 1	In Center Hemodialysis	N/A	30 patients / 38%	80%	NO
Year 2	In Center Hemodialysis	N/A	63 patients / 81%	80%	YES

Applicant has identified 234 current patients in the area with diagnoses of CKD3, CKD4 or CKD5. Of these patients, applicant estimates that 81 patients will require dialysis services within the next 1-3 years. Based on Applicant's experience 10% of CKD 3, 50% of CKD 4 and 80% of CKD 5 will require dialysis services within 1 to 3 years. When project is completed, most all of the patients Applicant has identified will require dialysis services within 2 years.

1870970-1

ATTACHMENT 26

PLANNING AREA NEED

As identified in the most-recently available IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011, HSA 7 currently has an unmet need for fourteen (14) ESRD stations. U.S. Renal Care Streamwood Dialysis will help alleviate this need by making 13 additional stations available to pre-ESRD patients. A copy of the relevant page of the IDPH Revised Needs Determinations for ESRD Stations is included in this attachment. Thc Projeet proposes to establish 13 ESRD stations. This will result in a ESRD station need in HSA 7 of 13 stations after establishment of the facility and thus the Projeet is in conformance with the projected station deficit.

1870970-1

ATTACHMENT 26

PLANNING AREA NEED

REVISED NEED DETERMINATIONS
3/20/2011
ESRD STATIONS

ESRD SERVICE AREAS	APPROVED EXISTING STATIONS	CALCULATED STATION NEED	ADDITIONAL STATIONS NEEDED	EXCESS ESRD STATIONS
HSA 1	131	134	3	0
HSA 2	145	149	4	0
HSA 3	155	142	0	13
HSA 4	156	164	8	0
HSA 5	175	142	0	33
HSA 6	1,030	1,083	53	0
HSA 7	1,054	1,068	14	0
HSA 8	330	295	0	35
HSA 9	229	162	0	67
HSA 10	86	56	0	30
HSA 11	153	155	2	0
ILLINOIS TOTAL	3,644	3,550	84	178

AMBULATORY SURGICAL TREATMENT CENTERS

ASTC PLANNING AREAS	ASTC FACILITIES	OPERATING ROOMS
HSA 1	4	11
HSA 2	6	18
HSA 3	5	12
HSA 4	15	41
HSA 5	10	20
HSA 6	22	57
HSA 7	46	149
HSA 8	14	40
HSA 9	9	25
HSA 10	4	9
HSA 11	11	20
ILLINOIS TOTAL	146	402

1870970-1

ATTACHMENT 26

PLANNING AREA NEED – SERVICE TO PLANNING AREA RESIDENTS

USRC Streamwood, LLC proposes to establish a thirteen (13) station in-center hemodialysis and peritoneal dialysis facility at 141-149 Irving Park Road, Streamwood, Illinois 60107. The facility will utilize leased space at the Woodland Heights Shopping Center to be built out by Applicant. The facility will provide both in-center hemodialysis and peritoneal dialysis for patients with End Stage Renal Disease to provide necessary health care to the residents of western Cook County and HSA 7, where the proposed project will be physically located.

1870970-1

ATTACHMENT 26

PLANNING AREA NEED – SERVICE DEMAND – ESTABLISHMENT OF CATEGORY OF SERVICE

Projected Referrals – Attached in Appendix 1 are two physician referral letters attesting to the physicians' total number of patients who have received care at existing facilities located in the area; the number of new patients located in the area that the physician referred for in-center hemodialysis for the most recent year; and an estimated number of patients that the physician will refer annually to the applicant's facility within a 24-month period after project completion, based upon the physician's practice experience.

1870970-1

ATTACHMENT 26

PLANNING AREA NEED – SERVICE ACCESSIBILITY

The planning area for the proposed facility possesses several factors which contribute to service restrictions for patients in the area.

Market Dominance of Area Providers
As discussed, based on the inventory of ESRD stations within HSA 7, Fresenius controls approximately 70% of the stations in HSA 7. This market dominance limits the availability of such services for patients who cannot or will not obtain such services from Fresenius. In order to provide dialysis patients with sufficient options in obtaining their required care from the provider of their choice, Applicant proposes to provide dialysis services through this project.

Planning Area Need
As identified in the most-recently available IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011, HSA 7 currently has an unmet need for fourteen (14) ESRD stations. U.S. Renal Care Streamwood Dialysis will help alleviate this need by making 13 additional stations available to ESRD patients.

High Utilization of Area Providers
As indicated in the table below, those facilities within a thirty-minute drive time are currently experiencing overall occupancy levels nearing the state defined utilization target with several facilities operating at near capacity. This high utilization has a negative effect on the ability for patients to obtain timely dialysis service in this area. Patients forced to travel further for dialysis services will encounter access issues as the increased travel time for treatment three times a week will have a negative effect on patient access. Applicant means to address this barrier to patient access through the proposed facility. Patients who require dialysis treatment are limited in their options to utilize other health care resources. Due to the high frequency of required treatment (3 treatments per week) and length of treatment, patients must be able to access conveniently located and effective facilities. For example, an incremental increase in drive time of 10 minutes would result in an annual drive time increase of 52 hours.

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Name	Map Address	City	Zipcode	HSA	Stations	Patients	Utilization
Quality Renal Care-Dundee (Annexed into Carpenters	2203 Randall Road	Dundee	60110	8	13	72	92.3%
Fresenius Medical Care Elgin*	2130 Point Boulevard	Elgin	60123	8	12	0	0.0%
Sherman Hospital*	536 Dundee Street,	Elgin	60120	8	14	0	0.0%
Fresenius Medical Care of West Chicago	1859 North Neltnor BLVD	West Chicago	60185	7	12	31	43.1%
FMC - Central DuPage	1300 South Oak Street	West Chicago	60185	7	16	72	75.0%
DSI - Schaumburg	1156 South Roselle Road	Schaumburg	60193	7	14	72	85.7%
ARA-South Barrington Dialysis	33 W. Higgins Road	Barrington	60010	7	11	50	75.8%
FMC - Hoffman Estates	3150 West Higgins Road	Schaumburg	60195	7	17	111	108.8%
Fresenius Medical Care Lombard	1940 Springer Drive	Lombard	60148	7	12	4	5.6%
FMC - Glendale Heights	520 North Avenue	Glendale Heights	60139	7	17	85	83.3%
FMC - Elk Grove	820 Beisterfield Road	Elk Grove Village	60007	7	28	154	91.7%
FMC - Rolling Meadows	4180 Winnetka Avenue	Rolling Meadows	60008	7	24	108	75.0%
DSI - Arlington Heights	17 West Golf Road	Arlington Heights	60005	7	18	58	53.7%
Fresenius Medical Csre Palatine*	605 E. Dundee Road	Palatine	60074	7	12	0	0.0%
DSI Buffalo Grove	890 Grove Drive	Buffalo Grove	60089	7	16	61	63.5%
Fresenius Medical Care Des Plaines*	1625 Oakton Place	Des Plaines	60018	7	12	0	0.0%
Overall Occupancy					248	878	73.9%

*Not included in overall utilization calculation as no patients are identified in '12-31-2010 ESRD UTILIZATION' file

ATTACHMENT 26

UNNECESSARY DUPLICATION OF SERVICES

The attached tables show the following information:

- A list of zip code areas that are located, in total or in part, within 30 minutes normal travel time of the project's site;
- The total population of the identified zip code areas (based upon the 2000 population numbers available for the State of Illinois population available at http://www.census.gov/geo/www/gazetteer/places2k.html); and

Zip Code	Population
60004	52,735
60005	29,183
60007	35,162
60008	23,318
60010	39,819
60013	24,226
60021	5,877
60056	56,625
60067	50,825
60074	23,963
60101	38,141
60102	47,985
60103	75,585
60107	35,638
60108	21,960
60110	32,145
60118	14,739
60120	48,581
60123	55,201
60134	21,497
60136	1,459
60137	38,026
60139	32,303
60143	10,021
60148	50,460
60157	2,111
60172	25,349
60173	12,046
60174	31,513
60175	17,953
60177	16,941
60184	698
60185	32,936
60187	61,481
60188	43,730
60190	12,065

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60191	14,360
60192	1,775
60193	41,099
60194	41,366

- The names and locations of all existing or approved health care facilities located within 30 minutes normal travel time from the population site that provide the categories of service that are proposed by the project.

- Mapquest maps of driving times and distances are included in Appendix B in the order they appear in the facility table.

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Name	Map Address	City	Zipcode	HSA	Stations	Patients	Utilization
Quality Renal Care-Dundee (Annexed into Carpenters	2203 Randall Road	Dundee	60110	8	13	72	92.3%
Fresenius Medical Care Elgin*	2130 Point Boulevard	Elgin	60123	8	12	0	0.0%
Sherman Hospital*	536 Dundee Street,	Elgin	60120	8	14	0	0.0%
Fresenius Medical Care of West Chicago	1859 North Neltnor BLVD	West Chicago	60185	7	12	31	43.1%
FMC - Central DuPage	1300 South Oak Street	West Chicago	60185	7	16	72	75.0%
DSI - Schaumburg	1156 South Roselle Road	Schaumburg	60193	7	14	72	85.7%
ARA-South Barrington Dialysis	33 W. Higgins Road	Barrington	60010	7	11	50	75.8%
FMC - Hoffman Estates	3150 West Higgins Road	Schaumburg	60195	7	17	111	108.8%
Fresenius Medical Care Lombard	1940 Springer Drive	Lombard	60148	7	12	4	5.6%
FMC - Glendale Heights	520 North Avenue	Glendale Heights	60139	7	17	85	83.3%
FMC - Elk Grove	820 Beisterfield Road	Elk Grove Village	60007	7	28	154	91.7%
FMC - Rolling Meadows	4180 Winnetka Avenue	Rolling Meadows	60008	7	24	108	75.0%
DSI - Arlington Heights	17 West Golf Road	Arlington Heights	60005	7	18	58	53.7%
Fresenius Medical Csre Palatine*	605 E. Dundee Road	Palatine	60074	7	12	0	0.0%
DSI Buffalo Grove	890 Grove Drive	Buffalo Grove	60089	7	16	61	63.5%
Fresenius Medical Care Des Plaines*	1625 Oakton Place	Des Plaines	60018	7	12	0	0.0%
Overall Occupancy					248	878	73.9%

*Not included in overall utilization calculation as no patients are identified in '12-31-2010 ESRD UTILIZATION' file

ATTACHMENT 26

MALDISTRIBUTION

This Project will not result in maldistribution, because there is not an excess of stations in health services area 007. On the contrary, this area has a need for 14 additional stations, as published in the IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment.

A ratio of stations to population that exceeds one and one-half times the State average;
The ratio of stations to population for within a 30 minute drive time of the proposed facility does not exceed one and a half times the State average. The State average, calculated from the most-recently available IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011 and 2000 census population statistics results in a state station to population ratio of 1 station per 3,408 persons. The calculated station to population ratio within the 30 minute drive time of the proposed facility is 1 station per 4,923 persons. Thus the station to population ratio within the 30 minute drive time of the proposed facility does not exceed one and one-half times the State average.

The associated calculation of station to population ratios is included in this attachment. The calculation for the state station to population ratio utilizes 2000 Census data by for the Illinois and the total station count as found on the IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011. The calculation of the station to population ratio for facilities within a 30 minute drive time is calculated using those facilities and zip codes identified in the Unnecessary Duplication of Services attachment. Population statistics for those zip codes were obtained from http://www.census.gov/geo/www/gazetteer/places2k.html.

ATTACHMENT 26

MALDISTRIBUTION

REVISED NEED DETERMINATIONS
3/20/2011
ESRD STATIONS

ESRD SERVICE AREAS	APPROVED EXISTING STATIONS	CALCULATED STATION NEED	ADDITIONAL STATIONS NEEDED	EXCESS ESRD STATIONS
HSA 1	131	134	3	0
HSA 2	145	149	4	0
HSA 3	155	142	0	13
HSA 4	156	164	8	0
HSA 5	175	142	0	33
HSA 6	1,030	1,083	53	0
HSA 7	1,054	1,068	14	0
HSA 8	330	295	0	35
HSA 9	229	162	0	67
HSA 10	86	56	0	30
HSA 11	153	155	2	0
ILLINOIS TOTAL	3,644	3,550	84	178

AMBULATORY SURGICAL TREATMENT CENTERS

ASTC PLANNING AREAS	ASTC FACILITIES	OPERATING ROOMS
HSA 1	4	11
HSA 2	6	18
HSA 3	5	12
HSA 4	15	41
HSA 5	10	20
HSA 6	22	57
HSA 7	46	149
HSA 8	14	40
HSA 9	9	25
HSA 10	4	9
HSA 11	11	20
ILLINOIS TOTAL	146	402

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Station to Population Ratio Calculations

30 Minute Facilities Stations	248
30 Minute Zip Code Population	1,220,897
30 Minute Station Ratio	4,923
State of Illinois ESRD Stations	3,644
State of Illinois Population	12,419,062
State of Illinois Station Ratio	3,408

Zip Codes and Population Data for Zip Codes within a 30 Minute Drive Time

ZIP Code	2000 Population
60004	52,735
60005	29,183
60007	35,162
60008	23,318
60010	39,819
60013	24,228
60021	5,877
60056	56,625
60067	50,825
60074	23,963
60095	-
60101	38,141
60102	47,985
60103	75,685
60107	35,638
60108	21,980
60110	32,145
60117	-
60118	14,739
60120	48,581
60123	66,201
60124	-
60133	-
60134	21,497
60136	1,459
60137	38,026
60139	32,303
60143	10,021
60147	-
60148	50,460
60156	-
60157	2,111
60169	-
60172	25,349
60173	12,046
60174	31,513
60175	17,953
60177	18,941
60179	-
60184	698
60185	32,938
60187	61,481
60188	43,730
60189	-
60190	12,065
60191	14,360
60192	1,775
60193	41,099
60194	41,368
Total Population	1,220,897

Facilities and Station Data for Facilities with a 30 Minute Drive Time

Name	City	Zipcode	Stations
Quality Renal Care-Dundee (Annexed into Ca	Dundee	60110	13
Fresenius Medical Care Elgin*	Elgin	60123	12
Sherman Hospital*	Elgin	60120	14
Fresenius Medical Care of West Chicago	West Chicago	60185	12
FMC - Central DuPage	West Chicago	60185	16
DSI - Schaumburg	Schaumburg	60193	14
ARA-South Barrington Dialysis	Barrington	60010	11
FMC - Hoffman Estates	Schaumburg	60195	17
Fresenius Medical Care Lombard	Lombard	60148	12
FMC - Glendale Heights	Glendale Height	60139	17
FMC - Elk Grove	Elk Grove Villag	60007	28
FMC - Rolling Meadows	Rolling Meadow	60008	24
DSI - Arlington Heights	Arlington Height	60005	18
Fresenius Medical Care Palatine*	Palatine	60074	12
DSI Buffalo Grove	Buffalo Grove	60089	16
Fresenius Medical Care Des Plaines*	Des Plaines	60018	12
Total Stations of Facilities within 30 Minute Drive Time			248

*Not included in overall utilization calculation as no patients are identified in '12-31-2010 ESRD UTILIZATION' file

ATTACHMENT 26

IMPACT OF PROJECT ON OTHER AREA PROVIDERS

The addition of 13 ESRD stations at the USRC Streamwood Dialysis Facility would only account for 5.24% of the total shift capacity in the 30-minute drive time area and 1.2% of the total shift capacity in HSA 7. Assuming 80% utilization (9734 shifts per year) was achieved immediately, the facility would only make a 4.19% difference* in the 30 minute drive time occupancy levels and a <1% difference in the total shift capacity of HSA 7. This increase in stations is fractional compared to the number of licensed stations in the area, thus it is unlikely that the addition of these stations will lower the utilization of other area providers, both those who are operating above 80% and those operating below 80%.

Additionally, the HSA7 has a station need of 14 Stations, as published in the IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011.

*This calculation is based on the HSA 7 approved stations of 1,054 as calculated on the IDPH Revised Needs Determinations for ESRD Stations dated April 20, 2011 and the 30 minute drive time facilities as identified in Attachment 26 Unnecessary Duplication of Services. Shift capacity of each station is calculated as 3 shifts per day, 6 days a week, 52 weeks a year.

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ATTACHMENT 26

STAFFING AVAILABILITY

Medical Director
The curriculum vitae of the facility's Medical Director is included in this attachment.

Staff Recruitment
U.S. Renal Care Inc. recruits facility personnel through the use of various job posting websites as well as a recruitment tool maintained on the corporate website (available at http://www.usrenalcare.com/us_renal_care_careers.htm).

Training
Applicant maintains rigorous orientation and training requirements for all staff of dialysis facilities. Clinical staff are subject to a comprehensive orientation regimen providing training for such personnel in multiple areas (policies related to orientation and competencies are included in this attachment). Such staff are also required to comply with any federal or state training requirements necessary for certification in their respective fields. In addition, U.S. Renal maintains both corporate and facility level training requirements for facility staff. For example, all staff are subject to corporate requirements for annual competency assessments and quarterly assignments provided through U.S. Renal Care's training tool, Health Streams (a copy of the schedule of assignments, email reminder and completion report are included in this attachment). Furthermore, dialysis staff are also required to comply with any facility required training programs as implemented by the governing body of the dialysis facility (see attached policy# EO-8002).

Staffing Plan
Applicant maintains staffing ratios in compliance with state requirements for the state in which Applicant maintains a dialysis facility. Included in this attachment is the U.S. Renal Care policy regarding staffing ratios which demonstrates the requirement for on duty RNs when the patients are present and maintenance of direct patient care providers in compliance with state regulations. In the case of Illinois Applicant will maintain a ratio of one direct patient care provider to every four patients.

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CURRICULUM VITAE

Gordon R. Lang, M.D., F.A.C.P.
30 South Michigan Avenue, Suite 500
Chicago, IL 60603
Office: 312.977.0900 FAX: 312.977.0400
Email: glang@owlmd.com

Date of Birth:	November 15, 1936
Education:	B.A., History, 1954 - 1958 DUKE UNIVERISTY
Internship:	Rotating Internship, 1962 - 1963 UNIVERSITY OF ILLINOIS HOSPITALS RESEARCH & EDUCATIONAL HOSPITALS Chicago, IL
Residency:	Resident in Internal Medicine, 1965 - 1967 UNIVERSITY OF ILLINOIS RESEARCH & EDUCATIONAL HOSPITALS Chicago, IL
Fellowship:	Research Fellow, Hematology Section, 1967 - 1968 WESTSIDE VETERANS ADMINISTRATION Chicago, IL
	Research Fellow, Renal & Nutrition Section, 1968 - 1970 RUSH PRESBYTERIAN ST. LUKES MEDICAL CENTER Chicago, IL
Military Service:	United States Naval Hospital, August – September 1964 Portsmouth, VA
	Submarine Medical Officer, 1963 - 1965 UNITED STATES NAVY
Board Certification:	Internal Medicine January 15, 1972 Nephrology October 15, 1974
Licensure:	State of Illinois 1966 – present State of Wisconsin 2005 - present

Current:	President & CEO	2001 - present
	LANG EXECUTIVE HEALTH GROUP, S.C.	
	Principal & Founder	2004 - present
	REGIONAL NEPHROLOGY AFFILIATES, LLC	
	Physician	1978 - present
	PARTNERS IN PRIMARY CARE, S.C.	
	Physician	1985 - 2/2/2006
	ASSOCIATES IN NEPHROLOGY, S.C.	
	President	1985 - 2002
	ASSOCIATES IN NEPHROLOGY, S.C.	
	Executive Director	1997 - 2002
	NEOMEDICA, INC., a subsidiary of Fresenius Medical Care	
	President	1985 -1997
	NEOMEDICA, INC.	

Academic Titles &
Hospital Appointments:

Chief, Section of Nephrology, Department of Medicine
St. Joseph Hospital, 1989 - 1997
Chicago, IL

Assistant Professor of Medicine
Rush Medical College, 1985 - Present
Chicago, IL

Associate Professor of Clinical Medicine
Abraham Lincoln School of Medicine,
University of Illinois, 1975 - Present
Chicago, IL

Associate Attending Physician
Rush Presbyterian St. Luke's Medical Center
Chicago, IL

Assistant Attending Physician ?
Associate Clinical Professor of Medicine ?
University of Illinois Hospitals, 1971 - present
Chicago, IL

Associate Director, Section of Nephrology
St. Joseph Hospital, 1971 - 1989
Chicago, IL

Medical Director
Northwest Suburban IPA, 1985 - 2000
Chicago, IL

Consulting Physician, Veteran's Administration
West Side Hospital, 1972 - 1978
Chicago, IL

Assistant Attending Physician
Rush Presbyterian St. Luke's Medical Center, 1970 - 1975
Chicago, IL

Section Chief, Section of Nephrology
Columbus Cuneo-Cabrini Medical Center, 1971 - 1975
Chicago, IL

Assistant Professor of Medicine
Department of Medicine
Rush Presbyterian St. Luke's Medical Center, 1971 - 1974
Chicago, IL

Adjunct in Microbiology, Department of Microbiology
Rush Presbyterian St. Luke's Medical Center, 1968 - 1972
Chicago, IL

Acting Associate Chief, Section of Nephrology
University of Illinois Hospitals, 1971 - 1972
Chicago, IL

Director Dialysis Unit, 1971 - 1983
St. Joseph Hospital
Chicago, IL

Director, Hypertension Service, 1973 - 1975
University of Illinois Hospitals
Chicago, IL

Consulting Physician, Renal Disease, 1970 - 1983
Illinois Central Railroad and Illinois Central Hospital
Chicago, IL

Hospital Attending Staff:	Advocate Illinois Masonic Medical Center (04/29/82 - present) Chicago, IL
	Alexian Brothers Medical Center (12/6/96 - present) Elk Grove Village, IL
	Mercy Hospital & Medical Center (12/09/87 - present) Courtesy Attending Chicago, IL
	Northwest Community Hospital (9/01/73 - present) Arlington Heights, IL
	Resurrection St. Joseph Hospital (11/10/70 - present) Chicago, IL
Hospital Consulting Staff:	Condell Medical Center (06/24/04 - present) Libertyville, IL
	St. Alexius Medical Center (4/24/96 - present) Hoffman Estates, IL
Civic Activities:	Member, May 1982 - 1993 Chairman, Board of Directors, June 1993 - Present
	<u>The Caduceus Society</u>: Friends, physicians and patients of St. Joseph Hospital who have made a major commitment to support the Hospital's future, philosophies, high standards of patient care and utmost compassion for all patients.
	Member & Secretary / Treasurer January 1990 - Present
	<u>Illinois Renal Physicians Association</u>: Physician "watchdog" group lobbying to keep Medicare funding in place for Illinois patients on chronic dialysis.

Medical School Awards:	James A. Gibson Anatomical Society Award for Scholastic Achievement in the Anatomies, 1959
	Roswell Park Prize in Surgery (Scholastic Achievement in Junior Clerkship in Surgery), June 1962
	Philip S. Sang Award, 1968
	Lamb Foundation Award, June 1962
Past Appointments:	Chicago Heart Association Committee on Hypertension
	Kidney Foundation of Illinois, Inc. Member of Medical Advisory Board
	Chicago Health Services Agency (CHSA) Member of Hypertensive Task Force
	Kidney Foundation of Illinois, Inc. Board of Directors
Society Memberships:	American Board of Internal Medicine American College of Physicians (Fellow, July 1, 1994) American Society of Nephrology International Society of Nephrology International Society of Hypertension Illinois Society of Clinical Nephrologists American Board of Nephrology American Medical Association Illinois State Medical Society Chicago Medical Society Society of Sigma Xi Renal Physicians Association Illinois Renal Physicians Association International Society of Artificial Internal Organs European Dialysis and Transplant Association - European Renal Association (EDTA - ERA)

BIBLIOGRAPHY

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2. Lang, G.R. and Levin, S.: Diagnosis and Treatment of Urinary Tract Infections. Medical Clinics of North America, 55:1436-56, November 1971.

3. Apter, J.T., Mason, P., and Lang, G.R.: Urinary Bladder Wall Dynamics. Investigative Urology, 9:520 - 26, 1972

4. Kark, R.M., Lang, G.R., and Broody, L.: Early Detection of Chronic Renal Medullary Syndrome by Quantitative Membranous Filter Urinalysis. V International Congress of Nephrology, 20:192.

5. Quirashi, M.A., Schwartz, F.D., Fried, W. and Lang, G.R.: Erythropoietin (E) at Hct. Response to Androgens (A) in Patients on Chronic Dialysis. V International Congress of Nephrology, 20:1972.

6. Fried, W., Jonasson, O., Lang, G.R. and Schwartz, F.D.: The Hematologic Effect of Androgens in Uremic Patients: Study of Packed Cell Volume and Erythropoietin Responses. Annals of Internal Medicine, 79:23-27, 1973. Presented at the 54th Meeting of the American College of Physicians, Chicago, Illinois, April, 1973.

7. DiTella, P.J., Lang, G.R.: Parathyroid Dysfunction in End Stage Renal Disease. Otolaryngologic Clinics of North America, 13: No. 1, 193-201, February, 1980.

8. Mozes, M.F., Soper, W.D., Jonasson, O., Lang, G.R.: Total Parathyroidectomy And Autotransplantion in Secondary Hyperparathyroidism. Arch Surg, 115:378-85, April, 1980.

9. Batlle, D.C., von Riotte, A., Lang, G.: Delayed Hypotensive Response to Dialysis In Hypertensive Patients with End-Stage Renal Disease. American Journal of Nephrology, 6:14-20, 1986.

10. Peterman, T.A., Lang, G.R., Mikos, N., Solomon, S.L., Schnable, C.A., Feorino, P.M., Britz, J., Allen, J.R.: HTLV- III/LAV Infection in Hemodialysis Patients. Journal of the American Medical Association, 255:2324-26, 1986.

US RENAL CARE

POLICY : NEW CLINICAL STAFF GUIDE		EFFECTIVE DATE: 01/2011
POLICY #: EO - 0002	PAGE 1 OF 5	REVISION DATE: 4/2011

HEMODIALYSIS ORIENTATION FOR NEW CLINICAL STAFF
Also see State Specific

The orientation period is approximately 6 – 8 weeks in length. In order to meet the objective of the Orientation Checklist, and to allow for sufficient clinical practice, the following schedule is presented as a guide. Mastery of both theory and clinical skills is the responsibility of the student and no student may practice independently without demonstration and documentation of required skills. Until the individual has satisfied the training and competency requirements, the individual during the process of completing training shall be identified as a trainee when present in any patient area of the facility.

Prior to providing dialysis care, all nursing staff shall demonstrate satisfactory completion of either the training program or educational equivalency and the competency skills assessment checklist as required for the dialysis technicians.

Any registered nurse or licensed practical nurse who is employed without previous experience in the dialysis process, and who has not yet successfully completed the skills competency checklist, shall be directly supervise when engaged in dialysis treatment activities with patients by a staff member who has demonstrated skills competency for dialysis treatment as required by the State/Federal Regulations.

In addition to the Amgen and Nephrology Core Curriculums, the Employee Orientation Program Workbook is a good resource tool. Delivery of training material will be accomplished through a combination of lecture, video presentations and independent study.

WEEK 1:

Day 1: Facility tour and orientation
- Overview of the services provided by the facility
- Meet preceptor
- Meet the staff and physicians
- Review of Employee Handbook and Job Description
- Staff Roles and Responsibilities
- Overview of US Renal Care Philosophy
- Overview of P & P Manual
- Introduction of dialysis machine and dialysis prescription
- Reference Amgen Core Curriculum
- Read/review Module I and II (Today's Dialysis Environment/The Person with Kidney Failure)
- Universal Precautions/OSHA Education
- HIPAA training
- Fire and Electrical Safety
- Professional education
- View state specific training videos
- Testing: OSHA (TB, Blood borne pathogens, Universal Precautions, Hepatitis)

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Day 2: Scavenger Hunt
Practice set up of dialysis machine with preceptor and removal of lines
Observation of Hemodialysis procedure and orientation to clinic routines
Proper cleaning of chairs, machines, clamps, and blood pressure cuffs
Basic chemistry of body fluids and electrolytes
History of Dialysis
Legal and Ethical Issues
Hygiene and Grooming
Mobility and Positioning
Read/review Module III (Principles of Dialysis)

Day 3: Practice set up of dialysis machine with preceptor
Introduction to screen of dialysis machine and machine components
Reference Braun Operators Manual
Vital signs
Overview of the continuous quality improvement program
Read/review Module IV (Hemodialysis Devices)
Role of the dialysis technician in a dialysis setting: legal and ethical considerations and concepts of delegating.
Communication and Team work Skills
Pre and Post weights
Machine testing PH/conductivity/temperatures

Day 4: Machine operation and introduction to problem solving with preceptor
Trouble shooting equipment – machine alarms
Practices set up of the dialysis machine
Policies and Procedures on Patients rights including Patient Bill of Rights
Delivery of an adequate dialysis treatment and factors which may result in inadequate treatment
Complications of dialysis and interventions
Aseptic technique
Education on the proper use of Safety Needles
Education on accidental needle sticks (Issues and Prevention Strategies for Healthcare Workers)

Day 5: Preparation and use of dialysate baths
Practices set up of the dialysis machine
Elder Abuse in the dialysis machine
Testing: Module I (Today's Dialysis Environment)
Identify allergies, patient chart (electronic medical record)
Identify goal, treatment time, UFR, TMP
Evaluation: Week 1

WEEK 2:

Continue practice set up and use of dialysis machine
Residual testing for presence of bleach
Introduction and education on access placement and taping access
Review location and use of emergency equipment:
(Oxygen, suction, crash cart, EKG, AED, Emergency box, fire drill & evacuation)
Introduction to patient monitoring during treatment
Introduction and education on documentation procedures and the HII system
Theory and practice of conventional, high efficiency, and high flux dialysis
Interpersonal Communication
Read/review Module II and III (The Person with Kidney Failure/Principles of Dialysis)
Evaluation: Week 2

WEEK 3:

Emergency Plans and Procedures
Introduction to dialysis termination procedures
Review and practice pre and post treatment procedures, patient monitoring
Review clinic specific responsibilities and documentation
Education on Transplants
Review complication recognition and treatment
Continue practice with machine set up and operation
Read/review: Module V (Vascular Access)
Testing: Module IV (Hemodialysis Devices)
Evaluation: Week 3

WEEK 4:

Introduction to initiation of dialysis with catheters (as appropriate to job description)
Review and educate on commonly used dialysis medications
Medication Administration
Continue supervised practice of dialysis termination
Review P & P Manual
Normal and abnormal lab values
Pre and post dialysis blood draws
Lab processing duties
Orientation and competency for blood glucose monitoring equipment
Supervised practice to incorporate pre and post dialysis procedures and patient
Monitoring with machine operation, and documentation
Introduction to initiation of dialysis by cannulation
Introduction of materials used to create grafts, needle placement for access in a graft, and prevention of complications: and identification of signs and symptoms of complications when cannulating access
Education on PD
Renal Dietitian: Nutritional Considerations
Read/review Module VI (Hemodialysis Procedures and Complications)
Evaluation: Week 4

POLICY : NEW CLINICAL STAFF GUIDE		EFFECTIVE DATE: 01/2011
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WEEK 5:

Cannulation of a patient with fistula needles
The orientee will incorporate trouble shooting and patient complications with all previously learned and practiced experience
Continue supervised practice of dialysis initiation via catheter, dialysis termination, and treatment procedures and monitoring
Incorporate machine problem solving and recognition and treatment of complications Into practice
Education on monitoring of arterial and venous pressures
Renal Social Worker: Psychosocial issues
Read/review Module VII and VIII (Dialyzer Reprocessing/Water Treatment)
Testing: Module V (Vascular Access)
Evaluation: Week 5

WEEK 6:

Continue supervised practice of hemodialysis procedures
Competently complete a 1 – 2 patient assignment
Education on the management of adequacy outcomes
Technical Specialist: Water system, risks to patients of unsafe water, water checks, machine maintenance, trouble shooting machines and cleaning of machines
Evaluation: Week 6 (Preceptor/Orientee/Administrator)

WEEK 7 & 8:
Competently complete assigned patient assignment
Testing: Module VII and VIII (Dialyzer reprocessing/Water Treatment)

This orientation program is based on the assumption that the orientee has no previous experience. Alterations/Adjustments in the orientation program will be made based on previous experience and proven clinical skills. During orientation the orientee will also receive theory training provided by the Clinical Services Department.

REFERENCES TO BE REVIEWED DURING ORIENTATION:

Core Curriculum for Dialysis Technicians
State Specific Educational Videos
Dialysis Training Manual
Dialysis Machine Manual
Dialysis Machine Trouble Shooting Guide

POLICY : NEW CLINICAL STAFF GUIDE		EFFECTIVE DATE: 01/2011
POLICY #: EO - 0002	PAGE 5 OF 5	REVISION DATE: 4/2011

EVALUATION:

All tests in the orientation manual are to be passed with a score of 80%.

Weekly evaluations with the orientation checklist will be filled out throughout the orientation process by the orientee, preceptor, and educator. The Administrator will evaluate all checklists weekly.

If at any time there are difficulties with the learning of the didactic material or inability to complete modules in the specified time period the Facility Administrator will be notified immediately. If at any time there are difficulties with the dialysis machine set-up, treatment monitoring, or termination of the treatment the Administrator will be notified. The Preceptor and Administrator will assess the training schedule orientee's progress and if needed will make changes in the orientation program.

US RENAL CARE

POLICY: RN / LPN / LVN ORIENTATION		EFFECTIVE DATE: 01/2011
POLICY # EO-1001	PAGE 1 OF 1	REVISION DATE:

RN/ LPN / LVN ORIENTATION

SCHEDULE FOR RN/LPN/LVN ORIENTATION AFTER ALL STEPS OF HEMODIALYSIS ORIENTATION ARE MET

(Ex. RN/LPN/LVN may only need 4 weeks to achieve Hemodialysis Orientation and then RN/LPN orientation can start)

Week I
Paperwork
Medication Administration and Documentation
Dressing Changes
IV Pump
Review of PD concepts- schedule with PD Nurse. Ultra Bag Competency and instillation of medications in PD bag.
Rounds with the physician
Transcribing orders
Evaluation

Week II
Charge Nurse Competency
Day I: Shadow the Charge Nurse
Day II-V: Charge Nurse role with Preceptor
Medication Test
Evaluation

Reference: Core Curriculum for Nephrology Nursing

U.S. RENAL CARE	
Hemodialysis Charge Nurse Skills Checklist	EFFECTIVE DATE: 01/2011
POLICY # EO-1002	REVISION DATE: 04/2011

Employee: ______________________________

Title: ______________________________

Facility: ______________________________

Date of Hire: ______________________________

PA, VA, NY, GA a LPN maybe a charge nurse as long as dialysis RN is available in the building. The LPN may not supervise a RN

Charge Nurse, Administrator, or qualified designee may perform skills verification as preceptor

Objectives: To ensure proper orientation to the charge nurse position.

To provide a smooth transition from the clinical floor setting to the charge position

Expectations: The Charge Nurse will demonstrate ability to complete all charge nurse duties as per all facility protocols and procedures according to job description

Orientation Requirements	Date Completed	Preceptor Signature
Received a copy of the Federal/State Regulations and become familiar with the rule and regulations of the practicing state.		
Understands and accepts expectations of job description		
Knows the facility's floor plan for emergency purposes and location of the equipment and supplies.		
Demonstrate knowledge of policies and procedures:		
a. Patients' Rights and Responsibilities	a.	a.
b. Patient's Grievance Procedure	b.	b.
c. Patient/Staff disaster plan, emergency evacuation and use of emergency supplies	c.	c.
d. Process for transferring patient to hospitals and other health care facilities.	d.	d.
e. Patient Admissions and Discharges	e.	e.
f. Processing of the transient patient	f.	f
g. Administration of medications and (count of narcotics) if required per facility procedure.	g.	g.
h. Administration of blood products (if provided) as per facility protocol	h.	h.
Demonstates knowledge of the Electronic Medical Record(EMR)		
Pass a written comprehensive exam on Renal A&P, ESRD, and Hemodialysis with a score of 80% or better.		
Pass a written medication test as related to dialysis and other conditions related to renal failure		
Attend formal charge nurse education class contact educator.		
Daily Responsibilities	**Date Completed**	**Preceptor Signature**
Water Checks		
Verifies Water testing is performed per policy;		
a. AM opening - Check all water parameters,	a.	a.
Pressure gauges, Softner and Carbon Tanks		
b. Checks Carbon tanks prior to start of each shift	b.	b.
c. End of the day checks - Softner tank	c.	c.
d. Ensures all logs are properly completed.	d.	c.
Clinical Checks		
Knows the location of the emergency cart, AED and suction equipment		
Ensures all equipment is functional and ready for use		
Verifies all daily checks are done, i.e.; glucometer, AED, crash cart, oxygen, suction supplies		
Assures drug counts are performed and accurate at start and end of day and documents on logs		
Verifies temperatures on medication and lab refridgerators are within established limits and documents on logs.		
Makes daily staff assignments based on patient needs		
Ensures staffing ratios do not exceed 4:1/PCT and 12:1/license nurse or as per state regs. FA is notified if not met		
Ensures staff maintains integrity of patient schedule. FA notified if not met.		
Provides immediate supervision of patient care.		
Provides oversight and direction to PCTs and LVNs/LPNs		
Intervenes to changes in patient's condition		
Recommends changes in treatment based on patient's current needs		
Ensures patients are in view of staff during hemodialysis treatments.		

U.S. RENAL CARE	
Hemodialysis Charge Nurse Skills Checklist	EFFECTIVE DATE: 01/2011
POLICY # EO-1002	REVISION DATE: 04/2011

Ensures visulaization of the patients, their access site, and their bloodline connections during the dialysis treatment		
Enforces staff compliance to personnel policies regarding breaks, lunch periods, etc.		
Efficiently manages staff hours and overtime - including sending staff home as needed when census is low.		
Ensures compliance with state and federal regulations - FA notified if not met		
References the Policy and Procedure manual to increase personal knowledge of P&P		
Practices according to company policies and procedures		
Verifies and corrects others to follow company P&P		
Follows proper infection control practices		
Monitors/corrects infection control practices for staff, patients and visitors - FA notified if not met		
Ensures biohazard wast is disposed of and stored properly		
Oversees the clinical floor is kept clean of debris/spills		
Ensures an unobstructed path to patient stations is maintained		
Ensures emergency exits are not obstructed		
Oversees that emergency procedures are followed		
Transcribes orders correctly onto Kardex, computer system, and/or methods as per facility protocol		
Verifies staff is transcribing/carrying out orders correctly		
Hospitalization of a patient: notifies physician, sends correct paperwork, proper documentation in progress notes.		
Proper documentation on return of hospitalized patient		
Conducts assessment of a patient when indicated by a question relating to a change in the patient's status, extended or frequent hospitalizations, or at the patient's request.		
Facilitates communicatin between the patient, patient's family or significant other		
Initiates and provide patient education and follow up as needed		
Participates in the interdisciplinary team review of a patient's progress		
Prepares for and assists with CIPA and POC completion as assigned		
Proper medication administration, including use of protocols for:		
a. Epogen	a.	a.
b. Vitamin D Analogs: Calcijex, Hectorol, Zemplar	b.	b.
c. Iron: Venfor, Ferrlecit	c.	c.
d. Oxygen	d.	d.
e. Hepititis vaccine	e.	e.
f. TB Tuberculin Testing	f.	f.
g. Heparin	g.	g.
h. Lidocaine	h.	h.
i. Urokinase (Activase)	i.	i.
j. Antibiotics	j.	j.
k. Normal Saline	k.	k.
Manages complications during hemodialysis		
a. Hypotension	a.	a.
b. Hypertension	b.	b.
c. Cramps	c.	c.
d. Headaches	d.	d.
e. Pruritis	e.	e.
f. Nausea, vomiting	f.	f.
g. Fever, chills	g.	g.
h. Pyrogenic reaction	h.	h.
i. Chest pain	i.	i.
j. Seizures	j.	j.
k.Hypoglycemia	k.	k.
l. Hyperglycemia	l.	l.

U.S. RENAL CARE		
Hemodialysis Charge Nurse Skills Checklist		EFFECTIVE DATE: 01/2011
POLICY # EO-1002		REVISION DATE: 04/2011

Oversees use and management of Reuse chemicals where applicable		
a. Approve sterilant	a.	a.
b. Signs and symptoms of reaction/exposure	b.	b.
Proper use of incident reports		
Verifies all ordered lab is drawn, processed, packaged and sent out		
Verifies staff perform pH/conductivity checks before treatment		
Recognizes machine problems, correctly handles machine problems, communicates with technical		
Communicates with physician, dietician, and social worker regarding patient needs		
Ensures charts are closed out prior to leaving and all paperwork communicated to business office as required (billing logs, etc.)		
Secures the building at the end of the day:		
a. makes sure all patients have left the facility	a.	a.
b. checks that water and acid valves have been turned off	b.	b.
c. checks that answering service has bee activated	c.	c.
d. makes sure all doors have been locked	d.	d.
Weekly /Monthly /Quarterly Responsibilities	**Date Completed**	**Preceptor Signature**
Checks crash cart for adequacy of supplies, kind of supplies, and expiration dates, i.e.; meds, airway, lab tubes, misc.		
Checks to see what weekly labs need to be drawn		
Review of lab results and reports any critical abnormal results to the Physician		
Adjust patient treatment according to lab results following protocol		
Monthly Diabetic Foot Checks done		
Quarterly review of patient's home medication		
Treatment Initiation Responsibilities	**Date Completed**	**Preceptor Signature**
Conducts nursing rounds once all patients are undergoing treatment and		
a. reviews patient pre-treatment assessments and verifies accuracy and completeness	a.	a.
b. verifies all parameters are set to prescribed order.	b.	b.
c. verifies pre-treatments machine checks have been performed and documented	c.	c.
d. verifies treatment is initiated 3-5 minutes after heparin bolus is given according to documentation	d	d.
Intradialytic Responsibilities	**Date Completed**	**Preceptor Signature**
Delegates administration of medications to licensed staff		
Verifies medications are prepared and labeled appropriately		
Adjusts medication doses based on lab per established protocol		
Reviews "routine" charting by nurses/PCTs		
Reviews "special situation" charting (acute problems, drug reactions, chest pain, fever, blood loss, etc.)		
Monitors machine alarms are answered in a timely manner		
Ensures 1/2 of all patient care staff are present on the clinical floor at all times.		
Turn-Around Responsibilities	**Date Completed**	**Preceptor Signature**
Orchestrates a smooth turnover by remaining on the dialysis floor during turnover, re-assigning staff as needed and troubleshooting problems		
Monitors sharps are disposed of properly		
Monitors trash is disposed of properly		
Ensures staff does not take breaks during turnover		
Ensures no personal phone calls are taken during turnover		
Physician Rounding Responsibilities	**Date Completed**	**Preceptor Signature**
Rounds with physicians and review labs, medications and other study results with MD. Updates MD to any new patient developments.		
Receives new orders, transcribes themm accurately, and carry them out in a time manner.		
Emergency Procedures	**Date Completed**	**Preceptor Signature**
Demonstrates Knowledge of Emergency Procedures		
a. Fire evacuation		
b. Loss of power		
c. Loss of water supply		
d. Natural disaster procedures		
Earthquake		
Tornado		
Hurricane		

U.S. RENAL CARE		
Hemodialysis Charge Nurse Skills Checklist		EFFECTIVE DATE: 01/2011
POLICY # EO-1002		REVISION DATE: 04/2011

__________________________________, has successfully completed the USRC Charge Nurse Skills Checklist to include successful return demonstrations and is competent to perform the clinical duties included on this checklist.

Employee Signature: ______________________________ Date:____________

Reviewer Signature: ______________________________ Date:____________

Medical Director Signature: __________________________ Date:____________

US. RENAL CARE

POLICY : PATIENT CARE TECHNICIAN CERTIFICATION		EFFECTIVE DATE: 01/2011
POLICY #: EO - 0012	PAGE 1 OF 1	REVISION DATE:

POLICY:

All Patient Care Technicians (PCT's) shall be certified under a state or a nationally approved certification program as follows:

1. For newly employed patient care technicians, within 18 months of being hired as a dialysis patient care technician or
2. For patient Care technicians employed on October 14, 2008, within 18 months after this date (on or before April 14, 2010).
3. For current employees who transfer in to the patient care technician role from other jobs (reuse or water treatment technicians) certification will be obtained in 18 months from the date he/she started in the new PCT position

Ultimately US Renal Care (USRC) recognizes that certification of the PCT is an individual responsibility and a condition of continued employment in the dialysis industry. USRC will:

1. Offer review classes for voluntary attendance.
2. Offer copies of the "Amgen Care Curriculum for the Dialysis Technician" as a study guide.
3. Assist the employee with the application process to ensure completion and thoroughness of each application.
4. Pay initially for the first exam.
5. Reimburse for a second testing attempt once proof of a passing score is provided.
6. Encourage each PCT employed on October 14, 2008 to sit for the certification exam no later than the end of January 2010 to ensure adequate time to reschedule and retake the exam by the April deadline if necessary.

U.S. RENAL CARE		
Clinical Annual Competency		EFFECTIVE DATE: 01/2011
POLICY # EO-9003		REVISION DATE:

Employee: ______________________

Title: ______________________

Date of Hire: ______________________

NOTE: Not All Skills May Be Required

Universal Precautions/Exposure Control	Date Completed	Preceptor Signature
Sterile Technique		
Aseptic Technique		
Machine Setup/Initiation of Treatment	**Date Completed**	**Preceptor Signature**
Hemodialysis Machine Set-Up		
Correct Bath		
Gather all Supplies		
Turn on Water		
Alarm Testing		
Line Placement/Connect Concentrate		
Peracetic Acid or or other Residual Sterilant Testing (when applicable)		
Secures the Correct Dialyzer for the Patient		
Verification of Dialyzer		
Conductivity/pH Procedure		
Treatment Settings		
Treatment Procedure	**Date Completed**	**Preceptor Signature**
Initiation of Treatment		
Calculating Fluid Removal		
Setting UFR/Programs/Na Modeling/Coef		
Calculating Fluid Replacement		
Adjusts Blood Flow Rate to Patient's Prescription		
Ultrafiltrate Only		
Heparin Administration		
Patient Monitoring		
Vital Signs		
Fluid Replacement		
Complication Assessment and Treatment		
Reports unusual Findings to CN		
Oxygen Administration (if applicable)		
Verifies the Ordered Flow Rate from the CN		
Sets up Equipment Correctly		
Connects Tubing Correctly to Equipment and to Patient		
Complication Intervention	**Date Completed**	**Preceptor Signature**
Hypotension		
Hypertension		
Nausea/Vomiting		
Cramping		
Chest Pain		
SOB		
Seizures		
Cardiac/Respiratory Arrest		
Informs CN of any Unusual Findings		

U.S. RENAL CARE

Clinical Annual Competency		EFFECTIVE DATE: 01/2011
POLICY # EO-9003		REVISION DATE:

Medication Administration	Date Completed	Preceptor Signature
Aseptic technique is used when preparing and administering intravenous medications from vials and ampules		
P.O.		
I.M.		
I.V. Push		
I. V. Drip		
Sub Q		
Labels Syringes Correctly		
Licocaine Administration (if applicable)		
Checks Patient's Prescription		
Identifies the Correct Vial of Medication		
Prepares Dosage Correctly		
Administers the Dose Correctly		
Observes for and Understands Possible Complications		
Heparin Administration (if applicable)		
Describes Basics of Anticoagulation Therapy		
Assess Patient for and Reports Evidence of Active Bleeding		
Checks Patient's Prescription		
Identifies the Correct Vial of Medication		
Prepares Dosage Correctly		
Administers the Dose Correctly		
Observes for and Understands Possible Complications		
Monitors Appropriateness of Anticoagulation Throughout Treatment		
Normal Saline Administration (if applicable)		
Understand Facility Protocol		
Checks Patient's Prescription		
Recognizes Signs of Hypotension		
Notifies RN Appropriately		
Administers Normal Saline Correctly		
Treatment Termination	**Date Completed**	**Preceptor Signature**
Rinseback Procedure		
Removal of Fistula Needles		
Treatment of Post Treatment Bleeding		
Care of Catheters Post Treatment (if applicable)		
Discarding Supplies		
Reports Unusual Findings to CN		
Sanitizing equipment and treatment area		
Catheters (As Per State Regs)	**Date Completed**	**Preceptor Signature**
Assessment		
Pretreatment Preparation		
Initiation of Dialysis		
Accessing the Bloodstream		
Correcting Operational Problems:		
Poor Arterial Flow		
Poor Venous Flow		
Clotting in Catheter		
Elevated Arterial/Venous Pressures		
Site Infections/Cultures		
Take Off Preparation		
Rinseback Procedure		
Post Treatment Care of Catheter		
Dressing Change		

Fistula/Grafts	Date Completed	Preceptor Signature
Assessment of Bruit and Thrill		
Pretreatment Preparation		
Cannulation		
Inspects the Access for Patency		
Prepares the Skin Using Aseptic Technique at all Times		
Calls for Assistance Appropriately		
Places Needles Correctly		
Replaces Needles Appropriately		
Secures Needles		
Accessing the Bloodstream		
Operational Problems and Corrections		
Responds Appropriately to Machine Alarms		
Infiltration with Cannulation		
Infiltration During Treatment		
Arterial/Venous Spasms		
Arterial/Venous Pressure Problems		
Localized Bleeding		
Dislodged Needle		
Clotted Needle/Dialyzer		
Blood Leak into Dialysate		
Blood Leak Outside of Bloodpath		
Documentation	**Date Completed**	**Preceptor Signature**
Clinical Information System use		
Flowsheet		
Dialyzer and Patient Verification		
Machine Checks		
Vital Signs		
Medication Administration		
Pre and Post Assessments		
Treatment Complications		
Monthly Nursing Charting		
Admissions Charting		
Discharge Charting		
Patient Occurrence Charting		
Patient Assessment/Plan of Care		
Diagnostic Laboratory Testing	**Date Completed**	**Preceptor Signature**
Monthly and Other Labwork		
Blood/Wound Cultures		
Blood Glucose Testing		
Able to Describe Appropriate Response to Patient Emergencies	**Date Completed**	**Preceptor Signature**
Air Embolism		
Cardiac/Respiratory Arrest		
Unstable Angina		
Seizures		
Shock		
"New Dialyzer Reaction"		
Hemoylysis		
Pyrogenic Reaction		
Chlorine in Dialysate		
Other		

U.S. RENAL CARE

Clinical Annual Competency		EFFECTIVE DATE: 01/2011
POLICY # EO-9003		REVISION DATE:

Equipment and Building Emergencies	Date Completed	Preceptor Signature
Dialyzer Blood Leak		
Clotted Dialyzer and or Lines		
Loss of Electrical Power		
Hand Crank Take-Off Procedure		
Fire or Flood		
Emergency Evacuation of Bulding		
Tornado/Hurricane/Blizzard Plans		
Knows Correct Procedure for Machine Failure		
Use of Emergency Equipment	**Date Completed**	**Preceptor Signature**
Oxygen		
Ambu Bag/Oral Airway		
Crash Cart		
Portable Suction		
Pt. Evacuation During an Emergency		
Education	**Date Completed**	**Preceptor Signature**
Fire Safety		
Back Safety		
Hazard Communication		
Electrical Safety		
US Renal Care Standards of Conduct & Compliance Program		
Prevention of Slips, Trips and Falls		
Emergency Preparedness		
Prevention of Needlesticks		
Additional competencies as required by state specific regulation, job role or needs assessment		
Complete Annual Competency Checklist - Clinical Employee (Technical Training Manual Section 9)		

____________________, has successfully completed the USRC Clinical Annual Training Program to include successful return demonstrations and is competent to perform the clinical duties included on this checklist.

Employee Signature: ____________________ Date: __________

Preceptor Signature: ____________________ Date: __________

Medical Director Signature: ____________________ Date: __________

QUARTERLY ASSIGNMENTS for all Staff in Clinics: Health Streams via the internet

1st QUARTER:
- HIPAA
- Patient Rights

2ND QUARTER:
- Infection Control
- Personal Protective Equipment
- Standard Precautions

3RD QUARTER:
- Preventing Slips, trips etc
- Back Safety
- Electrical Safety

4TH QUARTER:
- Fire Safety
- Hazard Communications
- Corporate Compliance

This is the email that they receive the first day of each quarter at this time.

Report Notification: 226 Assignment Completion - Drill-Through - Created Mar. 31 2011 02:05:29 PM
warp@healthstream.com

Your report entitled '226 Assignment Completion - Drill-Through - Created Mar. 31 2011 02:05:29 PM' is now available. Please click here to view your report.

This report will be available at this location until 5/16/2011 EST. If you wish to keep the report electronically beyond this date, you may download it to your local machine by clicking 'File' then 'Save As...' at the top left corner of your browser.

For your convenience, you can also view this report from within the HealthStream Learning Center (HLC). After login, select the 'Reports' Tab and click on the 'Request Manager' link. With Request Manager, you can schedule reports to run automatically and view data from previous reports.

Report data as of 5/2/2011 11:11:54 AM EST.

This is an automated message. Please do not reply.

When they click on the word here, they are automatically taken to this report. By clicking on any of the blue type they will be taken to a link; if they click on a name they are taken to

that individual's transcript, if they click on a topic they are taken to a page that shows how many in each of the departments within their facility have completed the assignment. Basically they can look at this many different ways.

ASSIGNMENT COMPLETION REPORT
US Renal Care

Completion Grid (based on Completion Date)

Completion Date Range: From 1/1/2011 through 5/2/2011

Data as of May 04, 2011 1:00 AM ET

Delivered 5/4/2011

Reporting on

Unique Students Included:	**8**
Score Not Yet Due As:	**Not Yet Due**
Show Full Report Criteria:	**No**
Group By Department:	**No**

Scores

Completed:	**25.00%**
- Completed On-Time: 21.43%	
- Completed Late: 3.57%	
Not Yet Due:	**71.43%**
Past Due:	**0.00%**
Delinquent:	**3.57%**
Total:	**100.00%**
Exempt:	0

Return to Completion Summary

REPORT DESCRIPTION: COMPLETION METHOD

This report displays all assignments completed in the date range. Incomplete assignments that intersect the date range (that is, the **assignment start date falls before or during the date range and the end date falls during or after the date range**) are also displayed in the lower layers of the report. The Completion Grid presents detailed status for all selected students. **NOTE:** If an assigned learning items and/or assessments was completed outside the date range specified, it will not be included in this report.

U.S. **RENAL** CARE

CONTINUING EDUCATION & IN-SERVICE PROGRAMS		EFFECTIVE DATE: 01/2011
POLICY # EO-8002	PAGE 1 OF 1	REVISION DATE:

CONTINUING EDUCATION & IN-SERVICE PROGRAMS- *SEE STATE SPECIFIC ALSO*

PURPOSE: To provide guidelines on continuing education

POLICY:

All employees must have the opportunity for continuing education and related development activities. Continuing education and in-service programs are encouraged for all staff in the facility to continuously improve the quality of patient care by increasing staff knowledge.

PROCEDURE:

The governing body or designated persons are responsible for developing regularly scheduled in-service programs that will meet the needs of the staff and the center.

Documentation of attendance at continuing education activities will be kept in the personnel file for each staff member. Continuing education activities may consist of, but are not limited to; seminars, lectures, and educational workshops for one-on-one training.

The Facility Administrator will maintain minutes of all such meetings, including attendance records. Out of center continuing education programs will be at the guidance of the Facility Administrator.

US. RENAL CARE

POLICY : STAFFING POLICY		EFFECTIVE DATE: 01/2011
POLICY #: C-AD-0140	PAGE 1 OF 1	REVISION DATE:

Staffing requirement for the ESRD facility include the coordination of personnel by the facility administrator to adequately staff for safe and effective provision of patient care.

The following guidelines will direct the staffing of each facility.

1. A fulltime supervising nurse shall be employed to manage the provision of patient care.
2. A nurse or nurses functioning in the charge role shall be on site and available to the treatment area to provide patient care during all dialysis treatments.
3. A registered nurse shall be in the facility when patients are present in the facility – if applicable.
4. Licensed nurse to patient ratio shall meet the required state regulations which govern the facility.
5. Sufficient direct care staff shall be on-site to meet the needs of the patients. The staffing level shall not exceed that which is required by state specific regulations which govern the facility. See below for state specific staffing requirements.

State Specific Staffing Requirements

State	Licensed Staff to Patient Ratio	Direct Care Staff to Patient Ratio
Georgia	1 to 10	1 to 4
Maryland	1 to 9	1 to 3
New Jersey	1 to 9	1 to 3
Ohio	None	None
South Carolina	1 to 10	1 to 4
Texas	1 to 12	1 to 4
Pennsylvania	None	None
Arkansas	None	None
Oklahoma	None	None
South Carolina	None	None
New York	None	None

77 Ill. Admin. Code § 1110.1430(e)(5) - Medical Staff

As required by 77 Ill. Admin. Code § 1110.1430(e)(5), Applicant certifies that US Renal Care Streamwood Dialysis will maintain an open medical staff. Any Board Licensed nephrologist may apply for privileges at this facility.

Signature

Thomas L. Weinberg
Printed Name

Manager
Title

Subscribed and sworn to before me this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

ATTACHMENT 26

SUPPORT SERVICES

1870970-1

77 Ill. Admin. Code § 1110.1430(f) - Support Services

In accordance with 77 Ill. Admin. Code § 1110.1430(f) and with respect to the US Renal Care Streamwood Dialysis facility, Applicant certifies that:

1) Applicant certifies that they will utilize the Health Informatics International system for the provision of care to its patients;

2) Applicant certifies that support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric and social services will be available to its patients; and

3) Applicant certifies that provision of training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training will be provided by the US Renal Care Oak Brook Dialysis facility and Applicant will execute a signed written agreement for the provision of such services.

Signature

Thomas L. Weinberg
Printed Name

Manager
Title

Subscribed and sworn to before me this 19th day of May, 2011

Signature of Notary

Seal

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

ATTACHMENT 26

MINIMUM NUMBER OF STATIONS

The proposed U.S. Renal Care Streamwood Dialysis facility contemplates the establishment of 13 ESRD stations which meets the minimum station requirements for a metropolitan statistical area

1870970-1

ATTACHMENT 26

CONTINUITY OF CARE

1870970-1

TRANSFER AGREEMENT

USRC Streamwood LLC, an Illinois limited liability company (the "*Center*"), and St. Alexius Medical Center, an Illinois not-for-profit corporation (the "*Hospital*"), make and enter into this Transfer Agreement ("*Agreement*"), effective as of this 18th of May, 2011.

WHEREAS, the Center has submitted to the Illinois Health Facilities Services and Review Board (the "*Board*") an application for a certificate of need permit to establish a free-standing renal dialysis center for treatment of patients with end-stage renal disease, which the Center will locate in Streamwood, Illinois;

WHEREAS, the Hospital owns and operates a licensed and Medicare-certified acute-care hospital, located at 1555 North Barrington Road, Hoffman Estates, Illinois, in reasonable proximity to the Center;

WHEREAS, patients of the Center ("*Patients*") may require, from time to time, evaluation, treatment, or admission to the Hospital; and

WHEREAS, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for facilitating the transfer of Patients to the Hospital.

NOW, THEREFORE, to facilitate the transfer of Patients to the Hospital, the parties hereto agree to the terms of this Agreement, as set forth below.

1. **Transfer of Patients**: If the Center determines that a Patient needs emergency evaluation, treatment, or admission to the Hospital, and a Hospital physician accepts the transfer of the Patient, the Hospital will accept the transfer of the Patient, as promptly as possible, provided such transfer meets the Hospital's transfer requirements, and the Hospital has adequate staff and bed space for the Patient. A designated staff member of the Center shall contact a designated staff member of the Hospital to facilitate such transfer and admission to the Hospital. The Hospital shall receive Patient in accordance with applicable federal and state laws and regulations, and reasonable Hospital policies and procedures. The Hospital's responsibility for Patient's care shall begin when Patient enters the Hospital.

2. **Responsibilities of the Center**: The Center shall be responsible for performing or ensuring the performance of the following:

   a. **Transportation**: The Center will arrange for transportation of Patient to the Hospital;

   b. **Designated Coordinator**: The Center will designate a staff member who has authority to represent the Center and to coordinate the transfer of the Patient to the Hospital ("*Transfer Coordinator*"). The Center will notify the Hospital and keep it apprised of the name and contact information of the Transfer Coordinator;

c. **Notice to Hospital**: The Center's designated staff person will notify Hospital's Admission Coordinator before the transfer to alert the Hospital of the impending and estimated time of arrival of Patient and to provide information on Patient, to the extent Section 4 of this Agreement allows;

d. **Patient Choice**: The Center recognizes the right of a Patient to (i) request transfer ~~into the care of a hospital of the Patient's choosing and (ii) refuse to consent to treatment~~ or transfer; and

e. **Compliance with Law**: The Center will comply with the requirements of applicable state and federal laws relative to the care and transfer of individuals to hospitals.

3. RESPONSIBILITIES OF THE HOSPITAL: The Hospital shall be responsible to perform or ensure the performance of the following:

a. **Designated Coordinator**: The Hospital will designate a person who has authority to represent the Hospital and to coordinate the transfer and admission of Patients into the Hospital (*"Admission Coordinator"*). The Hospital will notify the Center and keep it apprised of the name and contact information of the Admission Coordinator; and

b. **Compliance with Law**: The Hospital will comply with the requirements of applicable state and federal laws relative to individuals admitted to hospitals.

4. PATIENT INFORMATION: In order to meet Patients' needs for hospital care, the Center shall provide relevant Patient information to the Hospital. Such information may include: resident name, social security number, date of birth, insurance coverage, Medicare beneficiary information (if applicable), current medical findings, diagnoses, known allergies or medical conditions, treating physician, contact person in case of emergency, and any other relevant information Patient has provided the Center in advance.

5. NON EXCLUSIVITY: This Agreement shall in no way give the Hospital an exclusive right of transfer of Patients to the Hospital. The Center may enter into similar agreements with other hospitals, and Patients will continue to have complete autonomy with respect to decisions on medical care.

6. FREEDOM OF CHOICE: In entering into this Agreement, the Center in no way endorses or promotes the services of the Hospital. Rather, the Center intends to coordinate timely transfer for medical care. Patients are in no way restricted in their choice of hospitals or medical-care providers.

7. BILLING AND COLLECTIONS: Hospital and the Center are each responsible for billing the appropriate payer for the services it provides. Neither party shall have any liability to the other party for such charges.

8. INDEPENDENT RELATIONSHIP

a. Independent Contractors: In performing services pursuant to this Agreement, the Hospital and all employees, agents, or representatives of the Hospital are, at all times, acting and performing as independent contractors, and nothing in this Agreement is intended, and nothing shall be construed, to create an employer/employee, partnership, or joint-venture relationship between them. The Center shall neither have nor exercise any direction or control over the methods, techniques, or procedures by which the Hospital or ~~other employees, agents, or representatives of the Hospital perform their professional~~ responsibilities and functions. The sole interest of the Center is to coordinate timely transfer of Patients for medical care.

b. Hospital Employee Payment: The Hospital shall be solely responsible for the payment of compensation and benefits to its personnel and for compliance with all payments of taxes, social security, unemployment compensation, and workers' compensation.

c. Non-Hospital Personnel: Notwithstanding the terms of this Agreement, in no event shall the Hospital or any Hospital personnel be responsible for the acts or omissions of non-Hospital personnel.

9. INSURANCE: The Hospital shall maintain, at no cost to the Center, professional-liability insurance in an amount customary for its business practices. The Hospital shall provide evidence of the coverage required herein to the Center on an annual basis.

10. INDEMNIFICATION: The Hospital shall indemnify, defend, and hold harmless the Center from and against any and all liability, loss, claim, lawsuit, injury, cost, damage, or expense whatsoever (including reasonable attorneys' fees and court costs), arising out of, incident to, or in any manner occasioned by the Hospital's (or any of its employee's, agent's, contractor's, or subcontractor's) performance or nonperformance of any duty or responsibility under this Agreement.

11. TERM AND TERMINATION

a. Term: The term of this Agreement shall commence on the date of execution and shall continue in effect for one year (the "***Initial Term***") and shall renew on an annual basis ("***Renewal Term***"), absent either party's written notice of non-renewal to the other party, at least 30 calendar days before the expiration of the Initial Term or any subsequent Renewal Term of this Agreement.

b. Events of Termination: Notwithstanding the foregoing, either party may terminate this Agreement upon the occurrence of any one of the following events:

i. *For No Cause*: At any time upon 30 days prior, written notice to the other party.

ii. *Insolvency*: Upon 10 business days' prior written notice, in accordance with Section 12.g of this Agreement, if either party shall: apply for or consent to the appointment of a receiver, trustee, or liquidator of itself or of all or a substantial part of its assets; file a voluntary petition in bankruptcy; admit in writing its inability to pay its debts as they become due; make a general assignment for the benefit of creditors; file a petition or an answer seeking reorganization or arrangement with creditors or take advantage of any insolvency law; or enters a court of competent jurisdiction order, judgment, or decree or an application of a creditor, adjudicating such party to be bankrupt or insolvent, approving a petition seeking reorganization of such party, appointing a receiver, trustee or liquidator of either such party or of all or a substantial part of such parties' assets; and such order, judgment, or decree continues in effect and unstayed for a period of 30 consecutive calendar days.

c. **Immediate Termination**: Notwithstanding anything to the contrary herein, this Agreement terminates immediately upon the following events: (a) the suspension or revocation of the license, certificate, or other legal credential, authorizing the Hospital to provide hospital and medical-care services; (b) the termination of the Hospital's participation in, or the exclusion from, any federal or state health program, for reasons related to fraud or failure to comply with certification standards in the rendering of health services; or (c) the cancellation or termination of the Hospital's professional-liability insurance that this Agreement requires, and the Hospital has not obtained replacement coverage.

12. MISCELLANEOUS PROVISIONS

a. **Counterparts**: The parties may execute this Agreement in any number of counterparts, each of which shall be an original, but all such counterparts together shall constitute the same instrument.

b. **Waiver**: Any waiver of any terms and conditions hereof must be in writing, and the parties have signed it. A waiver of any of the terms and conditions hereof shall not waive any other terms and conditions hereof.

c. **Severability**: The provisions of this Agreement are severable, and, if a court of competent jurisdiction funds any portion invalid, illegal, or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

d. **Headings**: All headings herein are only for convenience and ease of reference, and no one may consider them in the construction or interpretation of any provision of this Agreement.

e. **Assignment**: The Hospital may not assign, delegate, or subcontract this Agreement, without prior written consent of the Center.

f. **Governing Law**: The laws of the State of Illinois shall govern the enforcement and interpretation of this Agreement.

g. **Notices**: Any required or permitted notice herein shall be in writing. It shall be deemed duly given on the date of service, if a party personally serves it on the other party, or on the fourth day after mailing, if a party mails it to the other party by certified mail, return receipt requested, postage pre-paid, at the address below:

To Dialysis Provider:	To the Hospital:
Thomas Weinberg U.S. Renal Care Inc. 2400 Dallas Parkway, Suite 350 Plano, TX 75093	Scott Rowley St. Alexius Medical Center 1555 North Barrington Road Hoffman Estates, IL 60169
With a copy to:	With a copy to:

or at such other place or places as any of the parties shall designate by written notice to the other.

h. **Amendment**: The parties may amend this Agreement upon their mutual, written agreement.

i. **Regulatory Compliance**: The parties agree that nothing contained in this Agreement shall require the Center to refer residents to the Hospital for hospital or medical-care services or to purchase goods and services. Notwithstanding any unanticipated effect of any provision of this Agreement, neither party will knowingly and intentionally conduct its behavior in such a manner as to violate the prohibition against fraud and abuse in connection with the Medicare and Medicaid programs.

j. **Access to Books and Records**: If applicable, upon written request of the Secretary of Health and Human Services or the Comptroller General of the United States, or any of their duly authorized representatives, the Hospital shall make available to the Secretary or to the Comptroller General those contracts, books, documents and records necessary to verify the nature and extent of the costs of providing its services under this Agreement. The Hospital shall make such inspection available for up to four years after the rendering of such service. Public Law 96-499 and applicable regulations governs and requires this Section 12.j. The parties agree that this Agreement shall not waive any attorney-client, accountant-client, or other legal privileges.

IN WITNESS THEREOF, the parties, through their duly authorized officers, have executed this Agreement as of the date first written above.

USRC Streamwood LLC

By: ______________________

Its: Manager

St. Alexius Medical Center

By: ______________________

Its: PRESIDENT & CEO

ATTACHMENT 28

ASSURANCES

1870970-1

77 Ill. Admin. Code § 1110.1430(j) - Assurances

In accordance with 77 Ill. Admin. Code § 1110.1430(j), and with respect to the US Renal Care Streamwood Dialysis facility, Applicant certifies the following:

1. By the second year of operation after project completion, the Applicant will achieve and maintain the 80% utilization standards as specified in 77 Ill. Adm. Code § 1100; and

2. That Applicant will achieve and maintain compliance with the following adequacy of hemodialysis outcome measures for the latest 12-month period for which data are available:

   $\geq$ 85% of hemodialysis patient population achieves area reduction ratio (URR) $\geq$ 65% and $\geq$ 85% of hemodialysis patient population achieves Kt/V Daugirdas II .1.2.

Signature

Thomas L. Weinberg
Printed Name

Manager
Title

Subscribed and sworn to before me this 19th day of May , 2011

Signature of Notary

Seal

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

ATTACHMENT 39

AVAILABILITY OF FUNDS

Applicant documents that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from cash and securities. Applicant will fund the project through capital contributions from its members. In the event that such contributions are insufficient to cover the costs associated with this project, U.S. Renal Care Inc. will provide funding to Applicant through USRC Alliance by way of a revolving promissory note. As evidence of U.S. Renal Care Inc.'s financial viability, we have included audited financials for 2008-2010. In addition, included in Attachment 42 is a certification from U.S. Renal Care Inc. attesting to the reasonableness of the financing arrangement. Lastly, the master lease for dialysis equipment is also included in this attachment. The lessee contemplated by the master lease is a wholly owned subsidiary of U.S. Renal Care Inc. and the equipment will be subsequently leased to USRC Streamwood LLC.

1870970-1

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$1,678,573	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$1,678,573	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

KPMG

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Board of Directors
U.S. Renal Care, Inc.:

We have audited the accompanying consolidated balance sheets of U.S. Renal Care, Inc. and subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Renal Care, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Dallas, Texas
April 27, 2011

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2010 and 2009

Assets		2010	2009
Cash and cash equivalents	$	9,537,107	15,325,357
Accounts receivable, net of allowances of $13,458,494 and $8,460,232		48,449,631	25,900,874
Inventories		3,100,193	1,369,198
Other receivables		9,994,938	4,863,513
Deferred tax asset		6,215,457	904,600
Other current assets		2,636,244	1,429,165
Total current assets		79,933,570	49,792,707
Property and equipment, net		46,781,941	19,251,600
Amortizable intangibles, net		27,349,714	12,241,011
Trade names		859,000	—
Investment in affiliate		—	217,670
Goodwill		190,524,762	67,922,354
Other long-term assets		470,902	238,961
Deferred taxes		—	906,459
Total assets	$	345,919,889	150,570,762
Liabilities and Equity			
Accounts payable	$	9,045,119	5,675,616
Accrued expenses		24,248,618	16,485,807
Current portion of long-term debt and capital lease obligations		2,924,662	1,447,595
Current portion of related-party notes payable		125,000	125,000
Total current liabilities		36,343,399	23,734,018
Long-term debt and capital lease obligations, net of current portion		181,723,922	62,010,592
Related-party notes payable		—	125,000
Other long-term liabilities		440,844	532,982
Deferred tax liability		9,480,942	—
Preferred stock accrued dividends		19,831,208	14,736,426
Total liabilities		247,820,315	101,139,018
Commitments and contingencies			
U.S. Renal Care, Inc. equity:			
Preferred stock A ($0.01 par value. Authorized shares 20,325,000; issued and outstanding 12,350,000 and 12,350,000 shares)		123,500	123,500
Preferred stock B and B-1($0.01 par value. Authorized shares 1,600,000; issued and outstanding 1,431,666 and 1,415,666 shares)		14,317	14,157
Preferred stock C ($0.01 par value. Authorized shares 25,000,000; issued and outstanding 24,500,962 and 24,500,962 shares)		245,010	245,010
Preferred stock D ($0.01 par value. Authorized shares 8,333,333; issued and outstanding 8,333,333 and 0 shares)		83,333	—
Common stock ($0.01 par value. Authorized shares 53,525,000 and 52,525,000; issued and outstanding 7,074,324 and 7,074,324 shares)		70,744	62,229
Additional paid-in capital		38,667,471	36,454,222
Retained earnings		5,291,320	1,497,694
Total U.S. Renal Care, Inc. stockholders' equity		44,495,695	38,396,812
Noncontrolling interests (including redeemable interests with redemption values of $40,999,428 and $23,600,000)		53,603,879	11,034,932
Total equity		98,099,574	49,431,744
Total liabilities and equity	$	345,919,889	150,570,762

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2010 and 2009

		2010	2009
Net operating revenues	$	237,606,328	153,164,637
Operating expenses:			
Patient care costs		154,284,195	98,842,829
General and administrative		20,207,561	15,601,927
Provision for doubtful accounts		6,898,682	4,585,251
Legal cost/settlement		(352,334)	286,647
Transaction costs		9,076,731	460,465
Depreciation and amortization		14,655,411	7,957,301
Total operating expenses		204,770,246	127,734,420
Operating income		32,836,082	25,430,217
Interest expense, net		10,192,698	2,923,456
Income before income taxes		22,643,384	22,506,761
Income tax provision (benefit)		5,826,130	(3,191,190)
Net income		16,817,254	25,697,951
Less net income attributable to noncontrolling interests		13,023,628	10,103,151
Net income attributable to U.S. Renal Care, Inc.	$	3,793,626	15,594,800

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

Years ended December 31, 2010 and 2009

	U. S. Renal Care, Inc. stockholders' equity														
	Preferred stock A		Preferred stock B and B-1		Preferred stock C		Preferred stock D		Common stock		Additional paid-in capital	Retained earnings/ (accumulated deficit)	Total	Noncontrolling interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2008	12,350,000	$ 123,500	1,449,666	$ 14,497	24,300,962	$ 243,010	—	$ —	6,014,102	$ 60,141	40,056,300	(14,097,106)	26,400,342	10,127,963	36,528,305
Issuance of preferred stock	—	—	16,000	160	200,000	2,000	—	—	—	—	313,840	—	316,000	—	316,000
Accumulated preferred dividend	—	—	—	—	—	—	—	—	—	—	(3,924,249)	—	(3,924,249)	—	(3,924,249)
Repurchases of preferred stock	—	—	(50,000)	(500)	—	—	—	—	—	—	(74,500)	—	(75,000)	—	(75,000)
Stock options expense	—	—	—	—	—	—	—	—	—	—	13,271	—	13,271	—	13,271
Exercise of stock options	—	—	—	—	—	—	—	—	208,750	2,088	27,735	—	29,823	—	29,821
Restricted stock expense	—	—	—	—	—	—	—	—	—	—	41,825	—	41,825	—	41,815
Capital contribution by noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	267,750	267,750
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(9,463,932)	(9,463,932)
Net income	—	—	—	—	—	—	—	—	—	—	—	15,594,800	15,594,800	10,103,151	25,697,951
Balance at December 31, 2009	12,350,000	123,500	1,415,666	14,157	24,500,962	245,010	—	—	6,222,852	62,229	36,454,222	1,497,694	38,396,812	11,034,932	49,431,744
Issuance of preferred stock	—	—	16,000	160	—	—	8,333,333	83,333	—	—	24,932,506	—	25,015,999	—	25,015,999
Accumulated preferred dividend	—	—	—	—	—	—	—	—	—	—	(5,094,782)	—	(5,094,782)	—	(5,094,782)
Stock options expense	—	—	—	—	—	—	—	—	—	—	70,744	—	70,744	—	70,744
Exercise of stock options	—	—	—	—	—	—	—	—	291,472	2,915	40,733	—	43,648	—	43,648
Restricted stock expense	—	—	—	—	—	—	—	—	—	—	31,908	—	31,908	—	31,908
Issuance of restricted shares	—	—	—	—	—	—	—	—	560,000	5,600	(5,600)	—	—	—	—
Exercise of noncontrolling interest put options	—	—	—	—	—	—	—	—	—	—	(17,762,260)	—	(17,762,260)	(1,229,240)	(18,991,500)
Capital contribution by noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	1,145,750	1,145,750
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(11,668,292)	(11,668,292)
Noncontrolling interest acquired in purchase business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	41,397,101	41,397,101
Net income	—	—	—	—	—	—	—	—	—	—	—	3,793,626	3,793,626	13,023,628	16,817,254
Balance at December 31, 2010	12,350,000	$ 123,500	1,431,666	$ 14,317	24,500,962	$ 245,010	8,333,333	$ 83,333	7,074,324	$ 70,744	38,667,471	5,291,320	44,495,695	53,603,879	98,099,574

See accompanying notes to consolidated financial statements.

4

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	$ 16,817,254	25,697,951
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	14,655,411	7,957,301
Noncash dispute settlement	450,000	—
Lease agreement intangible amortization included in rent	31,337	(83,399)
Provision for doubtful accounts	6,898,682	4,585,251
Deferred income taxes	2,929,214	(4,794,034)
Equity investment income	(805,801)	(17,646)
Stock compensation expense	102,652	55,096
Loss on disposal of fixed assets	41,711	—
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
Accounts receivable	(11,223,175)	(9,500,021)
Inventories	1,065,325	1,046,906
Other receivables	(2,773,018)	(529,248)
Other current assets	(326,422)	(93,041)
Other long-term assets	(1,049,343)	7,176
Accounts payable and accrued expenses	585,137	(5,143,239)
Other noncurrent liabilities	331,317	(12,936)
Net cash provided by operating activities	27,730,281	19,176,117
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(116,523,175)	(386,762)
Sale of property and equipment	3,172,324	—
Additions of property and equipment, net	(18,394,835)	(7,431,804)
Purchase of noncontrolling interests	(18,991,500)	—
Investment in affiliate	101,335	(200,024)
Net cash used in investing activities	(150,635,851)	(8,018,590)
Cash flows from financing activities:		
Proceeds from long-term debt borrowings	181,952,491	8,750,000
Payments on long-term debt and related-party notes payable	(73,000,188)	(600,224)
Deferred financing costs	(7,938,537)	(7,424)
Proceeds from capital leases	3,260,343	336,118
Capital lease payments	(1,243,894)	(799,901)
Net proceeds from issuance of preferred stock	25,015,999	316,000
Proceeds from issuance of common stock	43,648	29,823
Repurchase of preferred stock	—	(75,000)
Contributions from noncontrolling interests	695,750	267,750
Distributions to noncontrolling interests	(11,668,292)	(9,463,932)
Net cash provided by (used in) financing activities	117,117,320	(1,246,790)
Net (decrease)/increase in cash and cash equivalents	(5,788,250)	9,910,737
Cash and cash equivalents at beginning of year	15,325,357	5,414,620
Cash and cash equivalents at end of year	$ 9,537,107	15,325,357

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

		2010	2009
Supplemental cash flow information:			
Cash paid for interest	$	8,474,494	2,780,464
Cash paid for taxes		4,814,265	1,260,000
Supplemental disclosures of noncash investing and financing activities:			
Accrual of cumulative preferred dividends	$	5,094,782	3,924,249
Capital lease financing		99,126	463,783

See accompanying notes to consolidated financial statements.

(1) Organization and Significant Accounting Policies

(a) Organization and Business

U.S. Renal Care, Inc. (the Company) was formed in June 2000 and provides dialysis services to patients who suffer from chronic kidney failure, also known as end stage renal disease (ESRD). ESRD is the stage of advanced kidney impairment that requires continual dialysis treatments, or a kidney transplant, to sustain life. Patients suffering from ESRD generally require dialysis three times per week for the rest of their lives. The Company primarily provides these services through the operation of outpatient kidney dialysis clinics. As of December 31, 2010, the Company operated 84 outpatient dialysis clinics in Texas, Arkansas, Georgia, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and South Carolina. In addition to its outpatient dialysis center operations, as of December 31, 2010, the Company provides acute dialysis services through contractual relationships with 21 hospitals and dialysis to patients in their homes.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Although actual results in subsequent periods will differ from these estimates, such estimates are developed based upon the best information available to management and management's best judgments at the time made. The most significant estimates and assumptions involve revenue recognition, provisions for uncollectible accounts, determination of the fair value of assets and liabilities acquired, impairments and valuation adjustments, and accounting for income taxes.

(d) Cash and Cash Equivalents

Cash includes cash and highly liquid investments with a maturity of ninety days or less at date of purchase. Cash and cash equivalents at times may exceed the FDIC limits. The Company believes no significant concentration of credit risk exists with respect to these cash investments.

(e) Accounts Receivable and Allowance for Doubtful Accounts

Substantially all of the Company's accounts receivable are related to providing healthcare services to its patients and are due from the Medicare program, state Medicaid programs, managed care health plans, commercial insurance companies and individual patients. The estimated provision for doubtful accounts is recorded to the extent it is probable that a portion or all of a patient balance will not be collected. The Company considers a number of factors in evaluating the collectibility of accounts receivable including the age of the accounts, collection patterns and any ongoing disputes with payors.

(f) *Amounts Due from Third-Party Payors*

The amount due from third-party payors, which is included in other receivables, represents balances owed to the Company by the Medicare program for reimbursable bad debts related to Medicare beneficiaries. These reimbursements are part of the Company's annual cost report filings and as such, the actual payments may be delayed or subsequently adjusted pending review and audit by the Medicare program fiscal intermediaries.

(g) *Amounts Due from Drug Rebates*

The amount due from drug rebates, which is included in other receivables, represents balances owed to the Company by various pharmaceutical vendors for Epogen (EPO), vitamin D and iron. During 2010 and 2009, the Company had incentive contracts that reduced the invoice price based upon volume purchased. This incentive was payable to the Company on a quarterly basis. In addition, there was an additional annual incentive based on volume that was payable to the Company annually.

(h) *Inventories*

Inventories consist primarily of pharmaceuticals and dialysis-related supplies and are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Market is determined on the basis of estimated realizable values.

(i) *Property and Equipment*

Property and equipment is carried at cost less accumulated depreciation. Property under capital lease agreements is stated at the present value of minimum lease payments less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the term of the lease as appropriate. The general range of useful lives is as follows:

Buildings	39 years
Leasehold improvements	Life of lease
Furniture and equipment	5 years
Computers	3 years

Capital lease assets are amortized over the shorter of the lease term or the estimated useful life of the improvement. Property and equipment acquired in acquisitions is recorded at fair value. The cost of improvements that extend asset lives is capitalized. Other repairs and maintenance charges are expensed as incurred.

Fully depreciated assets are retained in property and depreciation accounts until they are removed from service. When sold or otherwise disposed of, assets and related depreciation are removed from the accounts and the net amounts, less proceeds from disposal, are included in income.

(j) Concentration of Credit Risk

The Company's primary concentration of credit risk exists within accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies, and private patients. Receivables from the Medicare program and various state Medicaid programs were approximately 57% and 55% of gross accounts receivable at December 31, 2010 and 2009, respectively. Concentration of credit risk relating to remaining accounts receivable is limited to some extent by the diversity of the number of patients and payors.

(k) Amortizable Intangible Assets

Amortizable intangible assets and liabilities include noncompetition and similar agreements, lease agreements, and deferred debt issuance costs. Noncompetition and similar agreements are amortized over the terms (five to ten years) of the agreements using the straight-line method. Lease agreement intangibles for favorable and unfavorable leases are amortized on a straight-line basis over the term of the lease.

Deferred debt issuance costs are amortized using the effective interest method as an adjustment to interest expense over the term of the related debt. In the case of debt repayments prior to the end of the term, the Company adjusts the amount of deferred financing costs at the date of repayment, which is included in interest expense.

(l) Goodwill

Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of net tangible assets and identifiable intangible assets acquired. Goodwill and other indefinite-lived intangible assets are not amortized, but are instead tested for impairment at least annually. The annual evaluation for 2010 and 2009 resulted in no impairment charges.

(m) Impairment of Long-Lived and Indefinite-Lived Assets

The Company evaluates long lived-assets and identifiable intangibles for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable or the useful life has changed. When undiscounted future cash flows are not expected to be sufficient to recover an asset's carrying amount, a loss is recognized and the asset is written down to its fair value.

(n) ***Fair Value of Financial Instruments***

The following table details the Company's financial instruments where the carrying value and fair value differ (amounts in millions):

Financial instrument		Carrying value as of December 31, 2010	Fair value at reporting date using: Quoted prices in active markets for identical items (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Senior secured credit facility	$	178,917	—	—	189,632

The estimates of the fair value of the Company's senior secured credit facility are based upon a discounted present value analysis of future cash flows. Due to the existing uncertainty in the capital and credit markets, the actual rates that would be obtained to borrow under similar conditions could materially differ from the estimates the Company has used.

The fair value of the interest rate swaps are determined using quoted market prices for similar swap agreements and were nominal at December 31, 2010.

U.S. GAAP describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

For the Company's other financial instruments, including the Company's cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses the Company estimatesthe carrying amounts approximate fair value due to their short-term maturity.

(o) Net Operating Revenues and Accounts Receivable

Net operating revenue is recognized in the period services are provided. Revenue consists primarily of reimbursements from Medicare, Medicaid and commercial health plans for dialysis services provided to patients. A usual and customary fee schedule is maintained for the Company's dialysis treatment and other patient services. However, actual collected revenue is normally at a discount to this fee schedule. Contractual adjustments represent the differences between amounts billed for services and amounts paid by third-party payors.

The Company's dialysis facilities are certified to participate in the Medicare program. Revenues reimbursed by the Medicare program are recognized primarily on a prospective payment system for dialysis services (ESRD Program). Prior to January 2011, dialysis providers operating under the Medicare ESRD program received a composite payment rate to cover routine dialysis treatments and certain supplies. There was a separate payment for laboratory testing and pharmaceuticals such as EPO, vitamin D and iron supplements that were not included in the composite rate. However, beginning January 2011, Medicare implemented a new payment system in which all ESRD payments are now made under a single bundled payment rate that provides for an annual inflation adjustment based upon a market basket index, less a productivity improvement factor. The bundled payment rate provides a fixed rate to encompass all goods and services provided during the dialysis treatment, including pharmaceuticals that were historically separately reimbursed to the dialysis providers. Most lab services that were previously paid directly to laboratories are also included in the new payment bundle. Now, as a result of the bundled payment system, the dialysis providers are at risk of variations in pharmaceutical utilization since reimbursement is set at a fixed average reimbursement rate.

The initial 2011 bundled payment rate includes reductions of 2% and 0.8%, respectively, to conform to the provisions of MIPPA and to establish budget neutrality. Further, there is a 5.94% reduction tied to an expanded list of case mix adjustors which can be earned back upon the presence of these certain patient characteristics and co-morbidities at the time of treatment. Historically, dialysis providers have not had to track certain of the case-mix adjustors and this may be difficult to capture initially. There are also other provisions which may impact reimbursement including an outlier adjustment and a low volume facility adjustment.

As of November 1, 2010, dialysis providers were required to make an election as to which clinics would be fully reimbursed as of January 1, 2011 under the new bundled payment system or phased into the new system over a four year period. The Company elected to have approximately 72% of its clinics be reimbursed fully under the new bundled reimbursement system beginning January 1, 2011. Once this election was made, it may not be revoked. All clinics that receive Medicare certification subsequent to November 1, 2010 will be reimbursed under the new bundled reimbursement system. Beginning in 2012, dialysis providers will also be subject to a 2% annual Medicare payment withholding that can be earned back by facilities that meet certain defined clinical performance standards.

Medicare presently pays 80% of the established payment rates for dialysis treatment furnished to patients. The remaining 20% may be paid by Medicaid if the patient is eligible, from private insurance funds, or from the patient's personal funds. If there is no secondary payor to cover the remaining 20%, and if the Company demonstrates prescribed collection efforts, Medicare may reimburse the Company for part of that balance as part of the Company's annual cost report filings subject to individual center profitability. As a result, billing and collection of Medicare bad debt claims are often delayed significantly, and final payment is subject to audit.

Medicaid programs are administered by state governments and are partially funded by the federal government. In addition to providing primary coverage for patients whose income and assets fall below state defined levels and are otherwise insured, Medicaid serves as a supplemental insurance program for the co-insurance portion not paid by Medicare. Medicaid reimbursement varies by state but is typically reimbursed pursuant to a prospective payment system for dialysis services rendered.

Revenues associated with commercial health plans are estimated based upon patient-specific contractual terms between the Company and health plans for the patients with which the Company has formal agreements, upon commercial health plan coverage terms if known or otherwise upon historical collection experience adjusted for refund and payment adjustment trends. Commercial revenue recognition involves substantial judgment. With several commercial insurers, the Company has multiple contracts with varying payment arrangements, and these contracts may include only a subset of the Company's dialysis centers. In addition, for services provided by noncontracted centers, final collection may require specific negotiation of a payment amount. Generally, payments for a dialysis treatment from commercial payors are greater than the corresponding amounts received from Medicare and Medicaid.

(p) Share-Based Compensation

The Company recognizes compensation expense, for all share-based awards, including stock option grants to employees, using a fair-value measurement method. Under the fair-value method, the estimated fair value of awards that are expected to vest is recognized over the requisite service period, which is generally the vesting period.

Prior to 2006, the Company accounted for its equity compensation using the intrinsic value-based method of accounting. The Company did not recognize compensation expense before 2006 because the exercise price of stock options granted was not less than the estimated value of the underlying stock on the date of grant. The Company continues to account for equity compensation based shares granted prior to 2006 using the intrinsic value method until such time as shares are modified, canceled, or repurchased.

The Company estimates the fair value of awards on the date of grant, using the Black-Scholes option pricing model. The weighted average fair value of options granted during the years ended December 31, 2010 and 2009 are calculated based on the following assumptions: expected volatility of 22%, expected dividend yield of 0%, expected life of 3.75 years, and risk-free interest rates of 1.08% to 1.97%. Expected volatility was derived using data drawn from two public dialysis companies. The expected life was computed utilizing the simplified method as permitted by the Securities and Exchange Commission's Staff Accounting Bulletin, *Share Based Payment.* The expected forfeiture rate is 20% based upon a review of the Company's recent history and expectations as segregated between the Company's board of directors, senior officers, and other grantees. The risk-free interest rate is based on the approximate average yield on five year United States Treasury Bonds as of the date of grant. There were 352,000 and 195,000 options granted during the years ended December 31, 2010 and 2009, respectively (see note 9).

(q) Noncontrolling Interest

In December 2007, the FASB issued an accounting standard, *Noncontrolling Interests in Consolidated Financial Statements* (ASC 810), which gives guidance on the presentation and disclosure of noncontrolling interests (previously known as minority interests) of consolidated subsidiaries. This statement requires the noncontrolling interest to be included in the equity section of the balance sheet, requires disclosure on the face of the consolidated statement of operations of the amounts of consolidated net income attributable to the consolidated parent and the noncontrolling interest, and expands disclosures.

Consolidated income (loss) is reduced (increased) by the proportionate amount of income or loss accruing to noncontrolling interests. Noncontrolling interest represents the equity interest of third-party owners in consolidated entities that are not wholly owned.

(r) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when it is more likely than not that the deferred tax assets will not be realized.

The Company adopted the accounting standard update ASC 740, *Accounting for Uncertainty in Income Taxes,* on January 1, 2009. Previously, the Company had accounted for tax contingencies under ASC 450, *Accounting for Contingencies.* As required by ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied ASC 740 to all tax positions for which the statue of limitations remained open. As a result of the implementation of ASC 740, the Company did not recognize an increase in the liability for unrecognized tax benefits. The amount of unrecognized tax benefits as of December 31, 2010 and 2009 was $0.

The Company is subject to income taxes in the U.S. federal jurisdiction and various states. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company is no longer subject to U.S. federal or state or local income tax examinations by tax authorities for the years before 2006.In 2010,th e Internal Revenue Service finalized its examination of the Company's 2007 U.S. income tax returns. The resolution of this examination resulted in no additional tax payment.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses for all periods presented.

The Company's consolidated LLC and L.P. subsidiaries do not incur federal income taxes. Instead, their earnings and losses are included in the returns of, and taxed directly to, the members and partners of these subsidiaries.

(s) Derivative Instruments and Hedging Activities

The Company has entered into an interest rate swap agreement as a means of hedging its exposure to and volatility from variable-based interest rate change. These agreements are designed as cash flow hedges and are not held for trading or speculative purposes. The swap agreement has the economic effect of converting portions of the Company's variable rate debt to fixed rates.

In 2010, the Company adopted the provisions of FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (included in FASB ASC Topic 815, *Derivatives and Hedging),* which amends the disclosure requirements for derivative instruments and hedging activities. The amended disclosure require entities to provide information to enable users of the financial statements to understand how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments are related hedged items affect an entity's financial position, financial performance, and cash flows (see note 6).

(t) ***Recently Issued Accounting Pronouncements***

Effective January 1, 2009, the Company adopted the provisions of FASB ASC 820 relating to fair value measurements and disclosures with respect to nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis. The adoption had no impact on the Company's consolidated financial statements.

Although the adoption of FASB ASC 820 had no direct impact on the Company's consolidated financial statements, additional disclosures are required under FASB ASC 820 indicating the fair value hierarchy of the valuation techniques utilized to determine fair value measures. The Company has included appropriate disclosures herein.

Effective December 31, 2009, the Company adopted FASB ASC 855, *Subsequent Events*, which establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The Company evaluated events subsequent to December 31, 2010 and through April 27, 2011, the date on which the financial statements were issued.

(u) ***Reclassifications***

Certain reclassifications have been made to the 2009 consolidated financial statement balances to conform with the 2010 presentation. Such reclassifications have no effect on earnings or stockholders' equity.

(2) Fixed Assets

At December 31, 2010 and 2009, property and equipment consists of the following:

		2010	2009
Facility equipment, furniture, and information systems	$	42,891,347	22,202,152
Land and buildings		6,747,940	—
Leasehold improvements		21,493,319	9,731,329
New center construction in progress		778,865	2,829,967
		71,911,471	34,763,448
Less accumulated depreciation and amortization		(25,129,530)	(15,511,848)
	$	46,781,941	19,251,600

		Year ended December 31	
		2010	2009
Depreciation and amortization expense on property and equipment	$	9,304,459	5,355,638

Net book value of equipment under capital leases at December 31 was as follows:

		2010	2009
Equipment	$	10,671,572	7,312,321
Less accumulated depreciation		(6,099,837)	(4,092,015)
	$	4,571,735	3,220,306

(3) Acquisitions/Disposition

The Company has acquired various dialysis businesses, as described further below. The assets and liabilities for all acquisitions were recorded at their estimated fair values as of the effective acquisition date based upon the best available information.

Amortizable intangible assets consist primarily of noncompete agreements. Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of identifiable net tangible assets and identifiable intangible assets acquired.

The results of operations for the acquired companies are included in the Company's financial statements beginning on the effective acquisition date.

(a) Dialysis Corporation of America, Inc.Ac quisition

On June 3, 2010, the Company acquired all the outstanding common shares of Dialysis Corporation of America, Inc. (DCA) for $11.25 per share. DCA provides outpatient dialysis, in-home dialysis and acute services in Georgia, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and South Carolina. The results of operations for DCA are included in the Company's financial statements beginning June 1, 2010.

The DCA acquisition cost of approximately $110 million and costs related thereto were funded from the proceeds of the Company's senior secured and subordinated loan agreements (see note 6) and the issuance of Series D Preferred Stock (see note 8). All purchase accounting adjustments are final except for certain deferred tax calculations primarily related to flow-through entities.

The estimated fair values of the assets acquired and liabilities assumed at the acquisition date are as follows:

Assets:		
Cash	$	1,294,958
Net accounts receivable		17,072,334
Inventory		2,684,480
Other receivables		1,280,382
Other current assets		2,257,895
Total current assets		24,590,049
Property and equipment, net		20,526,500
Amortizable intangibles, net		12,957,381
Goodwill		113,828,342
Other long-term assets		863,600
Total assets	$	172,765,872
Liabilities:		
Accounts payable	$	4,958,871
Accrued expenses		6,177,187
Total current liabilities		11,136,058
Long-term debt		9,586,971
Other long-term liabilities		(326,883)
Deferred tax liability		3,808,826
Total liabilities	$	24,204,972
Equity:		
Minority interest	$	38,310,900
Total equity	$	38,310,900

(b) San Antonio

On July 1, 2010, the Company purchased an additional 40% interest in one of its joint venture entities which it previously had a 40% noncontrolling ownership interest for $7.2 million. The acquisition was funded by borrowing under the Company's revolving credit facility (see note 6) and cash on hand. The consolidated results of operation for this facility are included in the Company's financial statements beginning July 1, 2010. Previously, the Company's investment was recorded using the equity method of accounting. The investment balance at June 30, 2010 was approximately $922,000.

Assets:		
Cash	$	671,969
Net accounts receivable		1,151,930
Inventory		22,726
Other receivables		7,724
Other current assets		24,742
Total current assets		1,879,091
Property and equipment, net		974,832
Goodwill		8,426,146
Total assets	$	11,280,069
Liabilities:		
Accounts payable	$	25,983
Accrued expenses		145,888
Total liabilities	$	171,871
Equity:		
Minority interest	$	2,986,200
Total equity	$	2,986,200

(c) December Acquisition

On December 1, 2010, the Company acquired two outpatient dialysis clinics, an acute program and a home program (December Acquisition). This transaction included purchasing a 51% majority interest in the assets of one of the clinics and a 100% interest in the assets of the other clinic. The results of operations for these services are included in the Company's financial statements beginning December 1, 2010. The December Acquisition cost of approximately $1 million was funded from operating cash flow.

The estimated fair values of the assets acquired at the acquisition date are as follows:

Assets:		
Inventory	$	89,114
Other current assets		26,017
Fixed assets		416,000
Goodwill		869,546
Total assets	$	1,400,677
Liabilities:		
Accrued expenses	$	357,713
Total liabilities	$	357,713

(d) Medicore Disposition

On November 30, 2010, the Company sold 100% of the net assets of its medical products business that was acquired in the DCA acquisition. The Company sold, assigned and transferred certain assets for approximately $535,000 resulting in no gain or loss.

(4) Noncontrolling Interests

The Company engages in the purchase and sale of equity interests with respect to its consolidated subsidiaries that do not result in a change of control. These transactions are accounted for as equity transactions, as they are undertaken among the Company, its consolidated subsidiaries, and noncontrolling interests, and their cash flow effect is classified within financing activities.

As of December 31, 2010, the Company was the majority owner in 48 joint ventures. Of the noncontrolling interests in those 48 joint ventures, 17 have put rights generally at fair value as defined in the agreement that are either currently exercisable or become exercisable at various future dates. The carrying amount of these redeemable noncontrolling interests totaled $7.3 million and $3.8 million as compared to redemption values of $41.0 million and $23.6 million at December 31, 2010 and 2009, respectively. The redemption value is calculated at the current value of the put payment that would be required to redeem the interest if the put is exercised regardless of whether such interest is currently exercisable. As of December 31, 2010, $7.0 million of put rights are currently exercisable and the remaining $34.0 million become exercisable at future dates.

During the year, there were nine time-based puts exercised in the Company's South Texas region and one in the San Antonio region. The Company paid $18.4 million relating to these puts. As a result of the DCA acquisition, there was one change of control put that was partially exercised at one clinic for $600,000.

(5) Intangible Assets

At December 31, 2010 and 2009, amortizable intangible assets consisted of the following:

	2010	2009
Noncompetition agreements	$ 31,836,273	20,132,544
Lease agreements	580,106	76,221
Deferred debt issuance costs	7,939,537	1,910,489
Licenses	359,000	—
	40,714,916	22,119,254
Less accumulated amortization	(13,365,202)	(9,878,243)
Net amortizable intangible assets	$ 27,349,714	12,241,011

Amortizable intangible liabilities, which are included in other long-term liabilities, consisted of lease agreements as follows:

	2010	2009
Lease agreements	$ 1,089,293	1,089,293
Less accumulated amortization	(648,449)	(556,311)
Net amortizable intangible assets	$ 440,844	532,982

Amortization of intangible assets and liabilities over the next five years is as follows:

	Noncompetition agreements	Deferred debt issuance costs	Lease agreements	Licenses
2011	$ 4,564,626	1,323,090	396,359	71,800
2012	4,492,939	1,323,090	307,657	71,800
2013	4,418,857	1,323,090	227,206	71,800
2014	4,322,211	1,323,090	183,663	71,800
2015	1,281,681	1,323,090	149,418	29,917

Changes in the value of goodwill were as follows:

	2010	2009
Balance at January 1	$ 67,922,354	67,559,887
Goodwill adjustments	(521,626)	362,467
Goodwill acquired	123,124,034	—
Balance at December 31	$ 190,524,762	67,922,354

The fair value of the identifiable intangibles acquired and the amount of goodwill recorded as a result of acquisitions are determined based upon independent third-party valuations and the Company's estimates. Amortization expense for the Company's intangible assets relates to the value associated with the noncompete and lease agreements. The noncompete intangible assets are amortized over the term of the noncompete agreements executed in connection with the acquisition transactions or the medical agreements entered into with certain physicians and the lease agreement intangibles are amortized over the term of the lease.

(6) Long-Term Debt

On June 3, 2010, the Company entered into a new senior credit agreement that consists of: (a) a $132.5 million senior secured term loan (Term Loan) and (b) a $40 million senior secured revolving credit facility (Revolver). Also on June 3, 2010, the Company entered into a $40 million senior subordinated loan agreement (the Subordinated Loan). The proceeds of the Term Loan and the Subordinated Loan along with available cash on hand were utilized to: (a) pay off the Company's existing CIT Term Loan B and Revolver (which bore interest at 4.25% at December 31, 2009), (b) pay expenses and fees associated with the new senior secured and subordinated loan agreements, and (c) to fund the DCA acquisition (see note 3) including cost and fees related thereto.

Borrowings under the Term Loan and Revolver (collectively Senior Secured Loans) bear interest based upon a spread in excess of LIBOR (floor of 1.75%) or the U.S. prime rate, as the benchmark, as adjusted based upon the Company's leverage ratio. The new Senior Secured Loan also provides for an annual unused commitment fee of 0.75% based upon the average revolving credit commitment less outstanding borrowings on the Revolver and letters of credit issued. As of December 31, 2010, borrowings under the Senior Secured Loans bore interest at 6.25%. The Subordinated Loan accrues interest at 13.25% with 11.25% paid in cash per annum.The remain ing 2% of interest on the Subordinated Loan (PIK Interest) will be capitalized and accrued for until it becomes due upon the maturity of the loan.

The Term Loan requires quarterly principal payments of $331,250 in each year from 2011 through 2015 with the balance of $124,881,250 due in 2016. The Subordinated Loan requires a one- time payment of $40 million principal balance due in 2017, in addition to outstanding PIK Interest.

The Revolver, Term Loan, and Subordinated Loan mature on June 2, 2015, June 2, 2016 and June 2, 2017, respectively. The subordinated loan agreement provides for prepayment penalties if it is repaid within the first four years subsequent to June 3, 2010.

Commencing with the fiscal year ended December 31, 2011, the Company is required to prepay its outstanding Senior Secured Loan balances with 50% of excess cash flow as defined in the credit agreement. The Company is also required to prepay senior secured loan balances with: (a) 50% of the net proceeds of certain capital contributions as defined in the credit agreement, (b) 100% of the proceeds of asset sales or the proceeds received from casualty event settlements that are not reinvested or permitted pursuant to the terms of the credit agreement, and (c) 100% of the proceeds of indebtedness that is incurred and not permitted pursuant to the credit agreement. Following satisfaction of any prepayment under the Senior Secured Loans, the Company is required to prepay the Subordinated Loan balances with 100% of the proceeds of asset sales or the proceeds received from a casualty event settlement that are not reinvested or permitted pursuant to the terms of the credit agreement.

The Senior Secured Loans and the Subordinated Loan are guaranteed, on a joint and several basis, by each of the Company's subsidiaries. Borrowings under the credit agreements are collateralized by most of the Company's assets, including accounts receivable, inventory, and fixed assets not subject to permitted capital leases. The Subordinated Loan is subordinated to the repayment of the Senior Secured Loans. The Senior Secured and Subordinated Loan agreements include various events of default and contain certain restrictions on the operations of the business, including restrictions on certain cash payments, including capital expenditures, investments and the payment of dividends. These loan agreements also include covenants pertaining to fixed charge coverage, interest coverage, and total debt leverage, as well as other customary covenants and events of defaults.

The Company believes it is in compliance with all covenants under the Senior Secured Loan and Subordinated Loan agreements and has met all debt payment obligations. At December 31, 2010, approximately $33.0 million was unused and available under the Revolver.

At December 31, 2010 and 2009, long-term debt and capital lease obligations consisted of the following:

		2010	2009
Senior secured credit facility:			
CIT term loan B	$	—	34,873,000
CIT revolver		—	24,968,762
Term loan		131,506,250	—
Revolver		7,000,000	—
Subordinated loan		40,410,549	—
Other notes payable			
Capital lease obligations		23,305	23,532
		5,708,480	3,592,893
Less current portion		184,648,584	63,458,187
		(2,924,662)	(1,447,595)
	$	181,723,922	62,010,592

Scheduled maturities of long-term debt and capital lease obligations at December 31, 2010 were as follows:

	Long-term debt	Capital lease obligations
2011	$ 1,346,461	1,964,299
2012	1,326,844	1,402,897
2013	1,325,000	1,208,797
2014	1,325,000	988,427
2015	8,325,000	486,895
Thereafter	165,291,799	809,975
	$ 178,940,104	6,861,290
Less interest portion at 5.719% – 8.561%		(1,152,810)
Total		$ 5,708,480

According to the senior secured loan agreement, the Company was required to enter into an interest rate hedging agreement, no later than 90 days following the closing date. The Company entered into a three year Hedge Agreement on September 1, 2010 which consists of an interest rate cap on the LIBOR floating rate of the senior secured loans at 1.75% until August 31, 2011. Additionally the Company entered into a swap from September 1, 2011 to September 1, 2013 effectively fixing the base rate at 2.32%. The notional amount of the swap is $46.375 million, which is equivalent to 35% of the Term Loan amount borrowed. The fair values of the interest rate cap and swap are insignificant at December 31, 2010 and are not being accounted for as an effective hedge resulting in no adjustment to fair value being recorded to the statement of operations as interest expense.

(7) Income Taxes

Income tax expense (benefit) consisted of the following:

	2010	2009
Current:		
Federal	$ 1,652,164	678,126
State	1,244,752	924,717
Deferred:		
Federal	3,086,086	(4,783,401)
State	(156,872)	(10,632)
	$ 5,826,130	(3,191,190)

The difference between the expected tax expense based on the federal statutory rate of 34% is primarily Texas gross margin tax, which is not based on pre-tax income and income tax attributable to noncontrolling interest.

Deferred tax assets and liabilities arising from temporary differences were as follows:

		2010	2009
Deferred tax assets:			
Accrued expenses and other liabilities for financial accounting purposes not currently deductible	$	5,776,527	765,594
Net operating loss carryforwards and contribution limitation		858,471	1,345,244
Flow through entities		4,328,310	3,671,996
Property plant and equipment		197,679	236,104
Other		151,589	332,312
Total deferred tax assets		11,312,576	6,351,250
Deferred tax liabilities:			
Property and equipment and intangibles, principally due to differences in depreciation and amortization		(3,546,732)	(25,657)
Goodwill		(11,031,330)	(4,514,534)
Total deferred tax liabilities		(14,578,062)	(4,540,191)
Net deferred tax assets (liabilities)	$	(3,265,486)	1,811,059

The valuation allowance consisted of the following:

		2010	2009
Balance at January 1	$	—	6,149,048
Increase (decrease) during the year		—	(6,149,048)
Balance at December 31	$	—	—

The Company had net operating loss carryforwards of approximately $205,000 as of December 31, 2009, which were utilized in 2010. The Company has not recorded a valuation allowance for any of its deferred tax assets at December 31, 2010 as it expects to generate future taxable income sufficient to realize such deferred tax assets.

(8) Preferred Stock

Under the Company's Third Amended and Restated Certificate of Incorporation, 108,783,333 total shares are authorized to issue, comprising 53,525,000 shares of common stock and 55,258,333 shares of preferred stock. Preferred stock is issuable in series under terms and conditions determined by the Company's board of directors.

(a) Series A Preferred Stock

As of December 31, 2009 and 2010, there were 12,350,000 shares of Series A Preferred outstanding.

(b) ***Series B Preferred Stock***

The Series B redeemable convertible preferred stock (Series B Preferred) shares were sold, primarily to related-party physicians, at an original issue price of $1 per share. During 2010 and 2009, the Company issued 16,000 shares to a related-party physician at a price of $1.00 per share. As of December 31, 2010 and 2009, there were 545,000 and 529,000 shares, respectively, of Series B Preferred outstanding.

(c) ***Series B-1 Preferred Stock***

As of December 31, 2010 and 2009, there were 886,666 shares of Series B-1 Preferred outstanding.

(d) ***Series C Preferred Stock***

As of December 31, 2010 and 2009, there were 24,500,962 shares of Series C Preferred outstanding.

(e) ***Series D Preferred Stock***

During 2010, 8,333,333 shares of Preferred D Stock were issued at a price of $3 per share for total net proceeds of approximately $25.0 million in connection with the acquisition of DCA. As of December 31, 2010, there were 8,333,333 shares of Series D Preferred outstanding.

(f) ***Dividends***

Series A Preferred, Series C Preferred, and Series D Preferred stockholders are entitled to receive cash dividends at the rate of 8% per annum calculated on the original issue prices. Dividends are cumulative from the date of original issuance and accrue quarterly. Accumulations of dividends on shares of Series A, Series C and Series D Preferred stock do not bear interest and are payable generally at the time of a liquidating event as defined in the agreement. Series B Preferred, Series B-1 Preferred, and common stockholders are entitled to receive dividends, when and if declared by the board of directors out of the Company's assets legally available therefore, so long as all accrued dividends on then outstanding Series A, Series C, and Series D Preferred stock have been paid or declared and set apart.

(g) ***Redemption***

Each share of Series A, Series C, and Series D Preferred stock is redeemable beginning on September 1, 2020, if approved by 60% of the then-outstanding shareholders of Series A, Series C, and Series D Preferred. Series B and Series B-1 Preferred stock is redeemable, beginning on September 1, 2012 only subject to and after redemption of the Series A, Series C, and Series D Preferred Stock and if approved by 60% of the then-outstanding shares of Series A, Series C, and Series D Preferred, voting as a single class, and if also approved by 60% of the then-outstanding shares of Series B and Series B-1 Preferred, voting as a single class.

Any such redemption would be payable in three equal annual installments calculated using the sum of the original issue prices ($1 per share for Series A,Seri es C, and Series D Preferred, and $1.50 for Series C and Series B-1 Preferred) plus all related accrued and unpaid dividends.

(h) ***Conversion Rights***

Each share of Series A, Series B, Series B-1, Series C and Series D Preferred stock is convertible at any time, at the option of the holder, into the same number of shares of common stock. Each share of Series A, Series B, Series B-1, Series C, and Series D converts automatically upon a qualified public offering. Upon such automatic conversion, any related declared and unpaid dividend becomes due.

(i) ***Liquidation Preference***

Upon liquidation or dissolution, and after payment or provision for payment of all debts and liabilities, stockholders of the Company will receive proceeds, to the extent available, as follows: (a) first, to the holders of Series A, Series C and Series D Preferred Stock, amounts per share equal to their original share purchase prices, plus accrued and unpaid dividends (as adjusted for past dividends, combinations, splits, recapitalizations, and the like); (b) second, to the holders of Series B and Series B-1 Preferred Stock, amounts per share equal to their original share purchase prices, plus any accrued and unpaid dividends, (as adjusted for past dividends, combinations, splits, recapitalizations, and the like); (c) third, ratably to the holders of Common Stock, and Series A Preferred Stock, Series C Preferred Stock and Series D Preferred Stock on an as-if converted to Common Stock basis until the holders of Series A, Series C and Series D Preferred Stock shall have received, in total including the payment under (a) above, an amount equal to three (3) times the Series A and Series C and two (2) times the Series D original issue price, respectively; and (d) fourth, to the holders of Common Stock, any remaining available amounts.

(j) ***Voting Rights***

Each share of Series A, Series C and Series D Preferred stock issued and outstanding is entitled to the number of votes equal to the number of shares of common stock into which it is convertible. For various defined events, Series A, Series C and Series D Preferred stockholders vote together as a separate class. In those circumstances, 60% or more of the outstanding Series A, Series C and Series D Preferred stockholders must approve the event.

Each share of common stock is entitled one vote. As long as Series A, Series C and Series D Preferred stock is outstanding, and except for various defined events, Series A,S eries C and Series D Preferred stockholders vote together with common stockholders as a single class on an as-if-converted to common stock basis.

The Series B and Series B-1 Preferred stockholders have no voting rights and their consent is not required to take any corporate action.

A majority of the Company's stockholders, voting together on an as-if-converted to common stock basis, can change the number of authorized shares outstanding.

(k) Other Terms

If Series A, Series C and Series D Preferred shares are outstanding, no dividend may be declared, and no shares shall be redeemed, on Series B or Series B-1 Preferred stock unless all accrued Series A, Series C and Series D Preferred dividends have been paid and a similar dividend is declared on Series A,Sc ries C and Series D Preferred stock.

All stockholders are obligated to participate in a sale of the Company approved by 60% of the Series A, Series C and Series D Preferred stockholders, voting together as a single class, and the board of directors.

Series A, Series C and Series D Preferred stockholders have the right to purchase any new securities on a proportionate basis, and also have the right of over-allotment if any other Series A, Series C or Series D Preferred shareholder fails to purchase a full proportionate share of the any new securities. Series B Preferred, Series B-1 Preferred,and common stockholders do not have preemptive rights.

The Company and the Series A and Series B Preferred stockholders have the right to purchase shares from Series B Preferred, Series B-1 Preferred and common stockholders who wish to transfer their shares to a nonpermitted transferee.

(9) Stock Compensation Plans

The Company's 2005 Stock Incentive Plan (the 2005 SIP) provides stock options and restricted stock grants, and other share-based incentives, primarily to employees and directors. In March 2009, the Company authorized an additional 500,000 shares available for grant. In May 2010, the Company authorized an additional 600,000 shares available for grant. There were 6,000,000 and 5,400,000 shares available for grant as of December 31, 2010 and 2009, respectively, under the amended 2005 SIP.

(a) Stock Option Plan

Awards granted under the 2005 SIP are for incentive stock options with a five year term, an exercise price at least equal to the market value on the date of grant, and which vest 25% after one year of service and then monthly in equal amounts over the next three years of service. Income for the years ended December 31, 2010 and 2009 included $70,744 and $13,271 respectively, of pretax compensation costs related to stock options granted. As of December 31, 2010, there was $22,072 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a period of approximately four years. At December 31, 2010, the weighted average remaining contractual life of outstanding options was 2.37 years.

The table below summarizes activity in the Company's stock option plan:

	Year ended December 31					
	2010			2009		
	Awards		Weighted average exercise price	Awards		Weighted average exercise price
Outstanding at beginning of year	1,016,066	$	0.14	1,061,692	$	0.14
Granted	352,000		0.26	195,000		0.15
Exercised	(291,472)		0.15	(208,751)		0.14
Canceled	—		—	(31,875)		0.11
Outstanding at end of year	1,076,594	$	0.18	1,016,066	$	0.14
Awards exercisable at year-end	380,742	$	0.14	412,941	$	0.14

(b) ***Restricted Stock***

The Company issued restricted stock to certain employees in 2010 and in prior years. Restricted stock awards vest 25% after one year of service and then monthly in equal amounts over the next three years of service, subject to continued employment and other plan terms and conditions. Holders of restricted stock are not allowed to sell, transfer, pledge, or otherwise encumber their restricted shares, but such holders are allowed to vote and their shares accrue dividends when and if declared. The Company may, but is not obligated to, repurchase vested restricted stock from employees at fair market value upon termination of the recipient's employment.

Expense for restricted stock is recognized over the vesting period. The noncash compensation expense associated with restricted stock awards was $31,908 in 2010 and $41,825 in 2009. The following table summarizes restricted stock award activity:

		2010	2009
Outstanding balance at beginning of year	$	3,401,558	3,401,558
Granted		560,000	—
Exercised		—	—
Forfeited		—	—
Repurchased		—	—
Balance at December 31, 2010	$	3,961,558	3,401,558

The following table summarizes the nonvested restricted stock activity:

		2010	2009
Outstanding balance at beginning of year	$	641,122	1,384,334
Granted		560,000	—
Vested		(488,369)	(743,212)
Forfeited		—	—
Repurchased		—	—
Balance at December 31, 2010	$	712,753	641,122

At December 31, 2010, 3,248,805 of the outstanding restricted shares were vested. As of December 31, 2010, there was approximately $320,471 of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a remaining vesting period of approximately four years.

(10) Related-Party Transactions

Participation in the Medicare ESRD program requires that treatment at a dialysis center be under the general supervision of a director who is a physician. The Company has engaged physicians or groups of physicians to serve as medical directors for each of its centers. The Company has contracts with approximately 59 individual physicians and physician groups to provide medical director services. The compensation of medical directors is negotiated individually and depends in general on local factors such as competition, the professional qualifications of the physician, their experience and their tasks as well as the workload at the clinic.

An ESRD patient generally seeks treatment at a dialysis center near his or her home and at which his or her treating nephrologist has practice privileges. Additionally, many physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical directors to the centers. As a result, and as is typical in the dialysis industry, the primary referral source for most of the Company's centers is often the physician or physician group providing medical director services to the center.

The Company's medical director agreements generally include covenants not to compete. Also, when the Company acquires a center from one or more physicians, or where one or more physicians owns interests in centers as co-owners with the Company, these physicians have agreed to refrain from owning interests in competing centers within a defined geographic area for various time periods. These agreements not to compete restrict the physicians from owning or providing medical director services to other dialysis centers. Most of these agreements not to compete continue for a period of time beyond expiration of the corresponding medical director agreements.

The Company leases space for 44 of its centers in which physicians and/or employees hold ownership interests, and subleases space to referring physicians and/or employees at one center. Future minimum lease payments payable under these leases is approximately $22 million at December 31, 2010, exclusive of maintenance and other costs, and is subject to escalation. For 2010 and 2009, total lease payments under these leases were approximately $2.9 million and $2.4 million, respectively. On June 21, 2010, the

Company entered into a ten year corporate office lease agreement with an entity owned by two of its employees. The lease is expected to commence in 2011. The future lease payments payable under this lease are approximately $1.5 million.

The Company's York, Pennsylvania dialysis center is leased from a limited liability partnership in which the Company has a 60% ownership interest with the remaining 40% owned by two doctors one of whom serves as the medical director for that facility. These doctors are also affiliated with the entity that owns a 40% minority ownership in the subsidiary that operates the facility.

Some medical directors and other referring physicians own Series B and Series B-1 Preferred stock, which they purchased from the Company. Some of the Company's medical directors also own equity interests in entities that operate the Company's dialysis centers.

The Company believes that the leases and equity purchases are no less favorable to the Company and no more favorable to such physicians than would have been obtained in arm's-length bargaining between independent parties.

The Company has one promissory note obligation owed a noncontrolling interest holder in one of its subsidiaries. The note obligation was in an original amount of $750,000, of which $125,000 and $250,000 was outstanding at December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, $125,000 of the amount outstanding was classified in the accompanying consolidated balance sheet as a current liability. The note bears interest at 7% and principal is due in six annual installments from May 1, 2006 through May 1, 2011.

During the years ended December 31, 2010 and 2009, the Company paid a related party affiliated through common ownership $461,011 and $293,101, respectively, for the usage of an airplane.

A member of the Company's board of directors provides consulting services primarily related to regulatory and reimbursement matters. The total expenses incurred by the Company related to these services were approximately $100,000 and $108,333 in 2010 and 2009, respectively.

(11) Legislation, Regulations, and Market Conditions

The Company's dialysis operations are subject to extensive federal, state, and local government regulations. These regulations require the Company to meet various standards relating to, among other things, the operation of dialysis clinics, the provision of quality healthcare for patients, maintenance of proper ownership and records, quality assurance programs, and occupational, health, safety and environmental standards, and the provision of accurate reporting and billing to government and private payment programs. These laws are extremely complex, and in many instances, providers do not have the benefit of significant regulatory or judicial interpretation as to how to interpret and apply these laws and regulations in the normal course of conducting their business. Healthcare providers that do not comply with these laws and regulations may be subject to civil or criminal penalties, the loss of their licenses, or restriction in their ability to participate in various federal and state healthcare programs. The Company endeavors to conduct its business in compliance with applicable laws and regulations.

The Company's dialysis centers are certified (or are pending certification) by the Centers for Medicare and Medicaid Services, as is required for the receipt of Medicare payments, and are licensed and permitted by state authorities.

The Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended, generally referred to as the "anti-kickback statute," imposes sanctions on those who, among other things, offer, solicit, make or receive payments in return for referral of a Medicare or Medicaid patient for treatment. The federal False Claims Act imposes penalties on those who, among other things, knowingly present a false or fraudulent claim for payment to the federal government. Another federal law, commonly referred to as the "Stark Law," prohibits physicians, with certain exceptions, from referring Medicare patients to entities with which the physician has a financial relationship, states have analogous statues. The Health Insurance Portability and Accountability Act of 1996 (HIPAA), among other things, includes provisions relating to the privacy of medical information and prohibits inducements to patients to select a particular healthcare provider. Congress, states and regulatory agencies continue to consider modifications to federal and state healthcare laws. The Company's dialysis centers are also subject to various state hazardous waste and nonhazardous medical waste disposal laws.

Sanctions for violations of these statutes could result in the imposition of significant fines and penalties, repayments for patient services previously billed, expulsion from government healthcare programs, and other civil or criminal penalties. Management believes that the Company is in material compliance with applicable government laws and regulations.

(12) Profit-Sharing Plan

The Company has a savings plan for employees who meet certain criteria that have been established pursuant to the provisions of Section 401(k) of the Internal Revenue Code. The plan allows employees to contribute a defined portion of their compensation on a tax-deferred basis. Since January 1, 2005, the plan allows for defined matching Company contributions for eligible employees. The plan was amended effective January 1, 2006 to allow vesting credit for prior years of service for employees of certain acquired businesses. For the years ending December 31, 2010 and 2009, respectively, the Company made matching contributions to the plan of $386,328 and $391,053.

The Company may also make discretionary profit-sharing contributions to the plan if approved by the board of directors. No such contributions were made in 2010 or 2009.

(13) Commitments and Contingencies

The Company may be subject to claims and suits in the ordinary course of business, including contractual disputes and professional and general liability claims.

On February 15, 2007, the previous owners of the acquired San Antonio facilities brought suit against the Company. In the lawsuit, the plaintiffs alleged that the Company had failed to pay amounts due to the sellers of Rencare Ltd. (Rencare) concerning accounts receivable that arose prior to the close of the Rencare acquisition. The Company denied plaintiff's claims and, made counterclaims against plaintiffs and filed a third-party cross-claim against one of the other sellers of Rencare. In the Company's counterclaim and cross-complaint, the Company alleged, among other things, that Sellers breached the representations and warranties in the applicable Rencare acquisition documents by failing to disclose certain liabilities. A trial was held in November 2008 and judgment was entered in favor of plaintiff for $750,000 plus $300,000 in attorney fees. Both sides appealed and the Company fully prevailed in the appeal. The appellant court moved that the plaintiff should receive nothing. Plaintiff moved for reconsideration and the appellant court dismissed their motion. Plaintiffs are seeking further appellant review. At this time, the Company cannot determine what will be the ultimate resolution. The Company incurred legal and other professional fees related to this litigation. These expenses aggregated $27,208 and $286,647 in 2010 and 2009, respectively. In 2010, the Company reversed a $1.1 million reserve related to this litigation that it recorded in 2008.

In February, 2010, and prior to the Company's acquisition, DCA received a subpoena from the Office of Inspector General of the U.S. Department of Health and Human Services (OIG) with respect to an investigation relating to EPO utilization at certain DCA clinics. The Company has been fully cooperating with the inquiry and has produced the requested documents to date. While there is no indication of such at this time, any negative findings could result in: (a) substantial monetary penalties, (b) excluding certain facilities from participation in the Medicare and Medicaid programs, and (c) the Company incurring legal expenses and management time, any or all of which could have a material adverse effect on the Company's revenues, earnings and cash flows. The Company incurred legal fees related to this investigation of $389,741 in 2010, subsequent to its acquisition of DCA.

In December 2010, the Company received a Civil Investigative Demand (CID) from the U.S. Attorney for the District of New Jersey requesting documents relating to laboratory tests performed on patients of the Company at two of its North Texas clinics. The Company is in the process of gathering the required documents and performing its own review of such documents. While the Company believes that it is not the subject of the government's investigation, the outcome of this matter is uncertain and the Company has risk of an adverse outcome that could result in substantial monetary penalties.

The Company has obligations to purchase the third-party interests in several of its joint ventures. These obligations are in the form of put provisions in joint venture agreements, and are exercisable at the third-party owners' discretion with some timing limitations. If these put provisions are exercised, the Company would be required to purchase the third-party owners' interests at fair market value (see note 4).

The Company rents office space, medical facilities, and medical equipment under lease agreements that are classified as operating leases for financial reporting purposes. At December 31, 2010, the future minimum rental payments under noncancelable operating leases with terms of one year or more consist of the following:

2011	$	9,210,791
2012		8,665,034
2013		7,709,826
2014		6,288,782
2015		5,566,500
Thereafter		12,080,991

Rent expense was $8,129,164 and $6,290,202 for the years ended December 31, 2010 and 2009, respectively.

KPMG

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Board of Directors
U.S. Renal Care, Inc.:

We have audited the accompanying consolidated balance sheets of U.S. Renal Care, Inc. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Renal Care, Inc. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the consolidated financial statements, the Company has changed its method of accounting for noncontrolling interests in 2009 retrospective to 2008 due to the adoption of new accounting requirements issued by the Financial Accounting Standards Board, as of January 1, 2009.

KPMG LLP

Dallas, Texas
April 21, 2010

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2009 and 2008

Assets		2009	2008
Cash and cash equivalents	$	15,325,357	5,414,620
Accounts receivable, net of allowances of $8,460,232 and $6,589,745		25,900,874	20,986,104
Inventories		1,369,198	2,416,104
Other receivables		4,863,513	4,334,265
Other current assets		2,333,765	1,340,190
Total current assets		49,792,707	34,491,283
Property and equipment, net		19,251,600	16,731,509
Amortizable intangibles, net		12,241,011	14,848,215
Investment in affiliate		217,670	—
Goodwill		67,922,354	67,559,887
Other long-term assets		238,961	246,136
Deferred taxes		906,459	373,701
Total assets	$	150,570,762	134,250,731
Liabilities and Stockholders' Equity			
Accounts payable	$	5,675,616	7,328,583
Accrued expenses		16,485,807	20,000,375
Current portion of long-term debt and capital lease obligations		1,447,595	1,525,241
Current portion of related party notes payable		125,000	164,440
Total current liabilities		23,734,018	29,018,639
Long-term debt and capital lease obligations, net of current portion		62,010,592	53,638,587
Related party notes payable		125,000	250,000
Other long-term liabilities		532,982	642,281
Deferred tax liability		—	3,360,742
Preferred stock accrued dividends		14,736,426	10,812,177
Total liabilities		101,139,018	97,722,426
Commitments and contingencies			
U.S. Renal Care, Inc. Equity:			
Preferred stock A ($0.01 par value. Authorized shares 20,325,000; issued and outstanding 12,350,000 and 12,350,000 shares)		123,500	123,500
Preferred stock B and B-1($0.01 par value. Authorized shares 1,600,000; issued and outstanding 1,415,666 and 1,449,666 shares)		14,157	14,497
Preferred stock C ($0.01 par value. Authorized shares 25,000,000; issued and outstanding 24,500,962 and 24,300,962 shares)		245,010	243,010
Common stock ($0.01 par value. Authorized shares 53,525,000 and 52,525,000; issued and outstanding 6,222,852 and 6,014,102 shares)		62,229	60,141
Additional paid-in capital		36,454,222	40,056,300
Retained earnings/(accumulated deficit)		1,497,694	(14,097,106)
Total U.S. Renal Care, Inc. stockholders' equity		38,396,812	26,400,342
Noncontrolling interests (including redeemable interests with redemption values of $23,600,000 and $22,400,000)		11,034,932	10,127,963
Total equity		49,431,744	36,528,305
Total liabilities and equity	$	150,570,762	134,250,731

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2009 and 2008

		2009	2008
Net operating revenues	$	153,164,637	127,567,973
Operating expenses:			
Patient care costs		98,842,829	86,674,644
General and administrative		15,601,927	13,828,191
Provision for doubtful accounts		4,585,251	4,339,141
Seller litigation settlement		286,647	2,269,203
Transaction costs		460,465	791,162
Depreciation and amortization		7,957,301	6,679,228
Total operating expenses		127,734,420	114,581,569
Operating income		25,430,217	12,986,404
Interest expense, net		2,923,456	3,999,912
Income before income taxes		22,506,761	8,986,492
Income tax (benefit) provision		(3,191,190)	2,543,899
Net income		25,697,951	6,442,593
Less net income attributable to noncontrolling interests		10,103,151	8,517,409
Net income (loss) attributable to U.S. Renal Care, Inc.	$	15,594,800	(2,074,816)

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2009 and 2008

	U. S. Renal Care, Inc. stockholders' equity												
	Preferred stock A		Preferred stock B and B-1		Preferred stock C		Common stock		Additional paid-in capital	Retained earnings/ (accumulated deficit)	Total	Noncontrolling interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2007	12,350,000	$ 123,500	1,433,666	$ 14,337	24,000,962	$ 240,010	5,699,210	$ 56,992	43,357,411	(12,022,290)	31,769,560	8,249,457	40,019,417
Issuance of preferred stock	—	—	16,000	160	300,000	3,000	—	—	462,840	—	466,000	—	466,000
Accumulated preferred dividends	—	—	—	—	—	—	—	—	(3,882,015)	—	(3,882,015)	—	(3,882,015)
Repurchases of preferred stock	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock options expense	—	—	—	—	—	—	—	—	10,111	—	10,111	—	10,111
Exercise of stock options	—	—	—	—	—	—	114,892	3,149	43,482	—	46,631	—	46,631
Restricted stock expense	—	—	—	—	—	—	—	—	64,471	—	64,471	—	64,471
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	1,702,911	1,702,911
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	(8,341,814)	(8,341,814)
Net income (loss)	—	—	—	—	—	—	—	—	—	(2,074,816)	(2,074,816)	8,517,409	6,442,593
Balance at December 31, 2008	12,350,000	123,500	1,449,666	14,497	24,300,962	243,010	6,014,102	60,141	40,036,300	(14,097,106)	26,400,342	10,127,963	36,528,305
Issuance of preferred stock	—	—	18,000	160	200,000	2,000	—	—	313,840	—	316,000	—	316,000
Accumulated preferred dividends	—	—	—	—	—	—	—	—	(3,924,349)	—	(3,924,349)	—	(3,924,349)
Repurchases of preferred stock	—	—	(50,000)	(500)	—	—	—	—	(74,500)	—	(75,000)	—	(75,000)
Stock options expense	—	—	—	—	—	—	—	—	13,271	—	13,271	—	13,271
Exercise of stock options	—	—	—	—	—	—	208,750	2,088	27,735	—	29,823	—	29,823
Restricted stock expense	—	—	—	—	—	—	—	—	41,825	—	41,825	—	41,825
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	267,750	267,750
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	(9,463,932)	(9,463,932)
Net income	—	—	—	—	—	—	—	—	—	15,594,800	15,594,800	10,103,151	25,697,931
Balance at December 31, 2009	12,350,000	$ 123,500	1,415,666	$ 14,157	24,500,962	$ 245,010	6,222,852	$ 62,229	36,454,222	1,497,694	38,396,812	11,034,932	49,431,744

See accompanying notes to consolidated financial statements.

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008

		2009	2008
Cash flows from operating activities:			
Net income	$	25,697,951	6,442,593
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		7,957,301	6,679,228
Lease agreement intangible amortization included in rent		(83,399)	(138,390)
Provision for doubtful accounts		4,585,251	4,339,141
Deferred income taxes		(4,794,034)	1,082,400
Equity investment income		(17,646)	—
Stock compensation expense		55,096	74,582
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:			
Accounts receivable		(9,500,021)	(9,669,549)
Inventories		1,046,906	(511,064)
Other receivables		(529,248)	(871,725)
Other current assets		(93,041)	(436,327)
Other long-term assets		7,176	(20,698)
Accounts payable and accrued expenses		(5,143,239)	9,889,017
Other noncurrent liabilities		(12,936)	(97,278)
Net cash provided by operating activities		19,176,117	16,761,930
Cash flows from investing activities:			
Acquisitions, net of cash acquired		(386,762)	(5,964,131)
Additions of property and equipment, net		(7,431,804)	(7,530,045)
Payment for noncompete agreement		—	(350,000)
Investment in affiliate		(200,024)	—
Net cash used in investing activities		(8,018,590)	(13,844,176)
Cash flows from financing activities:			
Proceeds from long-term debt borrowings		8,750,000	12,004,250
Payments on long-term debt and related party notes payable		(600,224)	(4,284,519)
Deferred financing costs		(7,424)	(437,334)
Proceeds from capital leases		336,118	251,615
Capital lease payments		(799,901)	(793,974)
Net proceeds from issuance of preferred stock		316,000	466,000
Proceeds from issuance of common stock		29,823	46,631
Repurchase of preferred stock		(75,000)	—
Contributions from noncontrolling interests		267,750	1,702,911
Distributions to noncontrolling interests		(9,463,932)	(8,341,814)
Net cash provided (used in) financing activities		(1,246,790)	613,766
Net increase in cash and cash equivalents		9,910,737	3,531,520
Cash and cash equivalents at beginning of year		5,414,620	1,883,100
Cash and cash equivalents at end of year	$	15,325,357	5,414,620

(Continued)

U.S. RENAL CARE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2009 and 2008

		2009	2008
Supplemental cash flow information:			
Cash paid for interest	$	2,780,464	4,002,642
Cash paid for taxes		1,260,000	1,269,843
Supplemental disclosures of noncash investing and financing activities:			
Accrual of cumulative preferred dividends	$	3,924,249	3,882,015
Capital lease financing		463,783	—

See accompanying notes to consolidated financial statements.

(1) Organization and Significant Accounting Policies

(a) Organization and Business

U.S. Renal Care, Inc. (the Company) was formed in June 2000 and provides dialysis services to patients who suffer from chronic kidney failure, also known as end stage renal disease (ESRD). ESRD is the stage of advanced kidney impairment that requires continual dialysis treatments, or a kidney transplant, to sustain life. Patients suffering from ESRD generally require dialysis three times per week for the rest of their lives. The Company primarily provides these services through the operation of outpatient kidney dialysis clinics. As of December 31, 2009, the Company operated 42 outpatient dialysis clinics in Texas and Arkansas. In addition to its outpatient dialysis center operations, as of December 31, 2009, the Company provides acute dialysis services through contractual relationships with 13 hospitals and dialysis to patients in their homes.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the company and its wholly owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Although actual results in subsequent periods will differ from these estimates, such estimates are developed based upon the best information available to management and management's best judgments at the time made. The most significant estimates and assumptions involve revenue recognition, provisions for uncollectible accounts, determination of the fair value of assets and liabilities acquired, impairments and valuation adjustments, and accounting for income taxes.

(d) Cash and Cash Equivalents

Cash includes cash and highly liquid investments with a maturity of ninety days or less at date of purchase. Cash and cash equivalents at times may exceed the FDIC limits. The Company believes no significant concentration of credit risk exists with respect to these cash investments.

(e) Accounts Receivable and Allowance for Doubtful Accounts

Substantially all of the Company's accounts receivable are related to providing healthcare services to its patients and are due from the Medicare program, state Medicaid programs, managed care health plans, commercial insurance companies and individual patients. The estimated provision for doubtful accounts is recorded to the extent it is probable that a portion or all of a patient balance will not be collected. The Company considers a number of factors in evaluating the collectibility of accounts receivable including the age of the accounts, collection patterns and any ongoing disputes with payors.

(f) *Amounts Due from Third-Party Payors*

The amount due from third-party payors, which is included in other receivables, represents balances owed to the Company by the Medicare program for reimbursable bad debts related to Medicare beneficiaries. These reimbursements are part of our annual cost report filings and as such, the actual payments may be delayed or subsequently adjusted pending review and audit by the Medicare program fiscal intermediaries.

(g) *Inventories*

Inventories consist primarily of pharmaceuticals and dialysis-related supplies and are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Market is determined on the basis of estimated realizable values.

(h) *Property and Equipment*

Property and equipment is carried at cost less accumulated depreciation. Property under capital lease agreements is stated at the present value of minimum lease payments less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the term of the lease as appropriate. The general range of useful lives is as follows:

Leasehold improvements	Life of lease
Furniture and equipment	5 years
Computers	3 years

Capital lease assets and leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement. Property and equipment acquired in acquisitions is recorded at fair value. The cost of improvements that extend asset lives is capitalized. Other repairs and maintenance charges are expensed as incurred.

Fully depreciated assets are retained in property and depreciation accounts until they are removed from service. When sold or otherwise disposed of, assets and related depreciation are removed from the accounts and the net amounts, less proceeds from disposal, are included in income.

(i) *Concentration of Credit Risk*

The Company's primary concentration of credit risk exists within accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies, and private patients. Receivables from the Medicare program and various state Medicaid programs were approximately 55% and 60% of gross accounts receivable at December 31, 2009 and 2008, respectively. Concentration of credit risk relating to remaining accounts receivable is limited to some extent by the diversity of the number of patients and payors.

(j) *Amortizable Intangible Assets*

Amortizable intangible assets and liabilities include noncompetition and similar agreements, lease agreements, and deferred debt issuance costs. Noncompetition and similar agreements are amortized over the terms (five to ten years) of the agreements using the straight-line method. Lease agreement intangibles for favorable and unfavorable leases are amortized on a straight-line basis over the term of the lease.

Deferred debt issuance costs are amortized using the effective interest method as an adjustment to interest expense over the term of the related debt. In the case of debt repayments prior to the end of the term, the Company adjusts the amount of deferred financing costs at the date of repayment, which is included in refinancing charges.

(k) ***Goodwill***

Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of net tangible assets and identifiable intangible assets acquired. Goodwill and other indefinite lived intangible assets are not amortized, but are instead tested for impairment at least annually. The annual evaluation for 2009 and 2008 resulted in no impairment charges.

(l) ***Impairment of Long-Lived and Indefinite Lived Assets***

We evaluate long lived assets and identifiable intangibles for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable or the useful life has changed. When undiscounted future cash flows are not expected to be sufficient to recover an asset's carrying amount, a loss is recognized and the asset is written down to its fair value.

(m) ***Fair Value of Financial Instruments***

The following details our financial instruments where the carrying value and fair value differ, (amounts in millions):

			Fair value at reporting date using		
Financial instrument		**Carrying value as of December 31, 2009**	**Quoted prices in active markets for identical items (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant other unobservable inputs (Level 3)**
Senior secured credit facility	$	59,842	—	—	57,412

The estimates of the fair value of our senior secured credit facility are based upon a discounted present value analysis of future cash flows. Due to the existing uncertainty in the capital and credit markets, the actual rates that would be obtained to borrow under similar conditions could materially differ from the estimates we have used.

U.S. GAAP describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

For our other financial instruments, including our cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other long-term debt we estimate the carrying amounts approximate fair value due to their short-term maturity.

(n) Net Operating Revenues and Accounts Receivable

Net operating revenue is recognized in the period services are provided. Revenue consists primarily of reimbursements from Medicare, Medicaid and commercial health plans for dialysis services provided to patients. A usual and customary fee schedule is maintained for our dialysis treatment and other patient services. However, actual collected revenue is normally at a discount to this fee schedule. Contractual adjustments represent the differences between amounts billed for services and amounts paid by third-party payors.

Our dialysis facilities are certified to participate in the Medicare program. Revenues reimbursed by the Medicare program are recognized primarily on a prospective payment system for dialysis services (ESRD Program). Under the ESRD Program, Medicare reimbursement rates for dialysis services are set in advance pursuant to Part B of the Medicare Act. An established composite rate set by the Centers for Medicare and Medicaid Services (CMS) governs the Medicare reimbursement available for a designated group of dialysis services, including dialysis treatments, supplies used for such treatments, medications, and certain laboratory costs. The composite rate is subject to regional differences based on various factors, including labor costs. Other ancillary services and items, including EPO and other drugs, are eligible for separate reimbursement from the Medicare program and are not part of the composite rate.

Medicare presently pays 80% of the established payment rates for dialysis treatment furnished to patients. The remaining 20% may be paid by Medicaid if the patient is eligible, from private insurance funds, or from the patient's personal funds. If there is no secondary payor to cover the remaining 20%, and if the Company demonstrates prescribed collection efforts, Medicare may reimburse the Company for part of that balance as part of the Company's annual cost report filings subject to individual center profitability. As a result, billing and collection of Medicare bad debt claims are often delayed significantly, and final payment is subject to audit.

Medicaid programs are administered by state governments and are partially funded by the federal government. In addition to providing primary coverage for patients whose income and assets fall below state defined levels and are otherwise insured, Medicaid serves as a supplemental insurance program for the co-insurance portion not paid by Medicare. Medicaid reimbursement varies by state but is typically reimbursed pursuant to a prospective payment system for dialysis services rendered.

Revenues associated with commercial health plans are estimated based upon patient-specific contractual terms between the Company and health plans for the patients with which we have formal agreements, upon commercial health plan coverage terms if known, or otherwise upon historical collection experience adjusted for refund and payment adjustment trends. Commercial revenue recognition involves substantial judgment. With several commercial insurers, the Company has multiple contracts with varying payment arrangements, and these contracts may include only a subset of the Company's dialysis centers. In addition, for services provided by noncontracted centers, final collection may require specific negotiation of a payment amount. Generally, payments for a dialysis treatment from commercial payors are greater than the corresponding amounts received from Medicare and Medicaid.

(o) ***Share-Based Compensation***

We recognize compensation expense, for all share-based awards, including stock option grants to employees, using a fair-value measurement method. Under the fair-value method, the estimated fair value of awards that are expected to vest is recognized over the requisite service period, which is generally the vesting period.

Prior to 2006, the Company accounted for its equity compensation using the intrinsic value-based method of accounting. The Company did not recognize compensation expense before 2006 because the exercise price of stock options granted was not less than the estimated value of the underlying stock on the date of grant. The Company continues to account for equity compensation based shares granted prior to 2006 using the intrinsic value method until such time as shares are modified, canceled, or repurchased.

The Company estimates the fair value of awards on the date of grant, using the Black Scholes option pricing model. The weighted average fair value of options granted during the years ended December 31, 2009 and December 31, 2008 was $0.04 per share and was calculated based on the following assumptions: expected volatility of 28%, expected dividend yield of 0%, expected life of 3.75 years, and risk-free interest rates of 1.50% to 3.34%. Expected volatility was derived using data drawn from two public dialysis companies. The expected life was computed utilizing the simplified method as permitted by the Securities and Exchange Commission's Staff Accounting Bulletin, *Share Based Payment*. The expected forfeiture rate is 20% based upon a review of the Company's recent history and expectations as segregated between the Company's board of directors, senior officers, and other grantees. The risk-free interest rate is based on the approximate average yield on five year United States Treasury Bonds as of the date of grant. There were 195,000 and 550,000 options granted during the years ended December 31, 2009 and 2008, respectively (see note 9).

(p) ***Noncontrolling Interest***

In December 2007, the FASB issued an accounting standard, *Noncontrolling Interests in Consolidated Financial Statements* (ASC 810), which gives guidance on the presentation and disclosure of noncontrolling interests (previously known as minority interests) of consolidated subsidiaries. This statement requires the noncontrolling interest to be included in the equity section of the balance sheet, requires disclosure on the face of the consolidated statement of operations of the amounts of consolidated net income attributable to the consolidated parent and the noncontrolling interest, and expands disclosures. The disclosure requirements are to be applied prospectively to fiscal years beginning on or after December 15, 2008. Classification of such interests have been recorded retrospectively as noncontrolling interests and will appear in stockholders' equity in our consolidated balance sheets and presented separately on the statement of operations.

Consolidated income (loss) is reduced (increased) by the proportionate amount of income or loss accruing to noncontrolling interests. Noncontrolling interest represents the equity interest of third-party owners in consolidated entities that are not wholly owned.

(q) ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when it is more likely than not that the deferred tax assets will not be realized.

The Company adopted the accounting standard update (ASC 740), *Accounting for Uncertainty in Income Taxes,* on January 1, 2009. Previously, the Company had accounted for tax contingencies under ASC 450, *Accounting for Contingencies.* As required by ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied ASC 740 to all tax positions for which the statue of limitations remained open. As a result of the implementation of ASC 740, the Company did not recognize an increase in the liability for unrecognized tax benefits. The amount of unrecognized tax benefits as of December 31, 2009 was $0.

The Company is subject to income taxes in the U.S. federal jurisdiction and various states. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal or state or local income tax examinations by tax authorities for the years before 2006. The Company is currently under examination by the Internal Revenue Service of its U.S. income tax returns for 2007. The Company expects these examinations to be concluded and settled in the next 12 months. The Company has no unrecognized tax benefits related to the period being examined. The Company believes it is reasonably possible that the resolution of this examination will result in no additional tax payment.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses for all periods presented. During the years ended December 31, 2009 and 2008, the Company has recognized interest and penalties of $0.

The Company's consolidated LLC and L.P. subsidiaries do not incur federal income taxes. Instead, their earnings and losses are included in the returns of, and taxed directly to, the members and partners of these subsidiaries.

(r) ***Recently Issued Accounting Pronouncements***

In December 2007, the FASB issued an accounting standard (ASC 805), *Business Combinations*, which significantly changes the accounting for business combinations, including, among other changes, new accounting concepts in determining the fair value of assets and liabilities acquired, recording the fair value of contingent considerations and contingencies at acquisition date and expensing acquisition and restructuring costs. ASC 805 is effective for business combinations which occur during fiscal years beginning after December 15, 2008. The Company made no acquisitions in 2009. We expect ASC 805 will have an impact on accounting for business combinations but the effect will be dependent upon acquisitions at that time.

The Company adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, as of January 1, 2008 for financial assets and liabilities that are remeasured and reported at fair value each reporting period. FASB ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The adoption of the standard to the Company's financial assets did not have any impact on the consolidated financial statements.

Effective January 1, 2009, the Company adopted the provisions of FASB ASC 820 relating to fair value measurements and disclosures with respect to nonfinancial assets and nonfinancial liabilities that are not permitted or required to be measured at fair value on a recurring basis. The adoption had no impact on the Company's consolidated financial statements.

Although the adoption of FASB ASC 820 had no direct impact the Company's consolidated financial statements, additional disclosures are required under FASB ASC 820 indicating the fair value hierarchy of the valuation techniques utilized to determine fair value measures. The Company has included appropriate disclosures herein.

In June 2009, the Financial Accounting Standards Board issued guidance which divides nongovernmental U.S. GAAP into authoritative Codifications and guidance that is nonauthoritative. The Codification is not intended to change U.S. GAAP; however, it does significantly change the way in which accounting literature is organized and because it completely replaces existing standards, it will affect the way U.S. GAAP is referenced by most companies in their financial statements and accounting policies. The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of the Codifications did not have an impact on our consolidated financial statements other than changing references to the appropriate codifications sections.

Effective December 31, 2009, the Company adopted FASB ASC 855, *Subsequent Events*, which establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. The Company evaluated events subsequent to December 31, 2009 and through April 21, 2010, the date on which the financial statements were available to be issued.

(2) Fixed Assets

Property and equipment consists of the following:

		December 31	
		2009	2008
Facility equipment, furniture, and information systems	$	22,202,152	18,768,243
Leasehold improvements		9,731,329	8,196,592
New center construction in progress		2,829,967	203,156
		34,763,448	27,167,991
Less accumulated depreciation and amortization		(15,511,848)	(10,436,482)
	$	19,251,600	16,731,509

		Year ended December 31	
		2009	2008
Depreciation and amortization expense on property and equipment	$	5,355,638	4,125,949

Net book value of equipment under capital leases at December 31 was:

		December 31	
		2009	2008
Equipment	$	7,312,321	6,168,488
Less accumulated depreciation		(4,092,015)	(3,056,080)
	$	3,220,306	3,112,408

(3) Acquisitions

The Company has acquired various dialysis businesses, as described further below. The assets and liabilities for all acquisitions were recorded at their estimated fair market values as of the effective acquisition date based upon the best available information.

Amortizable intangible assets consist primarily of noncompete agreements. Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of identifiable net tangible assets and identifiable intangible assets acquired.

The results of operations for the acquired companies are included in the Company's financial statements beginning on the effective acquisition date.

(a) ***Eumana Home Dialysis Acquisition***

On February 1, 2008, the Company acquired an 88% majority interest in the assets and certain liabilities of Eumana Home Dialysis, Inc. (Eumana), which provides home hemodialysis, acute hemodialysis, and peritoneal dialysis in patient's homes and in hospitals in and around Houston, Texas. The results of operations for these services are included in the Company's financial statements beginning on February 1, 2008.

The Eumana acquisition cost of approximately $6.4 million was funded from the proceeds of a bank loan (see note 6).

The estimated fair values of the assets acquired and liabilities assumed at the acquisition date are as follows:

Assets:		
Cash	$	575,348
Inventory		52,687
Other current assets		26,166
Fixed assets		1,140,565
Noncompete agreements and other identifiable intangibles		845,300
Goodwill		4,309,586
Total assets		6,949,652
Liabilities:		
Lease agreements (see note 5)		(128,492)
Other liabilities		(463,848)
Net assets acquired	$	6,357,312

(b) ***CRC Acquisition***

Effective September 1, 2008, the Company purchased 100% of the stock of Clinical Research Connections, LLC (CRC). CRC is a site management organization that provides coordination and management of clinical trials for pharmaceutical and medical device companies and contract research organizations. Services are provided in Arkansas and Texas. The results of operations for these services are included in the Company's financial statements beginning on September 1, 2008.

The Company's initial purchase price for CRC consisted of the repayment of an existing loan and certain other credit obligations incurred by CRC prior to the acquisition date that aggregated $572,245 and are included in accrued expenses below. In addition to the initial purchase price, the Company will also owe the prior shareholders of CRC an amount (Earnout) equal to the earnings before depreciation, amortization, and interest of CRC for the three year period subsequent to

September 1, 2008 less the initial purchase price. The payments due pursuant to the Earnout will be made annually beginning 15 months subsequent to close.

In November 2009, the Company made the first of three earnout payments of $362,467 to prior shareholders of CRC.

The estimated fair values of the assets acquired and liabilities assumed at the acquisition date are as follows:

Assets:		
Cash	$	2,245
Other current assets		16,603
Fixed assets		14,573
Noncompete agreements and other identifiable intangibles		50,000
Goodwill		907,155
Total assets		990,576
Liabilities:		
Accounts payable		(130,380)
Accrued liabilities		(674,764)
Net assets acquired	$	185,432

(4) Noncontrolling Interests

The company controls and therefore consolidates the results of 41 of its 42 facilities. Similar to its investments in unconsolidated affiliates, the Company engages in the purchase and sale for equity interests with respect to its consolidated subsidiaries that do not result in a change of control, these transactions are accounted for as equity transactions, as they are undertaken among the Company, its consolidated subsidiaries, and noncontrolling interests, and their cash flow effect is classified within financing activities.

As of December 31, 2009, the Company was the majority owner in 31 joint ventures. Of the noncontrolling interests in those 31 joint ventures, 15 have put rights generally at fair value as defined in the agreement that are either currently exercisable or become exercisable at various future dates. The carrying amount of these redeemable noncontrolling interests totaled $4.4 million and $3.8 million as compared to redemption values of $23.6 million and $22.4 million at December 31, 2009 and 2008, respectively. The redemption value is calculated at the current value of the put payment that would be required to redeem the interest if the put is exercised regardless of whether such interest is currently exercisable. As of December 31, 2009, $7.8 million of put rights are currently exercisable and the remaining $15.8 million become exercisable in 2010.

During 2009 the company entered into a joint venture relating to dialysis services with a physician in which the company owns a 40% interest. This is reflected as investment in affiliate in the Company's consolidated balance sheet.

(Continued)

(5) Intangible Assets

At December 31, 2009 and 2008, amortizable and indefinite-lived intangible assets consisted of:

Amortizable intangible assets as follows:

		December 31	
		2009	2008
Noncompetition agreements	$	20,132,544	20,132,544
Lease agreements		76,221	76,221
Deferred debt issuance costs		1,910,489	1,903,064
		22,119,254	22,111,829
Less accumulated amortization		(9,878,243)	(7,263,614)
Net amortizable intangible assets	$	12,241,011	14,848,215

Amortizable intangible liabilities, which are included in other long-term liabilities, consisted of lease agreements as follows:

		December 31	
		2009	2008
Lease agreements	$	1,089,293	1,089,293
Less accumulated amortization		(556,311)	(447,012)
Net amortizable intangible assets	$	532,982	642,281

Amortization of intangible assets and liabilities over the next five years is as follows:

		Noncompetition agreements	Deferred debt issuance costs	Lease agreements
2010	$	2,226,310	366,331	88,696
2011		2,226,310	366,264	88,696
2012		2,166,194	183,132	82,101
2013		2,119,921	—	56,801
2014		2,026,763	—	56,801

Changes in the value of goodwill were as follows:

		December 31	
		2009	2008
Balance at January 1	$	67,559,887	62,344,166
Goodwill adjustments for prior acquisitions		362,467	(1,020)
Goodwill acquired		—	5,216,741
Balance at December 31	$	67,922,354	67,559,887

The fair value of the identifiable intangibles acquired and the amount of goodwill recorded as a result of acquisitions are determined based upon independent third-party valuations and the Company's estimates. Amortization expense for the Company's intangible assets relates to the value associated with the noncompete and lease agreements. The noncompete intangible assets are amortized over the term of the noncompete agreements executed in connection with the acquisition transactions or the medical agreements entered into with certain physicians and the lease agreement intangibles are amortized over the term of the lease.

(6) Long-Term Debt

Prior to January 1, 2007, the Company entered into a $55 million syndicated credit agreement with CIT Healthcare LLC, as administrative agent (the CIT Credit Agreement) and two other lenders, for a $30 million secured loan (Term Loan B) and a $25 million revolving credit facility (CIT Revolver).

Borrowings under the CIT Credit Agreement bear interest based upon a spread in excess of the LIBOR or the U.S. prime rate, as the benchmark, and based upon the Company's leverage ratio. The credit agreement also provides for an annual unused commitment fee of 0.5% based upon the average revolving credit commitment less outstanding borrowings on the revolver and letters of credit issued. As of December 31, 2009 and 2008, borrowings under the CIT Credit Agreement bore interest at 4.25% and 6.63%, respectively.

The CIT Credit Agreement allows the Company to request up to an additional $15 million in revolving credit commitments at any time during the term of the revolving credit facility up to 180 days prior to its scheduled termination. The Term Loan B and the CIT Revolver mature on July 5, 2012 and July 5, 2011, respectively. Quarterly principal payments of $91,000 are due on the Term Loan B. In accordance with the original terms of the CIT Credit Agreement, the Company was required to make principal repayments equal to 75% of excess cash flow, as defined, within 120 days of year end until the total leverage ratio at the end of a fiscal year is 2.50 or lower.

In February 2007, the CIT Credit Agreement was amended to provide, among other things, for the following: (1) the defined calculation for excess cash flow prepayments attributable to 2006 and payable by April 30, 2007 was changed so that the Company will not be required to fund the 2007 prepayment; (2) permitted capital expenditures were increased; and (3) total and senior leverage ratios were increased.

In February 2008, the CIT Credit Agreement was amended to allow for the purchase of Eumana Home Dialysis Inc. (see note 3). The credit agreement was increased $6.4 million to a total of $61.4 million. The additional $6.4 million is a subsequent Term Loan B commitment and matures on the same date as the original Term Loan B. The scheduled quarterly principal payments on the Term Loan B increased from $75,000 to $91,000.

In July 2008, the CIT Credit Agreement was amended to provide, among other things, for the following: (1) distributions in excess of those made to cover third-party owners estimated tax obligations are permitted assuming the Company is in compliance with its senior leverage ratio; (2) the permitted acquisition limit was increased; (3) the spread in excess of LIBOR or the US Prime Rate, as the benchmark, to determine the interest rate the borrowings base was increased; (4) total and senior leverage ratios were amended; (5) the limits for permitted purchase money debt, capitalized lease obligations and capital expenditures were increased; and (6) several definitions were amended.

The CIT Credit Agreement is guaranteed, on a joint and several basis, by each of the Company's subsidiaries. Borrowings under the credit agreement are collateralized by most of the Company's assets, including accounts receivable, inventory, and fixed assets not secured by other credit facilities. The credit agreement includes various events of default and contains certain restrictions on the operations of the business, including restrictions on certain cash payments, including capital expenditures, investments and the payment of dividends, and including covenants pertaining to fixed charge coverage, minimum annual EBITDA, senior debt leverage and total debt leverage, as well as other customary covenants and events of defaults. One event of default pursuant to the CIT Credit Agreement is subjective as it relates to whether there is a material adverse change in (a) the properties, business, prospects, operations, management, or financial condition of the Company or (b) the ability of the Company to meet its obligations under the agreement.

The Company believes it is in compliance with all covenants under the CIT Credit Agreement and has met all debt payment obligations. At December 31, 2009, approximately $31,000 was unused and available under the revolving credit facility.

Long-term debt and capital lease obligations consisted of the following:

		December 31	
		2009	2008
Senior secured credit facility:			
CIT Term Loan B	$	34,873,000	35,237,000
CIT Revolver		24,968,762	16,218,762
Notes payable:			
Note payable to First Insurance		—	58,802
Note payable to Simmons First Bank of Jonesboro		23,532	36,514
Capital lease obligations		3,592,893	3,612,750
		63,458,187	55,163,828
Less current portion		(1,447,595)	(1,525,241)
	$	62,010,592	53,638,587

Scheduled maturities of long-term debt and capital lease obligations at December 31, 2009 were as follows:

		Long-term debt		Capital lease obligations
2010	$	370,004		1,349,272
2011		25,350,290		1,123,390
2012		34,145,000		561,963
2013		—		453,797
2014		—		261,986
Thereafter		—		646,178
	$	59,865,294		4,396,586
Less interest portion at 5.7192% – 8.561%				(803,693)
Total			$	3,592,893

(7) **Income Taxes**

Income tax expense (benefit) consisted of the following:

		2009	2008
Current:			
Federal	$	678,126	771,194
State		924,717	690,305
Deferred:			
Federal		(4,783,401)	1,090,717
State		(10,632)	(8,317)
	$	(3,191,190)	2,543,899

The difference between the expected tax expense based on the federal statutory rate of 34% is primarily due to the valuation allowance that was previously required due to historical losses and uncertainty of future taxable income, Texas gross margin tax which is not based on pre-tax income and income tax attributable to noncontrolling interest.

Deferred tax assets and liabilities arising from temporary differences were as follows:

		2009	2008
Deferred tax assets:			
Accrued expenses and other liabilities for financial accounting purposes not currently deductible	$	765,594	310,441
Net operating loss carryforwards and contribution limitation		1,345,244	4,626,938
Flow through entities		3,671,996	1,407,357
Property plant and equipment		236,104	176,369
Other		332,312	99,998
Total deferred tax assets		6,351,250	6,621,103
Less valuation allowance		—	(6,149,048)
Net deferred tax assets		6,351,250	472,055
Deferred tax liabilities:			
Property and equipment and intangibles, principally due to differences in depreciation and amortization		(25,657)	(98,355)
Goodwill		(4,514,534)	(3,360,742)
Total deferred tax liabilities		(4,540,191)	(3,459,097)
Net deferred tax assets (liabilities)	$	1,811,059	(2,987,042)

The valuation allowance consisted of the following:

		December 31	
		2009	2008
Balance at January 1	$	6,149,048	5,794,526
Increase (decrease) during the year		(6,149,048)	354,522
Balance at December 31	$	—	6,149,048

The Company has net operating loss carryforwards of approximately $1,321,958 and $10,400,000 as of December 31, 2009 and 2008, respectively, which expire beginning in the year 2021 if not previously utilized. The Company has not recorded a valuation allowance for any of its deferred tax assets at December 31, 2009 as they expect to generate future taxable income sufficient to realize such deferred tax assets. The valuation allowance will be reduced at such time as management is able to determine that the realization of the deferred tax assets is more likely than not to occur.

(Continued)

(8) Preferred Stock

Under the Company's Third Amended and Restated Certificate of Incorporation, 100,450,000 total shares are authorized to issue, comprising 53,525,000 shares of common stock and 46,925,000 shares of preferred stock. Preferred stock is issuable in series under terms and conditions determined by the Company's board of directors.

(a) Series A Preferred Stock

As of December 31, 2008 and 2009, there were 12,350,000 shares of Series A Preferred outstanding.

(b) Series B Preferred Stock

The Series B redeemable convertible preferred stock (Series B Preferred) shares were sold, primarily to related-party physicians, at an original issue price of $1 per share. During 2009 and 2008, the Company issued 16,000 shares to a related-party physician at a price of $1.00 per share. As of December 31, 2009, there were 529,000 shares of Series B Preferred outstanding.

(c) Series B-1 Preferred Stock

During 2009, the Company repurchased 50,000 shares from a related party physician at $1.50 per share. As of December 31, 2009 there were 886,666 shares of Series B-1 Preferred outstanding.

(d) Series C Preferred Stock

During 2009, the Company issued 200,000 shares at a price of $1.50 per share. As of December 31, 2009, there were 24,500,962 shares of Series C Preferred outstanding.

(e) Dividends

Series A Preferred and Series C Preferred stockholders are entitled to receive cash dividends at the rate of 8% per annum calculated on the original issue prices. Dividends are cumulative from the date of original issuance and accrue quarterly. Accumulations of dividends on shares of Series A and Series C Preferred stock do not bear interest and are payable generally at the time of a liquidating event as defined in the agreement. Series B Preferred, Series B-1 Preferred, and common stockholders are entitled to receive dividends, when and if declared by the board of directors out of the Company's assets legally available therefore, so long as all accrued dividends on then outstanding Series A and Series C Preferred stock have been paid or declared and set apart.

(f) Redemption

Each share of Series A and Series C Preferred stock is redeemable beginning on September 1, 2012, if approved by 60% of the then-outstanding shareholders of Series A and Series C Preferred. Series B and Series B-1 Preferred stock is redeemable, beginning on September 1, 2012 if approved by 60% of the then-outstanding shares of Series A and Series C Preferred, voting as a single class, and if also approved by 60% of the then-outstanding shares of Series B and Series B-1 Preferred, voting as a single class.

Any such redemption would be payable in three equal annual installments calculated using the sum of the original issue prices ($1 per share for Series A and Series B Preferred, and $1.50 for Series C and Series B-1 Preferred) plus all related accrued and unpaid dividends.

(g) ***Conversion Rights***

Each share of Series A, Series B, Series B-1 and Series C Preferred stock is convertible at any time, at the option of the holder, into the same number of shares of common stock. Each share of Series A, Series B, Series B-1, and Series C converts automatically upon a qualified public offering. Upon such automatic conversion, any related declared and unpaid dividend becomes due.

(h) ***Liquidation Preference***

Upon liquidation or dissolution, and after payment or provision for payment of all debts and liabilities, stockholders of the Company will receive proceeds, to the extent available, as follows: (a) first, to the holders of Series A and Series C Preferred Stock, amounts per share equal to their original share purchase prices, plus accrued and unpaid dividends (as adjusted for past dividends, combinations, splits, recapitalizations, and the like); (b) second, to the holders of Series B and Series B-1 Preferred Stock, amounts per share equal to their original share purchase prices, plus any accrued and unpaid dividends, (as adjusted for past dividends, combinations, splits, recapitalizations, and the like); (c) third, ratably to the holders of Common Stock, and Series A Preferred Stock and Series C Preferred Stock on an as-if converted to Common Stock basis until the holders of Series A and Series C Preferred Stock shall have received, in total including the payment under (a) above, an amount equal to three (3) times the Series A or Series C original issue price, respectively; and (d) fourth, to the holders of Common Stock, any remaining available amounts.

(i) ***Voting Rights***

Each share of Series A and Series C Preferred stock issued and outstanding is entitled to the number of votes equal to the number of shares of common stock into which it is convertible. For various defined events, Series A and Series C Preferred stockholders vote together as a separate class. In those circumstances, 60% or more of the outstanding Series A and Series C Preferred stockholders must approve the event.

Each share of common stock is entitled one vote. As long as Series A and Series C Preferred stock is outstanding, and except for various defined events, Series A and Series C Preferred stockholders vote together with common stockholders as a single class on an as-if-converted to common stock basis.

The Series B and Series B-1 Preferred stockholders have no voting rights and their consent is not required to take any corporate action.

A majority of the Company's stockholders, voting together on an as-if-converted to common stock basis, can change the number of authorized shares outstanding.

(j) Other Terms

If Series A and Series C Preferred shares are outstanding, no dividend may be declared, and no shares shall be redeemed, on Series B or Series B-1 Preferred stock unless all accrued Series A and Series C Preferred dividends have been paid and a similar dividend is declared on Series A and Series C Preferred stock.

All stockholders are obligated to participate in a sale of the Company approved by 60% of the Series A and Series C Preferred stockholders, voting together as a single class, and the board of directors.

Series A and Series C Preferred stockholders have the right to purchase any new securities on a proportionate basis, and also have the right of over-allotment if any other Series A or Series C Preferred shareholder fails to purchase a full proportionate share of the any new securities. Series B Preferred, Series B-1 Preferred, and common stockholders do not have preemptive rights.

The Company and the Series A and Series B Preferred stockholders have the right to purchase shares from Series B Preferred, Series B-1 Preferred and common stockholders who wish to transfer their shares to a nonpermitted transferee.

(9) Stock Compensation Plans

The Company's 2005 Stock Incentive Plan (the 2005 SIP) provides stock options and restricted stock grants, and other share-based incentives, primarily to employees and directors. In May 2008, the Company authorized an additional 500,000 shares available for grant. In March 2009, the company authorized an additional 500,000 shares available for grant. There were 5,400,000 and 4,900,000 shares available for grant as of December 31, 2009 and 2008, respectively, under the amended 2005 SIP.

(a) Stock Option Plan

Awards granted under the 2005 SIP are for incentive stock options with a five year term, an exercise price at least equal to the market value on the date of grant, and which vest 25% after one year of service and then monthly in equal amounts over the next three years of service. Income for the years ended December 31, 2009 and 2008 included $13,271 and $10,111, respectively, of pretax compensation costs related to stock options granted. As of December 31, 2009, there was $20,735 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a period of approximately four years. At December 31, 2009, the weighted average remaining contractual life of outstanding options was 1.87 years.

The table below summarizes activity in the Company's stock option plan:

	Year ended December 31					
	2009			2008		
	Awards		Weighted average exercise price	Awards		Weighted average exercise price
Outstanding at beginning of year	1,061,692	$	0.14	838,355	$	0.14
Granted	195,000		0.15	550,000		0.15
Exercised	(208,751)		0.14	(314,892)		0.15
Cancelled	(31,875)		0.11	(11,771)		0.14
Outstanding at end of year	1,016,066	$	0.14	1,061,692	$	0.14
Awards exercisable at year-end	412,941	$	0.14	245,432	$	0.13

(b) ***Restricted Stock***

The Company issued restricted stock to certain employees in 2007 and in prior years. Restricted stock awards vest 25% after one year of service and then monthly in equal amounts over the next three years of service, subject to continued employment and other plan terms and conditions. Holders of restricted stock are not allowed to sell, transfer, pledge, or otherwise encumber their restricted shares, but such holders are allowed to vote and their shares accrue dividends when and if declared. The Company may, but is not obligated to, repurchase vested restricted stock from employees at fair market value upon termination of the recipient's employment.

Expense for restricted stock is recognized over the vesting period. The noncash compensation expense associated with restricted stock awards was $41,825 in 2009 and $64,741 in 2008. The following table summarizes restricted stock award activity:

		2009	2008
Outstanding balance at beginning of year	$	3,401,558	3,401,558
Granted		—	—
Exercised		—	—
Forfeited		—	—
Repurchase		—	—
Balance at December 31, 2009	$	3,401,558	3,401,558

The following table summarizes the nonvested restricted stock activity:

		2009	2008
Outstanding balance at beginning of year	$	1,384,334	2,331,595
Granted		—	—
Vested		(743,212)	(947,261)
Forfeited		—	—
Repurchase		—	—
Balance at December 31, 2009	$	641,122	1,384,334

At December 31, 2009, 2,760,436 of the outstanding restricted shares were vested. As of December 31, 2009, there was approximately $51,379 of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a remaining vesting period of approximately two years.

(10) Related-Party Transactions

Participation in the Medicare ESRD program requires that treatment at a dialysis center be under the general supervision of a director who is a physician. The Company has engaged physicians or groups of physicians to serve as medical directors for each of its centers. The Company has contracts with approximately 27 individual physicians and physician groups to provide medical director services. The compensation of medical directors is negotiated individually and depends in general on local factors such as competition, the professional qualifications of the physician, their experience and their tasks as well as the workload at the clinic.

An ESRD patient generally seeks treatment at a dialysis center near his or her home and at which his or her treating nephrologist has practice privileges. Additionally, many physicians prefer to have their patients treated at dialysis centers where they or other members of their practice supervise the overall care provided as medical directors to the centers. As a result, and as is typical in the dialysis industry, the primary referral source for most of our centers is often the physician or physician group providing medical director services to the center.

The Company's medical director agreements generally include covenants not to compete. Also, when the Company acquires a center from one or more physicians, or where one or more physicians owns interests in centers as co-owners with us, these physicians have agreed to refrain from owning interests in competing centers within a defined geographic area for various time periods. These agreements not to compete restrict the physicians from owning or providing medical director services to other dialysis centers. Most of these agreements not to compete continue for a period of time beyond expiration of the corresponding medical director agreements.

The Company leases space for 20 of its centers in which physicians and/or employees hold ownership interests, and subleases space to referring physicians and/or employees at one center. Future minimum lease payments payable under these leases is approximately $14 million at December 31, 2009, exclusive of maintenance and other costs, and is subject to escalation. For 2009 and 2008, total lease payments under these leases were approximately $2.4 million and $2.4 million, respectively.

Some medical directors and other referring physicians own Series B and Series B-1 Preferred stock, which they purchased from the Company or received as partial compensation under a medical director agreement. Some of the Company's medical directors also own equity interests in entities that operate the Company's dialysis centers.

The Company believes that the leases and equity purchases are no less favorable to us and no more favorable to such physicians than would have been obtained in arm's-length bargaining between independent parties.

The Company has one promissory note obligation owed a noncontrolling interest holder in one of its subsidiaries. The note obligation was in an original amount of $750,000, of which $250,000 and $375,000 was outstanding at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, $125,000 of the amount outstanding was classified in the accompanying consolidated balance sheet as a current liability. The note bears interest at 7% and principal is due in six annual installments from May 1, 2006 through May 1, 2011. The obligations pursuant to these notes are subordinated in terms of repayment to the Company's obligations under the CIT Credit Agreement (see note 6).

The Company also has another promissory note obligation owed to another noncontrolling interest holder. The amount outstanding on this note was $0 and $39,440 at December 31, 2009 and 2008, respectively. The note was paid off in 2009. The note bore interest at 5% per annum and was subordinated in terms of repayment to the Company's obligations under the CIT Credit Agreement (see note 6).

During the years ended December 31, 2009 and 2008, the Company paid a related party affiliated through common ownership $293,101 and $496,059, respectively, for the usage of an airplane.

A member of the Company's board of directors provides consulting services primarily related to regulatory and reimbursement matters. The total expenses incurred by the Company related to these services were approximately $108,333 and $50,000 in 2009 and 2008, respectively.

The Company purchased CRC in September 2008 (see note 3). Three executives of the Company owned a majority interest in CRC prior to the acquisition.

(11) Legislation, Regulations, and Market Conditions

The Company's dialysis operations are subject to extensive federal, state, and local government regulations. These regulations require the Company to meet various standards relating to, among other things, the operation of dialysis clinics, the provision of quality healthcare for patients, maintenance of proper ownership and records, quality assurance programs, and occupational, health, safety and environmental standards, and the provision of accurate reporting and billing to government and private payment programs. These laws are extremely complex, and in many instances, providers do not have the benefit of significant regulatory or judicial interpretation as to how to interpret and apply these laws and regulations in the normal course of conducting their business. Healthcare providers that do not comply with these laws and regulations may be subject to civil or criminal penalties, the loss of their licenses, or restriction in their ability to participate in various federal and state healthcare programs. The Company endeavors to conduct its business in compliance with applicable laws and regulations.

Our dialysis centers are certified (or are pending certification) by the Centers for Medicare and Medicaid Services, as is required for the receipt of Medicare payments, and are licensed and permitted by state authorities. The Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended, generally referred to as the "anti-kickback statute," imposes sanctions on those who, among other things, offer, solicit, make or receive payments in return for referral of a Medicare or Medicaid patient for treatment. The federal False Claims Act imposes penalties on those who, among other things, knowingly present a false or fraudulent claim for payment to the federal government. Another federal law, commonly referred to as the "Stark Law," prohibits physicians, with certain exceptions, from referring Medicare patients to entities with which the physician has a financial relationship, states have analogous statues. The Health Insurance Portability and Accountability Act of 1996 (HIPAA), among other things, includes provisions relating to the privacy of medical information and prohibits inducements to patients to select a particular healthcare provider. Congress, states and regulatory agencies continue to consider modifications to federal and state healthcare laws. The Company's dialysis centers are also subject to various state hazardous waste and nonhazardous medical waste disposal laws.

Sanctions for violations of these statutes could result in the imposition of significant fines and penalties, repayments for patient services previously billed, expulsion from government healthcare programs, and other civil or criminal penalties. Management believes that the Company is in material compliance with applicable government laws and regulations.

(12) Profit-Sharing Plan

The Company has a savings plan for employees who meet certain criteria that have been established pursuant to the provisions of Section 401(k) of the Internal Revenue Code. The plan allows employees to contribute a defined portion of their compensation on a tax-deferred basis. Since January 1, 2005, the plan allows for defined matching Company contributions for eligible employees. The plan was amended effective January 1, 2006 to allow vesting credit for prior years of service for employees of certain acquired businesses. For the years ending December 31, 2009 and 2008, respectively, the Company made matching contributions to the plan of $391,053 and $365,496.

The Company may also make discretionary profit-sharing contributions to the plan if approved by the board of directors. No such contributions were made in 2009 or 2008.

(13) Commitments and Contingencies

The Company may be subject to claims and suits in the ordinary course of business, including contractual disputes and professional and general liability claims.

On February 15, 2007, the holders of the subordinated note referenced in note 6 brought suit against the Company. In the lawsuit, the plaintiffs alleged that the Company had failed to pay amounts due to the sellers of Rencare Ltd. (Rencare) concerning accounts receivable that arose prior to the close of the Rencare acquisition. The Company denied plaintiff's claims and, made counterclaims against plaintiffs and filed a third-party cross-claim against one of the other sellers of Rencare. In the Company's counterclaim and cross-complaint, the Company alleged, among other things, that Sellers breached the representations and warranties in the applicable Rencare acquisition documents by failing to disclose certain liabilities. A trial was held in November 2008 and judgment was entered in favor of plaintiff for $750,000 plus $300,000 in attorney fees. An appeal is pending and the parties are awaiting a ruling from the appellant court. At this time, the Company cannot determine what will be the ultimate resolution of our appeal. In addition to the judgment, the Company incurred legal and other professional fees related to this litigation. These expenses aggregated $286,647 and $1,219,203 in 2009 and 2008, respectively.

The Company has obligations to purchase the third-party interests in several of its joint ventures. These obligations are in the form of put provisions in joint venture agreements, and are exercisable at the third-party owners' discretion with some timing limitations. If these put provisions are exercised, the Company would be required to purchase the third-party owners' interests at fair market value (see note 4).

The Company rents office space, medical facilities, and medical equipment under lease agreements that are classified as operating leases for financial reporting purposes. At December 31, 2009, the future minimum rental payments under noncancelable operating leases with terms of one year or more consist of the following:

2010	$	5,827,058
2011		5,260,414
2012		5,109,728
2013		4,696,231
2014		3,658,621
Thereafter		9,440,090

Rent expense was $6,290,202 and $5,011,653 for the years ended December 31, 2009 and 2008, respectively.

(14) Subsequent Event

On April 14, 2010, a subsidiary of the company, entered into a definitive agreement to acquire Dialysis Corporation of America, Inc. (DCA). Under the terms of the agreement, USRC, through a subsidiary, will commence a tender offer for all the outstanding common shares of DCA for $11.25 per share in cash, followed by a merger to acquire all remaining outstanding DCA shares at the same cash price paid in the tender offer. The transaction is valued at approximately $112 million. DCA provides outpatient dialysis, in-hospital dialysis, acute and at home dialysis services in Georgia, Maryland, New Jersey, Ohio, Pennsylvania, South Carolina and Virginia. The Company has received a commitment letter providing fully committed debt financing in connection with the transaction from Royal Bank of Canada and equity financing from certain of its existing shareholders.

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, Suite 700
MAC N9306-070
Minneapolis, MN 55402

Master Lease

Master Lease Number 288280 dated as of November 2, 2010

Name and Address of Lessee:
US Renal Care Home Therapies LLC
1313 La Concha Lane
Houston, TX 77054

Master Lease Provisions

1. LEASE. Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the personal property described in a Supplement or Supplements to this Master Lease from time to time signed by Lessor and Lessee upon the terms and conditions set forth in this Master Lease and in the related Supplement (such property together with all replacements, substitutions, parts, improvements, repairs, and accessories, and all additions incorporated therein or affixed thereto being referred to herein as the "Equipment"). Each Supplement shall constitute a separate lease incorporating the terms of this Master Lease. References in this Master Lease to "this Lease", "hereunder" and "herein" shall be construed to mean a Supplement which incorporates this Master Lease. Lessee's execution of a Supplement shall obligate Lessee to lease the Equipment described therein from Lessor. No Supplement shall be binding on Lessor unless and until executed by Lessor. Anything to the contrary notwithstanding, Lessor shall have no obligation to accept, execute or enter into any Supplement or to acquire or lease to Lessee any equipment. Title to all Equipment shall at all times remain in Lessor.

2. TERM. The term of this Lease shall begin on the rent commencement date shown in the applicable Supplement and shall continue for the number of consecutive months from the rent commencement date shown in such Supplement (the "initial term") unless earlier terminated by Lessor as provided herein. The rent commencement date is the 15th day of the month in which all of the items of Equipment described in the related Supplement have been delivered and accepted by Lessee if such delivery and acceptance is completed on or before the 15th of such month, and the rent commencement date is the last day of such month if such delivery and acceptance is completed during the balance of such month. In the event Lessee executes the related Supplement prior to delivery and acceptance of all items of Equipment described therein, Lessee agrees that the rent commencement date may be left blank when Lessee executes the related Supplement and hereby authorizes Lessor to insert the rent commencement date based upon the date appearing on the delivery and acceptance certificate signed by Lessee.

At the expiration of the initial term, unless Lessee shall have renewed the Lease or purchased the Equipment from Lessor, as provided for in each Supplement, if Lessee does not return to Lessor all of the Equipment that is the subject of a Supplement in accordance with paragraph 14 below, Lessee shall pay to Lessor an amount equal to the monthly basic rental payment that was in effect during the last month of the initial term for each month (or part of any month) as "Holdover Rent", and shall comply with all other provisions of this Lease, from the first day after the expiration of the initial term until all such Equipment has been returned to Lessor in accordance with paragraph 14, provided however, that nothing contained herein and no payment of Holdover Rent shall relieve Lessee of its obligation to return the Equipment upon the expiration or earlier termination of the Lease. In addition, Lessee shall pay any applicable sales, use, and/or property taxes arising from this Lease.

3. RENT. Lessee shall pay as basic rent for the initial term of this Lease the amount shown in the related Supplement as Total Basic Rent. The Total Basic Rent shall be payable in installments each in the amount of the basic rental payment set forth in the related Supplement plus sales and use tax thereon. Lessee shall pay advance installments and any security deposit, each as shown in the related Supplement, on the date it is executed by Lessee. Subsequent installments shall be payable on the first day of each rental payment period shown in the related Supplement beginning after the first rental payment period; provided, however, that Lessor and Lessee may agree to any other payment schedule, including irregular payments or balloon payments, in which event they shall be set forth in the Supplement. If the actual cost of the Equipment is more or less than the Total Cost as shown in the Supplement, the amount of each installment of rent will be adjusted up or down to provide the same yield to Lessor as would have been obtained if the actual cost had been the same as the Total Cost. Adjustments of 10% or less may be made by written notice from Lessor to Lessee. Adjustments of more than 10% shall be made by execution of an amendment to the Supplement reflecting the change in Total Cost and basic rental payment.

In addition to basic rent, which is payable beginning on the rent commencement date, Lessee agrees to pay interim rent for the period beginning on the date the Equipment is delivered and accepted by Lessee to the rent commencement date at a daily rate equal to the percentage of Lessor's cost of the Equipment set forth in such Supplement. Interim rent shall be payable on the rent commencement date. Lessee agrees that if all of the items of Equipment covered by such Supplement have not been delivered and accepted thereunder before the date specified as the Cutoff Date in such Supplement, Lessor shall have no obligation to lease the Equipment to Lessee and Lessee shall purchase from Lessor the items of Equipment then subject to this Lease within five days after Lessor's request to do so for a price equal to Lessor's cost of such items plus all accrued but unpaid interim rent thereon. Lessee shall also pay any applicable sales and use tax on such sale.

4. SECURITY DEPOSIT. Lessor may apply any security deposit toward any obligation of Lessee under any Supplement and shall return any unapplied balance to Lessee without interest upon full satisfaction of all of Lessee's obligations.

5. NO WARRANTIES. Lessee agrees that it has selected each item of Equipment based upon its own judgment and disclaims any reliance upon any statements or representations made by Lessor. LESSEE ACKNOWLEDGES THAT: LESSOR IS NOT THE MANUFACTURER OF THE EQUIPMENT NOR THE MANUFACTURER'S AGENT NOR A DEALER THEREIN; THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY, DESCRIPTION AND MANUFACTURE SELECTED BY THE LESSEE; LESSEE IS SATISFIED THAT THE EQUIPMENT IS SUITABLE AND FIT FOR ITS PURPOSES; AND LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, OR AS TO THE QUALITY, CONDITION OR CAPACITY OF THE EQUIPMENT OR THE MATERIALS IN THE EQUIPMENT OR WORKMANSHIP OF THE EQUIPMENT, LESSOR'S TITLE TO THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER. LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LOSS, DAMAGE, OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY ANY EQUIPMENT OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OR OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED. LESSOR SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND, INCLUDING ANY LIABILITY FOR CONSEQUENTIAL DAMAGES, ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT. No defect or unfitness of the Equipment and no failure on the part of the manufacturer or the shipper of the Equipment to deliver the Equipment or any part thereof to Lessee shall relieve Lessee of the obligation to pay rent or any other obligation hereunder. Lessor shall have no obligation in respect of the Equipment and shall have no

THIS AGREEMENT INCLUDES THE TERMS ON THE ATTACHED PAGE(S).

Lessor: Wells Fargo Equipment Finance, Inc.

By

Connie Longtine

Title Sr. Contract Administrator

U.S. Renal Care Home Therapies, LLC,
Lessee

By: James D. Shelton, Manager

MASTLSLG: CANNC01:10302010:1338:288280-400:301263:108511 obligation to install, erect, test, adjust or service the Equipment. Lessee shall look only to persons other than Lessor such as the manufacturer, vendor or carrier thereof should any item of Equipment for any reason and in any way be defective. To the extent permitted by the manufacturer and/or vendor and provided Lessee is not in default under the Lease, Lessor shall make available to Lessee all manufacturer and/or vendor warranties with respect to the Equipment.

6. LESSEE COVENANTS, REPRESENTATIONS AND WARRANTIES. (a) Affirmative Covenants. Lessee shall: (i) pay all shipping and delivery charges and other expenses incurred in connection with the Equipment and pay all lawful claims, whether for labor, materials, supplies, rent or services, which might or could if unpaid become a lien on the Equipment; (ii) comply with all laws and regulations and rules, all manufacturer's instructions and warranty requirements, and with the conditions and requirements of all policies of insurance relating to the Equipment and its use; (iii) mark and identify the Equipment with all information and in such manner as Lessor or its assigns may request from time to time and replace promptly any such markings or identification which are removed, defaced or destroyed; (iv) at any and all times during business hours, grant Lessor free access to enter upon the premises wherein the Equipment shall be located or used and permit Lessor to inspect the Equipment and all applicable maintenance records; provided, however, that Lessor shall have no obligation to inspect any Equipment or records; (v) maintain a system of accounts established and administered in accordance with generally accepted accounting principles and practices consistently applied; and (vi) within thirty (30) days after the end of each fiscal quarter, deliver to Lessor a balance sheet as at the end of such quarter and statement of operations for such quarter, setting forth in comparative form the corresponding figures for the comparable period in the preceding fiscal year, within one hundred and twenty (120) days after the end of each fiscal year, deliver to Lessor a balance sheet as at the end of such year and statements of operations, income and retained earnings for such year, with accompanying footnotes, each setting forth in comparative form the corresponding figures for the preceding year, in each case prepared in accordance with generally accepted accounting principles and practices consistently applied and certified by Lessee's chief financial officer as fairly presenting the financial position and results of operations of Lessee, and, in the case of year end financial statements, certified by an independent accounting firm acceptable to Lessor, and with reasonable promptness, furnish Lessor with such other information, financial or otherwise, relating to Lessee or the Equipment as Lessor shall reasonably request..

(b) Negative Covenants. Lessee shall not (i) voluntarily or involuntarily create, incur, assume or suffer to exist any mortgage, lien, security interest, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Equipment or this Lease or any of Lessee's interest thereunder; (ii) permit the name of any person, association or corporation other than the Lessor or Lessee to be placed on the Equipment; (iii) part with possession or control of or suffer or allow to pass out of its possession or control any item of the Equipment or change the location of the Equipment or any part thereof from the address shown in the applicable Supplement; (iv) ASSIGN OR IN ANY WAY TRANSFER OR DISPOSE OF ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE OF ALL OR ANY PART OF THE EQUIPMENT; (v) change (a) its name or address from that set forth above, (b) the state under whose laws it is organized as of the date hereof, or (c) the type of organization under which it exists as of the date hereof unless it shall have given Lessor or its assigns no less than thirty (30) days' prior written notice of any such proposed change; (vi) permit the sale or transfer of any shares of its capital stock or of any ownership interest in the Lessee to any person, persons, entity or entities (whether in one transaction or in multiple transactions) which results in a transfer of a majority interest in the ownership and/or the control of the Lessee from the person, persons, entity or entities who hold ownership and/or control of the Lessee as of the date of this Master Lease; or (vii) consolidate with or merge into or with any other entity, or purchase or otherwise acquire all or substantially all of the assets or stock or other ownership interest of any person or entity or sell, transfer, lease or otherwise dispose of all or substantially all of Lessee's assets to any person or entity.

(c) Representations and Warranties. Lessee represents and warrants to Lessor, that effective on the date on which Lessee executes this Master Lease and each Supplement: (i) if Lessee is a partnership, corporation, limited liability company or other legal entity, the execution and delivery of this Master Lease and each Supplement and the performance of Lessee's obligations hereunder and thereunder have been duly authorized by all necessary action on the part of the Lessee and are not in contravention of, and will not result in a breach of, any of the terms of Lessee's charter, by-laws, articles of incorporation or other organic documents or any loan agreements or indentures of Lessee, or any other contract, agreement or instrument to which Lessee is a party or by which it is bound; (ii) the person signing the Master Lease and each Supplement on behalf of Lessee is duly authorized; (iii) Lessee's exact legal name as it appears on its charter or other organic documents, including as to punctuation and capitalization, and its principal place of business or chief executive office are as set forth in the heading of this Master Lease; (iv) Lessee is duly organized, validly existing and in good standing under the laws of the state of its incorporation or formation and is duly qualified and authorized to transact business in, and is in good standing under the laws of, each other state in which the Equipment is or will be located;(v) there has been no change in the name of the Lessee, or the name under which Lessee conducts business within the one year preceding the date hereof except as previously reported in writing to Lessor; (vi) Lessee has not moved its principal place of business or chief executive office, or has not changed the jurisdiction of its organization with the one year preceding the date hereof except as previously reported to Lessor in writing; (vii) this Master Lease and each Supplement constitute a legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms; (viii) all information provided by Lessee to Lessor in connection with this Lease is true and correct; (ix) the Equipment will be used primarily for business purposes as opposed to personal, family or household purposes; and (x) there are no suits pending or threatened against Lessee or any guarantor which, if decided adversely, might materially adversely affect Lessee's or such guarantor's financial condition, the value, utility or remaining useful life of the Equipment, the rights intended to be afforded to Lessor hereunder or under any guarantee or the ability of Lessee or any guarantor to perform its obligations under the Lease or any document delivered in connection with the Lease.

7. TAXES. Lessee shall promptly pay when due, and indemnify and hold Lessor harmless, on an after-tax basis, from, all sales, use, property, excise and other taxes and all license and registration fees now or hereafter imposed by any governmental body or agency upon the Equipment or its use, purchase, ownership, delivery, leasing, possession, storage, operation, maintenance, repair, return or other disposition of the Equipment, or for titling or registering the Equipment, or upon the income or other proceeds received with respect to the Equipment or this Lease or the rentals hereunder; provided, however, that Lessee shall not be required to pay taxes on or measured by the net income of Lessor. Lessee shall prepare and file all tax returns relating to taxes for which Lessee is responsible hereunder which Lessee is permitted to file under the laws of the applicable taxing jurisdiction. Upon the expiration or earlier termination of the Lease, Lessee shall pay to Lessor any such taxes accrued or assessed but not yet due and payable.

8. INDEMNITY. Lessee hereby agrees to indemnify and hold Lessor harmless (on an after-tax basis) from and against any and all claims, losses, liabilities (including negligence, tort and strict liability), damages, judgments, obligations, actions, suits, and all legal proceedings, and any and all costs and expenses in connection therewith (including attorneys' fees) arising out, or in any manner connected with, or resulting directly or indirectly from, the Equipment, including, without limitation, the manufacture, purchase, lease, financing, selection, ownership, delivery, rejection, non-delivery, transportation, possession, use, storage, operation, condition, maintenance, repair, return or other disposition of the Equipment or with this Lease, including without limitation, claims for injury to or death of persons and for damage to property, whether arising under the doctrine of strict liability, by operation of law or otherwise, and to give Lessor prompt notice of any such claim or liability.

9. ASSIGNMENT. Lessor may sell or assign any or all of its interest in this Lease or sell or grant a security interest in all or any part of the Equipment, without notice to or the consent of Lessee. Lessee agrees not to assert against any assignee of Lessor any setoff, recoupment, claim, counterclaim or defense Lessee may have against Lessor or any person other than such assignee. Lessee agrees that if it receives written notice of an assignment from Lessor, it will pay all Rent and other payments payable under each Supplement to such assignee or as instructed by Lessor or the assignee identified in the notice received from Lessor. An assignee of Lessor shall have all rights of Lessor under the applicable Lease, to the extent assigned, separately exercisable by such assignee independently of Lessor or any assignee with respect to other leases. Upon any such assignment and except as may otherwise be provided therein all references in this Master Lease to Lessor shall include such assignee.

10. EQUIPMENT PERSONALTY. The Equipment shall remain personal property regardless of its attachment to realty, and Lessee agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment as a result of its attachment to realty. If requested by Lessor with respect to any item of the Equipment, Lessee will obtain and deliver to Lessor waivers of interest or liens in recordable form, satisfactory to Lessor, from all persons claiming any interest in the real property on or in which such item of the Equipment is installed or located.

11. USE AND MAINTENANCE. Lessee will use the Equipment with due care and only for the purpose for which it is intended. Lessee will, by qualified personnel, use, maintain, repair, modify (to the extent permitted or required herein) in accordance with prudent practices (but in no event less than the same extent to which Lessee maintains other similar equipment owned or leased by it) and for the purpose for which such Equipment was designed, in compliance with insurance policies, manufacturer's specified maintenance programs, warranties and applicable laws, and shall keep the Equipment in as good repair, condition

and working order as when originally received by Lessee, ordinary wear and tear excepted and will furnish and replace all parts of the Equipment as may from time to time become worn out, lost, stolen, destroyed or damaged or unfit for use., all at its expense.. Lessee shall, at its expense, make all modifications and improvements to the Equipment required by law. Lessee may, at its sole cost and expense, make any modifications to the Equipment, provided that such modifications (a) are readily removable without causing damage to the Equipment, (b) do not reduce the value, utility, marketability or remaining useful life of the Equipment, and (c) are of a kind that customarily are made by lessees or purchasers of equipment similar to the Equipment. All parts, modifications and improvements to the Equipment shall, when installed or made, immediately become the property of Lessor and part of the Equipment for all purposes; provided, that any modification not required by law shall if requested by Lessor be removed by Lessee and any damage to the Equipment resulting from such removal shall be repaired prior to the return of the Equipment to the Lessor. The Equipment shall not be used outside of the United States without Lessor's prior written consent.

12. LOSS OR DAMAGE. No loss or damage to the Equipment or any part thereof shall affect any obligation of Lessee under this Lease, which shall continue in full force and effect. Lessee shall advise Lessor in writing within five (5) days of any item of Equipment becoming lost, stolen or damaged and of the circumstances and extent of such damage. In the event any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of any item of Equipment, Lessee shall promptly pay Lessor, within ten (10) days after demand by Lessor, an amount equal to the greater of the fair market value of such items or the Lessor's Loss as defined in paragraph 18 below. Upon payment of such amount to Lessor, such item shall become the property of Lessee, Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest therein, the rent with respect to such item shall terminate, and the basic rental payments on the remaining items shall be reduced accordingly. Lessee shall pay any sales and use taxes due on such transfer. Any insurance or condemnation proceeds received shall be paid to Lessor and credited to Lessee's obligation under this paragraph and Lessor shall be entitled to any surplus. Whenever the Equipment is damaged and such damage can be repaired, Lessee shall, at its expense, promptly effect such repairs as Lessor shall deem necessary for compliance with paragraph 11 above. Proceeds of insurance shall be paid to Lessor with respect to such reparable damage to the Equipment and shall, at the election of Lessor, be applied either to the repair of the Equipment by payment by Lessor directly to the party completing the repairs, or to the reimbursement of Lessee for the cost of such repairs; provided, however, that Lessor shall have no obligation to make such payment or any part thereof until receipt of such evidence as Lessor shall deem satisfactory that such repairs have been completed and further provided that Lessor may apply such proceeds to the payment of any rent or other sum due or to become due hereunder if at the time such proceeds are received by Lessor there shall have occurred any Event of Default or any event which with lapse of time or notice, or both, would become an Event of Default.

13. INSURANCE. Lessee shall obtain and maintain on or with respect to the Equipment at its own expense (a) comprehensive general liability insurance insuring against liability for bodily injury, and property damage with a minimum limit of $1 million combined single limit per occurrence and (b) physical damage insurance insuring against loss or damage to the Equipment in an amount not less than the full replacement value of the Equipment. Lessee shall furnish Lessor with a certificate of insurance evidencing the issuance of a policy or policies to Lessee in at least the minimum amounts required herein naming Lessor as an additional insured thereunder for the liability coverage and as loss payee for the property damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to Lessor, and shall contain a clause specifying that no action or misrepresentation by Lessee shall invalidate such policy and a clause requiring the insurer to give to Lessor at least thirty (30) days' prior written notice of (i) the cancellation or non-renewal of such policy or (ii) any amendment to the terms of such policy if such amendment would cause the policy no longer to conform to the policy requirements stated in this paragraph; and ten (10) days prior notice of cancellation for non-payment of premium. Lessee shall deliver, annually and at any time that there is a change in insurance carrier, to Lessor evidence satisfactory to Lessor of the required insurance coverage. Lessee hereby assigns to Lessor the proceeds of all such insurance and directs any insurer to make payments directly to Lessor. Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise Lessee in the event any such policy shall not comply with the requirements hereof.

14. RETURN OF THE EQUIPMENT. Upon the expiration or earlier termination of this Lease by Lessor, Lessee will immediately deliver the Equipment to and in the manner designated by the Lessor in the same condition as when delivered to Lessee fully capable of performing all functions for which it was originally designed (or as upgraded during the Lease Term), ordinary wear and tear excepted, and in compliance with any additional return conditions set forth in the applicable Supplement, at such location within the continental United States as Lessor shall designate. Lessee shall pay all transportation and other expenses relating to such delivery. Lessee shall arrange for the disassembly and packing of the Equipment, together with all parts and pieces and then reassembly (including, if necessary, repair and overhaul) by an authorized representative of the manufacturer. Without limiting the generality of the foregoing, returned Equipment shall be in such condition to immediately qualify for (i) the manufacturer's (or other authorized service representative's) then available service contract or warranty, and (ii) all applicable licenses or permits necessary for its operation for its intended purposes and to comply with all specifications and requirements of applicable federal, state and local laws. The Equipment shall be returned with all related maintenance logs, operating manuals and other related materials and all such materials will be undamaged and contain all pages. Upon Lessor's request, Lessee shall, at Lessee's sole expense, provide storage acceptable to Lessor for a period of up to 90 days from the date of return and will assist Lessor in attempting to remarket the Equipment, including display and demonstration of the Equipment to prospective purchasers or lessees, and allowing Lessor to conduct any public or private sale or auction on Lessee's premises..

15. ADDITIONAL ACTION; EXPENSES. Lessee will promptly execute and deliver to Lessor such further documents and take such further action as Lessor may request in order to carry out more effectively the intent and purpose of this Lease, including the execution and delivery of appropriate financing statements to protect fully Lessor's interest hereunder in accordance with the Uniform Commercial Code or other applicable law. Lessor and any assignee of Lessor is authorized to file one or more Uniform Commercial Code financing statements without the signature of Lessee or signed by Lessor or any assignee of Lessor as attorney-in-fact for Lessee. Lessee hereby grants to Lessor a power of attorney in Lessee's name, to apply for a certificate of title for any item of Equipment that is required to be titled under the laws of any jurisdiction where the Equipment is or may be used and/or to transfer title thereto upon the exercise by Lessor of its remedies upon an Event of Default by Lessee under this Lease. Lessee acknowledges that Lessor may incur out-of-pocket costs and expenses in connection with the transactions contemplated by this Lease, and accordingly agrees to pay (or reimburse Lessor for) the reasonable costs and expenses related to (a) filing any financing, continuation or termination statements, (b) any title and lien searches with respect to this Lease and the Equipment, (c) documentary stamp taxes relating to the Lease, and (d) procuring certified charter documents and good standing certificates of Lessee and any guarantor of Lessee's obligations hereunder. Lessee will do whatever may be necessary to have a statement of the interest of Lessor and any assignee of Lessor in the Equipment noted on any certificate of title relating to the Equipment and will deliver said certificate to Lessor. If Lessee fails to perform or comply with any of its agreements, Lessor may perform or comply with such agreements in its own name or in Lessee's name as attorney-in-fact and the amount of any payments and expenses of Lessor incurred in connection with such performance or compliance, together with interest thereon at the rate provided below, shall be deemed rent payable by Lessee upon demand.

16. LATE CHARGES. If any payment, whether for rent or otherwise, is not paid when due, Lessor may impose a late charge of 5% of the amount past due (or the maximum amount permitted by applicable law if less). Payments thereafter received shall be applied first to delinquent installments and then to current installments.

17. DEFAULT. Each of the following events shall constitute an "Event of Default" hereunder: (a) Lessee shall fail to pay when due any installment of interim rent, basic rent or any other amount due hereunder; (b) any certificate, statement, representation, warranty or financial or credit information heretofore or hereafter made or furnished by or on behalf of Lessee or any guarantor of any of Lessee's obligations hereunder proves to have been false or misleading in any material respect or omitted any material fact, contingent or unliquidated liability or claim against Lessee or any such guarantor; (c) Lessee shall fail to observe or perform any other agreement to be observed or performed by Lessee hereunder and the continuance thereof for 10 calendar days following written notice thereof by Lessor to Lessee; (d) Lessee or any guarantor of this Lease or any partner of Lessee if Lessee is a partnership shall cease doing business as a going concern, make an assignment for the benefit of creditors, become insolvent, or engage in any dissolution or liquidation proceedings; (e) Lessee or any guarantor of this Lease or any partner of Lessee if Lessee is a partnership shall voluntarily file, or have filed against it involuntarily, a petition for liquidation, reorganization, adjustment of debt, or similar relief under the federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver, or liquidator shall be appointed of it or of all or a substantial part of its assets; (f) Lessee or any guarantor of any of Lessee's obligations hereunder shall be in breach of or in default in the payment or performance of any material obligation , under any credit agreement, conditional sales contract, lease or other contract, howsoever arising; (g) any individual Lessee, guarantor of this Lease, or partner of Lessee if Lessee is a partnership shall die; (h) an event of default

shall occur under any other obligation Lessee or any guarantor of Lessee's obligations hereunder owes to Lessor; (i) an event of default shall occur under any indebtedness Lessee may now or hereafter owe to any affiliate of Lessor; or (j) Lessee, or any guarantor of this Lease shall suffer an adverse material change in its financial condition from the date hereof, and as a result thereof Lessor deems itself or any of the Equipment to be insecure.

*18. REMEDIES. Lessor and Lessee agree that Lessor's damages suffered by reason of an Event of Default are uncertain and not capable of exact measurement at the time this Lease is executed because the value of the Equipment at the expiration of this Lease is uncertain, and therefore they agree that for purposes of this paragraph 18 "**Lessor's Loss**" as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by Lessee hereunder due but unpaid as of such date plus (2) the amount of all unpaid rent for the balance of the term of this Lease not yet due as of such date (including any renewal or purchase options which Lessee has contracted to pay) discounted from the respective dates installment payments would be due at the Discount Rate as defined below plus (3) 10% of the cost of the Equipment that is subject to this Lease as of such date (provided however, that with regard to any Supplement that expressly sets forth a "Final Purchase Payment" other than 10% of the cost of the Equipment, then the amount of such Final Purchase Payment shall be substituted in place of the 10% in this clause "(3)" for the purpose of calculating Lessor's Loss with regard to such Supplement.) "Discount Rate" means (i) the rate set forth for the Treasury Constant Maturities having the closest term to (but not longer than) the original term of the applicable Supplement, as set forth in the Federal Reserve Board H.15 Release (Selected Interest Rates) as of the Rent Commencement Date applicable to such Supplement, (ii) the rate set forth for the Treasury Constant Maturities having the closest term to (but not longer than) the remaining term of the applicable Supplement, as set forth in the Federal Reserve Board H.15 Release (Selected Interest Rates) as of the date of calculation of Lessor's Loss applicable to such Supplement, or (iii) 3%, whichever is lowest. If a rate referred to in the preceding clauses "(i)" or "(ii)" is not published in such publication referenced hereinabove, such rate shall be taken from a reputable source selected by Lessor.*

Upon the occurrence of an Event of Default and at any time thereafter, Lessor may exercise any one or more of the remedies listed below as Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in paragraph 17(e), an amount equal to Lessor's Loss as of the date of such occurence shall automatically become and be immediately due and payable without notice or demand of any kind. , The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy, and such remedies may be exercised concurrently or separately but only to the extent necessary to permit Lessor to recover amounts for which Lessee is liable hereunder.

a) Lessor may, by written notice to Lessee, terminate this Lease as to any or all of the Equipment subject hereto and declare an amount equal to Lessor's Loss as of the date of such notice to be immediately due and payable, as liquidated damages and not as a penalty, and the same shall thereupon be and become immediately due and payable without further notice or demand, and all rights of Lessee to use the Equipment shall terminate but Lessee shall be and remain liable as provided in this paragraph 18. Lessee shall at its expense promptly deliver the Equipment to Lessor at a location or locations within the continental United States designated by Lessor. Lessor may also enter upon the premises where the Equipment is located and take immediate possession of and remove the same with or without instituting legal proceedings.

b) Lessor may proceed by appropriate court action to enforce performance by Lessee of the applicable covenants of this Lease or to recover, for breach of this Lease, Lessor's Loss as of the date Lessor's Loss is declared due and payable hereunder; provided, however, that upon recovery of Lessor's Loss from Lessee in any such action without having to repossess and dispose of the Equipment, Lessor shall transfer the Equipment to Lessee at its then location upon payment of any additional amount due under clauses (e), (f) and (g) below.

c) In the event Lessor repossesses the Equipment, Lessor shall either retain the Equipment in full satisfaction of Lessee's obligation hereunder or sell or lease each item of Equipment in such manner and upon such terms as Lessor may in its sole discretion determine. The proceeds of any such sale or lease shall be applied to reimburse Lessor for Lessor's Loss and any additional amount due under clauses (d) and (e) below. Lessor shall be entitled to any surplus and Lessee shall remain liable for any deficiency. For purposes of this subparagraph, the proceeds of any lease of all or any part of the Equipment by Lessor shall be the amount reasonably assigned by Lessor as the cost of such Equipment in determining the rent under such lease.

d) Lessor may setoff and apply against any Rent or other sums due hereunder any sums of money held by Lessor or any affiliate of Lessor for Lessee;

e) Lessor may recover interest on the unpaid balance of Lessor's Loss plus any amounts recoverable under clauses (f) and (g) of this paragraph 18 from the date it becomes payable until fully paid at the rate of the lesser of 12% per annum or the highest rate permitted by law.

f) In addition to any other recovery permitted hereunder or under applicable law, Lessor may recover from Lessee an amount that will fully compensate Lessor for any loss of or damage to Lessor's residual interest in the Equipment.

g) Lessor may exercise any other right or remedy available to it by law or by agreement, and may in any event recover legal fees and other costs and expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder, including expenses of repossession, repair, storage, transportation, and disposition of the Equipment. Any payment received by Lessor may be applied to unpaid obligations as Lessor in its sole discretion determines.

If any Supplement is deemed at any time to be a lease intended as security, Lessee grants Lessor a security interest in the Equipment to secure its obligations under such Supplement, all other Supplements and all other indebtedness at any time owing by Lessee to Lessor. Lessee agrees that upon the occurrence of an Event of Default, in addition to all of the other rights and remedies available to Lessor hereunder, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code.

No express or implied waiver by Lessor of any breach of Lessee's obligations hereunder shall constitute a waiver of any other breach of Lessee's obligations hereunder.

19. NOTICES. Any notice hereunder to Lessee or Lessor shall be in writing and shall be deemed to have been given when delivered personally or deposited with a nationally-recognized overnight courier service or in the United States mails, postage prepaid, addressed to recipient at its address set forth above or at such other address as may be last known to the sender.

20. NET LEASE AND UNCONDITIONAL OBLIGATION. This Lease is a completely net lease and Lessee's obligation to pay rent and all other amounts payable by Lessee hereunder is absolute, unconditional and irrevocable, and shall be paid without any abatement, reduction, setoff or defense of any kind.

21. NON-CANCELABLE LEASE. This Lease cannot be canceled or terminated except as expressly provided herein.

22. SURVIVAL OF INDEMNITIES. Lessee's obligations under paragraphs 7, 8, and 18 shall survive termination or expiration of this Lease.

23. TAX INDEMNITY. Lessor's loss of, or loss of the rights to claim, or recapture of, all or any part of the federal or state income tax benefits Lessor anticipated as a result of entering into this Lease and owning the Equipment is referred to herein as a "Loss". If for any reason this Lease is not a true lease for federal or state income tax purposes, or if for any reason (even though this Lease may be a true lease) Lessor is not entitled to depreciate the Equipment for federal or state income tax purposes in the manner that Lessor anticipated when entering into this Lease, and as a result Lessor suffers a Loss, then Lessee agrees to pay Lessor, as additional basic rent, a lump-sum amount which, after the payment of all federal, state and local income taxes on the receipt of such amount, and using the same assumptions as to tax benefits and other matters Lessor used in originally evaluating and pricing this Lease, will in the reasonable opinion of Lessor maintain Lessor's net after-tax rate of return with respect to this Lease at the same level it would have been if such Loss had not occurred. The Lessor makes no representation with respect to the income tax consequences of this Lease or the Equipment. Lessor will notify Lessee of any claim that may give rise to indemnity hereunder. Lessor shall make a reasonable effort to contest any such claim but shall have no obligation to contest such claim beyond the administrative level of the Internal Revenue Service or other taxing authority. In any event, Lessor shall control all aspects of any settlement and contest. Lessee agrees to pay the legal fees and other out-of-pocket expenses incurred by Lessor in defending any such claim even if Lessor's defense is successful. Notwithstanding the foregoing, Lessee shall have no obligations to indemnify Lessor for any Loss caused solely by (a) a casualty to the Equipment if Lessee pays the amount Lessee is required to pay as a result of such casualty, (b) Lessor's sale of the Equipment other than on account of an Event of Default hereunder, (c) failure of Lessor to have sufficient income to utilize its anticipated tax benefits or to timely claim such tax benefits, and (d) a change in tax law (including tax rates) effective after the Lease begins. For purposes of this paragraph 23, the term "Lessor" shall include any member of an affiliated group of which Lessor is (or may become) a member if consolidated tax returns are filed for such affiliated group for federal income tax purposes. Lessee's indemnity obligations under this paragraph 23 shall survive termination of this Lease.

24. COUNTERPARTS. There shall be one original of the Master Lease and of each Supplement and it shall be marked "Original." To the extent that any Supplement constitutes chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Supplement marked "Original."

25. *NON-WAIVER.* *No course of dealing between Lessor and Lessee or any delay or omission on the part of Lessor in exercising any rights hereunder shall operate as a waiver of any rights of Lessor. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver or consent shall be binding upon Lessor unless it is in writing and signed by Lessor. To the extent permitted by applicable law, Lessee hereby waives the benefit and advantage of, and covenants not to assert against Lessor, any valuation, inquisition, stay, appraisement, extension or redemption laws now existing or which may hereafter exist which, but for this provision, might be applicable to any sale or re-leasing made under the judgment, order or decree of any court or under the powers of sale and re-leasing conferred by this Lease or otherwise. To the extent permitted by applicable law, Lessee hereby waives any and all rights and remedies conferred upon a Lessee by Article 2A-508 through 2A-522 of the Uniform Commercial Code, including but not limited to Lessee's rights to: (i) cancel this Lease; (ii) repudiate this Lease; (iii) reject the Equipment; (iv) revoke acceptance of the Equipment; (v) recover damages from Lessor for any breaches of warranty or for any other reason; (vi) claim a security interest in the Equipment in Lessee's possession or control for any reason; (vii) deduct all or any part of any claimed damages resulting from Lessor's default, if any, under this Lease; (viii) accept partial delivery of the Equipment; (ix) "cover" by making any purchase or lease of or contract to purchase or lease Equipment in substitution of Equipment identified to this Lease; (x) recover any general, special, incidental, or consequential damages, for any reason whatsoever; and (xi) specific performance, replevin, detinue, sequestration, claim, delivery or the like for any Equipment identified to this Lease. To the extent permitted by applicable law, Lessee also hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Equipment in mitigation of Lessor's damages as set forth in paragraph 18 or which may otherwise limit or modify any of Lessor' rights or remedies under paragraph 18.*

26. *MISCELLANEOUS.* *This Master Lease and related Supplement(s) constitute the entire agreement between Lessor and Lessee and may be modified only by a written instrument signed by Lessor and Lessee. Any provision of this Lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions of this Lease, and any such unenforceability in any jurisdiction shall not render unenforceable such provision in any other jurisdiction. Paragraph headings are for convenience only, are not part of this Lease and shall not be deemed to effect the meaning or construction of any of the provisions hereof. In the event there is more than one Lessee named in this Master Lease or in any Supplement, the obligations of each shall be joint and several. Lessor may in its sole discretion, accept a photocopy, electronically transmitted facsimile or other reproduction of this Master Lease and/or a Supplement (a "Counterpart") as the binding and effective record of this Master Lease and/or a Supplement whether or not an ink signed copy hereof or thereof is also received by Lessor from Lessee, provided, however, that if Lessor accepts a Counterpart as the binding and effective record of this Master Lease or a Supplement, the Counterpart acknowledged in writing by Lessor shall constitute the record hereof or thereof. Lessee agrees that a Counterpart of this Master Lease or a Supplement received by Lessor, shall, when acknowledged in writing by Lessor, constitute an original document for the purposes of establishing the provisions hereof and thereof and shall be legally admissible under the best evidence rule and binding on and enforceable against Lessee. If Lessor accepts a Counterpart of a Supplement as the binding and effective record thereof only such Counterpart acknowledged in writing by Lessor shall be marked "Original" and to the extent that a Supplement constitutes chattel paper, a security interest may only be created in the Supplement that bears Lessor's ink signed acknowledgement and is marked "Original." This Lease shall in all respects be governed by, and construed in accordance with, the substantive laws of the state of Minnesota. LESSEE HEREBY WAIVES ANY RIGHT TO A JURY TRIAL WITH RESPECT TO ANY MATTER ARISING UNDER OR IN CONNECTION WITH THIS LEASE. TIME IS OF THE ESSENCE WITH RESPECT TO THE OBLIGATIONS OF LESSEE UNDER THIS LEASE.*

Ver. 0809

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, Suite 700
MAC N9306-070
Minneapolis, MN 55402

Amendment to Master Lease

Wells Fargo Equipment Finance, Inc. ("Lessor") and U.S. Renal Care Home Therapies LLC ("Lessee") hereby amend the Master Lease Number 288280 dated as of November 2, 2010 (the "Lease") as follows:

1. Section 6(a)(vi) is amended by deleting it and replacing it in its entirety with the following: "keep accurate and complete records pertaining to Borrower's business and financial condition and submit to Lender such quarterly and annual reports concerning Borrower's business and financial condition Lender may from time to time reasonably request;"

2. Section 15 is amended by replacing words "Lessee will promptly execute and deliver to Lessor" with "Lessee will execute and deliver to Lessor within ten (10) days of Lessor's request"

3. Section 17(a) is amended by inserting "within (5) five business days of" before the words "when due".

4. Section 17(c) is amended by deleting "ten (10) calendar days" and replacing it with "20 calendar days".

5. Section 17(e) is amended by inserting "and, if such petition is involuntary, the same shall not be dismissed within 30 calender days of its filing"

6. New clauses (k), (l) and (m) are hereby added as additional Events of Default in Section 17 of the Agreement to read as follows:

   "(k) an event of default shall occur after giving effect to any provided cure period, of Lessee under that certain Credit Agreement dated as of May 24, 2010 among Lessee as Borrower, the Guarantors and Lenders identified thereinBank of America, N.A., as Syndication Agent, and Royal Bank of Canada, as Administrative Agent and as Collateral Agent, as such Credit Agreement may be amended from time to time (the "Credit Agreement"); (l) failure of Lessee to maintain at all times a minimum Fixed Charge Coverage Ratio as defined and set forth in the Credit Agreement; (m) failure to certify in writing to Lessor within sixty (60) days of the end of each fiscal quarter as to those matters pertaining to financial statements and Events of Default stated in the form for such certification attached hereto as Exhibit A."

Except as modified herein, the terms and conditions of the Lease remain the same and continue in full force and effect. In the event of a conflict between the terms of the Lease and this Amendment, the terms of this Amendment shall prevail.

Dated: November 2, 2010

LESSOR:

Wells Fargo Equipment Finance, Inc.

By: ____________________
Connie Longtine

Title: Sr. Contract Administrator

LESSEE:

U.S. Renal Care Home Therapies, LLC

By: ____________________
James D. Shelton, Manager

Revised U S Renal Care Inc amendment to ML (v2) (2).doc

Exhibit A

To Amendment to Master Lease dated as of November 2, 2010

To: *Wells Fargo Equipment Finance, Inc.*
733 Marquette Avenue
Suite 700
Minneapolis, MN 55402
Attn: Senior Lending Manager, Healthcare

Re: Quarterly Compliance Certification of U.S. Renal Care Home Therapies, LLC ("Lessee")

The undersigned Lessee hereby certifies to Wells Fargo Equipment Finance, Inc. ("Lessor") that (a) the financial statement of Lessee dated as of June 30, 2010, heretofore or concurrently herewith delivered by Lessee to Lessor, is true and correct, and has been prepared in accordance with generally accepted accounting principals, and (b) as of the date hereof, there exists no default or defined Event of Default under any loan agreement, promissory note or other document in effect with respect to any credit accommodation granted by Lessor to Lessee.

Dated: November 2, 2010

LESSEE:

U.S. Renal Care Home Therapies, LLC

By: ______________________
James D. Shelton, Manager

WELLS FARGO

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, Suite 700
MAC N9306-070
Minneapolis, MN 55402

Amendment to Master Lease

Wells Fargo Equipment Finance, Inc. ("Lessor") and U.S. Renal Care Home Therapies, LLC ("Lessee") hereby amend the Master Lease Number 288280 dated as of November 2, 2010 (the "Lease") as follows:

1. *Section 6(a)(vi) is amended by deleting it and replacing it in its entirety with the following: "keep accurate and complete records pertaining to Borrower's business and financial condition and submit to Lender such quarterly and annual reports concerning Borrower's business and financial condition Lender may from time to time reasonably request;"*

2. *Section 15 is amended by replacing words "Lessee will promptly execute and deliver to Lessor" with "Lessee will execute and deliver to Lessor within ten (10) days of Lessor's request"*

3. *Section 17(a) is amended by inserting "within (5) five business days of" before the words "when due".*

4. *Section 17(c) is amended by deleting "ten (10) calendar days" and replacing it with "20 calendar days".*

5. *Section 17(e) is amended by inserting "and, if such petition is involuntary, the same shall not be dismissed within 30 calendar days of its filing"*

6. *New clauses (k), (l) and (m) are hereby added as additional Events of Default in Section 17 of the Agreement to read as follows:*

   "(k) an event of default shall occur after giving effect to any provided cure period, of Lessee under that certain Credit Agreement dated as of July 5, 2006 among Lessee as Borrower, the Guarantors and Lenders identified therein, CapitalSource Finance LLC, as Syndication Agent, and CIT Healthcare LLC, as Administrative Agent and as Issuing Bank, as such Credit Agreement may be amended from time to time; (l) failure of Lessee to maintain at all times a minimum Fixed Charge Coverage Ratio (as defined below) of 1.20; (m) failure to certify in writing to Lessor within sixty (60) days of the end of each fiscal quarter as to those matters pertaining to financial statements and Events of Default stated in the form for such certification attached hereto as Exhibit A. "Fixed Charge Coverage Ratio" is defined as set forth in the attached Exhibit B, without regard to whether either of the two agreements from which the text of Exhibit B was taken is subsequently modified or terminated."

Except as modified herein, the terms and conditions of the Lease remain the same and continue in full force and effect. In the event of a conflict between the terms of the Lease and this Amendment, the terms of this Amendment shall prevail.

Dated: November 2, 2010

LESSOR:	*LESSEE:*
Wells Fargo Equipment Finance, Inc.	*U.S. Renal Care Home Therapies, LLC*
By: [signature] Connie Longtine	*By:* [signature]
Title: Sr. Contract Administrator	*Title:* Manager

US Renal Care Inc -template for clinics-amendment to ML.doc

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue, Suite 700
MAC N9306-070
Minneapolis, MN 55402

Supplement to Master Lease
Agreement of Sale

Supplement Number 0288280-400 dated as of November 2, 2010
to
Master Lease Number 288280 dated as of November 2, 2010

Name and Address of Lessee:
US Renal Care Home Therapies LLC
1313 La Concha Lane
Houston, TX 77054

Notice: Lessor reserves the right to withdraw the terms of this Supplement and issue a modified Supplement without notice to Lessee if Lessor is not in receipt of a fully executed original or facsimile of this document within five (5) business days of the date of this Supplement. However, in that event, no such modifications will be binding on Lessee unless and until Lessee executes the modified document containing all such modifications.

This is a Supplement to the Master Lease identified above between Lessor and Lessee (the "Master Lease"). Upon the execution and delivery by Lessor and Lessee of this Supplement, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the equipment described below upon the terms and conditions of this Supplement and the Master Lease. All terms and conditions of the Master Lease shall remain in full force and effect except to the extent modified by this Supplement. This Supplement and the Master Lease as it relates to this Supplement are hereinafter referred to as the "Lease".

Equipment Description:
The Equipment described on Schedule A attached hereto and made a part hereof
After Lessee signs this Lease, Lessee authorizes Lessor to insert any missing information or change any inaccurate information (such as the model year of the Equipment or its serial number or VIN) into this Equipment Description.

Equipment Location: 1313 La Concha Lane, Houston, TX 77054

SUMMARY OF PAYMENT TERMS	
Initial Term (Months): 60	Total Cost: $108,892.77
Payment Frequency: Monthly	Total Basic Rent: $123,592.80
Basic Rental Payment: $2,059.88 plus applicable sales and use tax	Interim Rent Daily Rate: .014%
Number of Installments: 60	Cutoff Date: December 16, 2010
Advance Payments: First due on signing this Lease	Security Deposit: N/A

Additional Provisions: Total Finance Charges: $14,700.03

End of Term Agreement:

1. In addition to paying the Total Basic Rent when and as due under the Lease, Lessee agrees to pay Lessor $1.00 on the expiration date of the initial term of the Lease (the "Final Purchase Payment").

2. Upon receipt of the Total Basic Rent and the Final Purchase Payment by Lessor, the Equipment shall be deemed transferred to Lessee at its then location. Upon request by Lessee, Lessor will deliver a bill of sale transferring the Equipment to Lessee. Lessor hereby warrants that at the time of transfer the Equipment will be free of all security interests and other liens created by Lessor or in favor of persons claiming through Lessor. LESSOR MAKES NO OTHER WARRANTY WITH RESPECT TO THE EQUIPMENT, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE EQUIPMENT.

THIS AGREEMENT INCLUDES THE TERMS ON THE ATTACHED PAGE(S).

Lessor: Wells Fargo Equipment Finance, Inc.
Kathleen Hetelle
By
VP
Title
December 31, 2010
Rent Commencement Date

U.S. Renal Care Home Therapies, LLC,
Lessee
By: James D. Shelton
James D. Shelton, Manager

SUPSALE CANNC01 10302010 1336 288280-400 301263 106311

3. Failure to pay the Final Purchase Payment when due shall constitute an "Event of Default" under the Lease.

4. Lessee agrees to pay all sales and use taxes arising on account of the sale of the Equipment to Lessee.

Lessor makes no representation with respect to the income tax consequences of the transaction evidenced by this Lease. Lessor will treat the lease as a sale regardless of how the Lease is treated by Lessee.

Modification to Master Lease: To be consistent with this Supplement the Master Lease is amended as follows:

1. The second paragraph of paragraph 2 (relating to automatic extension) is hereby deleted.

2. The third sentence of paragraph 12 covering casualty to the Equipment is amended to read as follows:

   In the event any item of Equipment shall become lost, stolen, destroyed, damaged beyond repair, or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of any item of Equipment, Lessee shall promptly pay Lessor an amount equal to Lessor's Loss as defined in paragraph 18 with respect to such item at the time of payment based on the proportion that the original cost of such item bears to the Total Cost of all items of Equipment.

3. The sixth sentence of paragraph 12 is amended to read "Any insurance or condemnation proceeds received shall be credited to Lessee's obligation under this paragraph and Lessee shall be entitled to any surplus."

4. Paragraph 14 and 23 are deleted in their entirety.

5. The third sentence of paragraph 18(c) is amended to read "Lessee shall be entitled to any surplus and shall remain liable for any deficiency."

6. Clause (a) of the first sentence of paragraph 13 is amended to read as follows: "(a) comprehensive general liability insurance insuring against liability for bodily injury and property damage with a minimum limit of $2,000,000.00 combined single limit per occurrence and".

Ver. 1109

Wells Fargo Equipment Finance, Inc.
733 Marquette Avenue
Suite 700
Minneapolis, MN 55402

Schedule A

Contract No.288280-400 dated as of November 2, 2010

Lessee: US Renal Care Home Therapies, LLC

Equipment Description: Dialysis, Computer and Computer Software systems equipment
together with all options, attachments and accessories as more fully described on the following Vendor invoices

Asset ID	Description	Date	Asset Class ID	Vendor ID	Check #	Invoice #
10260	Red Pull Tight Lock	12/15/09	EQUIPMENT	METRO MEDICAL	7818 (22.00) 7946 (881.20) 8189 (261.68)	708146-00 708663-01 773474-01
10259	EPROM for upgrade to CRRT	12/15/09	EQUIPMENT	FRESENIUS USA	7779	94485260
10262	18 X 72 Adj. Shelf	01/08/10	EQUIPMENT	INTERMETRO	7800	10279213
10264	2008 K Dialysis, Machine	02/10/10	EQUIPMENT	FRESENIUS USA	7958	94583144
10266	Marcor F801 RO System	03/16/10	EQUIPMENT	MAR COR	7942	0000159306
10297	90XL Meter Kit-CT	05/25/10	EQUIPMENT	MESA LABS	8247	0383636-IN

Equipment Originally located at: 1313 La Concha Lane
Houston, TX 77054

Dated: **November 2, 2010**

Lessee: **US Renal Care Home Therapies, LLC**

By:
James D. Shelton, Manager

ATTACHMENT 40

FINANCIAL VIABILITY WAIVER

The applicant is not required to submit financial viability ratios because all project capital expenditures are completely funded through internal resources.

1870970-1

ATTACHMENT 41

VIABILITY

The applicant is not required to submit financial viability ratios because all project capital expenditures are completely funded through internal resources as indicated in Attachment 40.

1870970-1

ATTACHMENT 42

REASONABLENESS OF PROJECT AND RELATED COSTS

A. Reasonableness of Financing Arrangements

See Attached Certification

B. Conditions of Debt Financing

See Attached Certification

C. Reasonableness of Project Costs

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:

1) **Preplanning costs** – Costs do not exceed 1.8% of construction and modernization contracts plus contingencies plus equipment costs.

2) **Total costs for site survey, soil investigation fees and site preparation** – This criterion is not applicable as there are no site survey, soil investigation fees or site preparation costs associated with this project.

3) **Construction and modernization costs** – As indicated in Section 1120 Appendix A HFSRB staff will review the cost per square foot data submitted in the application, to determine compliance with the latest available cost standards of the RSMeans publication.

4) **Contingencies** – This criterion is not applicable as Applicant does not anticipate the need for Contingencies associated with this project.

5) **New construction or modernization fees** – This criterion is not applicable as there are no construction and modernization fees associated with this project.

6) **The costs of all capitalized equipment not included in construction contracts do not exceed the standards for equipment.** The anticipated Movable or Other Equipment cost is $436,924. On the basis of 13 stations, the calculated as a per station cost is $33,609. The corresponding standard listed in 77 Ill. Admin. Code 1120.APPENDIX is $39,945 for 2008, adjusting for inflation using the RS Means rate of .05% increases this standard to $40,004 for 2011 ($39,945 x 1.0005 x 1.0005 x 1.0005). The anticipated per station equipment cost of $33,609 is consistent with both the 2008 and 2011 standard and is thus in compliance.

7) **Building acquisition, net interest expense, and other estimated costs** – There are no Building acquisition, net interest expense, and other related costs associated with this project as Applicant is proposing to used leased space for the provision of dialysis services.

1870970-1

8) **Cost Complexity Index (to be applied to hospitals only)** – This criterion is inapplicable as the Project is related to the establishment of In-Center Hemodialysis services.

D. Projected Operating Costs

Projected Operating Costs	Total Cost	Treatments	Cost/Trmt
Labor	744,352	9,246	80.51
Medical supplies	194,787	9,246	21.07
Medications	553,127	9,246	59.82
Medical Director fees	75,000	9,246	8.11
Rent	54,000	9,246	5.84
Management Fee	213,196	9,246	23.06
Other	265,350	9,246	28.70
Total Projected Operating Costs*	**2,045,812**	**9,246**	**221.26**

*Excludes Bad Debt

E. Total Effect of the Project on Capital Costs

	Total Cost	Treatments	Cost/Trmt
Total Effect of the Project on Capital Cost	**251,607**	**9,246**	**27.21**

1870970-1

77 Ill. Admin. Code § 1120.310(a) Reasonableness of Financing Arrangements

USRC Streamwood, LLC

In accordance with 77 Ill. Admin. Code 1120.140, I attest that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

By: ____________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

By: ____________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

77 Ill. Admin. Code § 1120.310(b) Conditions of Debt Financing

USRC Streamwood, LLC

In accordance with 77 Ill. Admin. Code 1120.140, I attest that the conditions of debt financing are reasonable in that entering into a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to construct a dialysis facility. Should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

By: ____________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____
Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

By: ____________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____
Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

77 Ill. Admin. Code § 1120.310(a) Reasonableness of Financing Arrangements

USRC Alliance, LLC

In accordance with 77 Ill. Admin. Code 1120.140, I attest that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

•

By: ______________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____
Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES 2-27-2012

By: ______________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____
Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES 2-27-2012

77 Ill. Admin. Code § 1120.310(b) Conditions of Debt Financing

USRC Alliance, LLC

In accordance with 77 Ill. Admin. Code 1120.140, I attest that the conditions of debt financing are reasonable in that entering into a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to construct a dialysis facility. Should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

By: __________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

By: __________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

- **77 Ill. Admin. Code § 1120.310(a) Reasonableness of Financing Arrangements**
-
- **U.S. Renal Care, Inc.**
-
- In accordance with 77 Ill. Admin. Code 1120.140, I attest that the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.
-

By: ________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

By: ________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

____

Signature of Notary

LISA L. STEWART
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
2-27-2012

- **77 Ill. Admin. Code § 1120.310(b) Conditions of Debt Financing**
-
- **U.S. Renal Care, Inc.**
-
- In accordance with 77 Ill. Admin. Code 1120.140, I attest that the conditions of debt financing are reasonable in that entering into a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to construct a dialysis facility. Should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.
-

By: ______________________

Its: Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

Lisa Stewart

Signature of Notary

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

By: ______________________

Its: President and Manager

Notarization:

Subscribed and sworn to me this 19th day of May, 2011

Lisa Stewart

Signature of Notary

LISA L. STEWART NOTARY PUBLIC STATE OF TEXAS EXPIRES 2-27-2012

ATTACHMENT 44

SAFETY NET IMPACT

This criterion is required only for Substantive and Discontinuation projects. As the proposed project is non-Substantive and for the establishment of a category of service, this criterion is inapplicable to the proposed project.

1870970-1

ATTACHMENT 44

CHARITY CARE

Payor Mix	Year 1	Year 2	Year 3
Billed Govt Patients	29	57	59
Billed Commercial Patients	1	6	8
Billed Non Govt Low Patients	0	0	0
Total Patients	30	63	67

Charity Care Information	Year 1	Year 2	Year 3
Net Revenue	352,705	2,199,835	3,045,660
Bad Debt / Charity Care	9,876	61,595	85,278
Ratio of Bad Debt to Net Revenue	0.028	0.028	0.028

1870970-1

APPENDIX 1
PATIENT REFERRAL LETTERS

1870970-1

May 20, 2011

Mr. Dale Galassie
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Mr. Galassie:

We are writing in support of the certificate of need application for the proposed U.S. Renal Care Streamwood Dialysis clinic.

We currently refer patients to several facilities depending on the location and availability of the dialysis facility, included as Appendix A is a list of those facilities. Based on our records, in the past three years, we have referred for dialysis 80 patients in 2010, 86 patients in 2009 and 55 patients in 2008. These referrals are a component of the dialysis volumes as reported to the Renal Network by the dialysis facilities. Included as Appendix B is the patient origin information by facilities for the years 2008, 2009 and 2010.

With regard to new patients referred for dialysis, for the year 2010, we have referred 66 new patients for hemodialysis. These referrals are a component of the dialysis volumes as reported to the Renal Network by the dialysis facilities. Included as Appendix C is a patient count by facility and zip code of newly referred patients.

Based upon a review of our 1,057 Pre-ESRD (Chronic Kidney Disease) patients that currently are in CKD Stage 3, 4, and 5, we anticipate referring 26.7% of those patients for dialysis within 2 years. Of those patients, we anticipate referring 24 ESRD patients, who live in Cook County, to U.S. Renal Care Streamwood Dialysis for dialysis within 2 years after completion of the facility.

We respectfully ask the Board to approve the U.S. Renal Care Streamwood Dialysis CON application to provide in center hemodialysis services for this growing ESRD population in Cook County. Thank you for your consideration.

We attest to the fact that to the best of our knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other CON application.

Respectfully,

Signature: [signature]
Name: Anis A. Rauf
Title: Nephrologist

Signature: [signature]
Name: MOHAMMED AHMED
Title: Nephrologist

SUBSCRIBED and SWORN TO before me
this 20 day of MAY, 2011

[signature]
Notary Public

"OFFICIAL SEAL"
JACK SARTORE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3/26/2013

APPENDIX A – REFERRAL FACILITIES

Dialysis Center
Advanced Home Dialysis
Advanced Home Therapies
Affiliated Dialysis, Westmont
Community Nursing Home Naperville
DaVita Alton
Fairview Baptist Nursing Home Dialysis
FMC Bartlet
FMC Berwyn
FMC Blue Island
FMC Bolingbrook
FMC Bridgeport
FMC Burbank
FMC Crestwood
FMC Downers Grove Dialysis Center
FMC Elk Grove
FMC Evergreen Park
FMC Glendale Heights Dialysis
FMC Mokena
FMC Naperville Dialysis Center
FMC Naperville North Dialysis Center
FMC Neomedica West
FMC Orland Park
FMC Oswego
FMC Palos
FMC Plainfield
FMC Roseland
FMC South Suburban
FMC Tinley Park
FMC University Program
FMC Villa Park Dialysis
FMC Westchester
FMC Willowbrook Dialysis Center
Fox Valley Dialysis
Good Samaritan Inpatient Hospital
Gotleib Hospital Dialysis
Hinsdale Inpatient Hospital
Loyola Dialysis Maywood
Maple Avenue Kidney Center
Meadowbrook Bolingbrook Nursing Home
Meadowbrook LaGrange Nursing Home

Dialysis Center
Meadowbrook Naperville Nursing Home
Mt Sinai Hosp Med Ctr Renal Unit
Neph Inc. Mishawaka
Otttawa Dialysis Center
RML Specialty Hospital Dialysis
Silver Cross Hospital Dialysis Unit
Tri Cities Dialysis
UIC Downtown

APPENDIX B – REFERRAL FACILITIES PATIENT ORIGIN

Year	Dialysis Center	Zip	Patients
2008	Advanced Home Dialysis	60440	1
2008	Community Nursing Home Naperville	60532	1
2008	Community Nursing Home Naperville	60563	1
2008	FMC Berwyn	60402	2
2008	FMC Berwyn	60501	1
2008	FMC Blue Island	60406	1
2008	FMC Bolingbrook	60439	1
2008	FMC Bolingbrook	60440	4
2008	FMC Bolingbrook	60586	1
2008	FMC Bolingbrook	60644	1
2008	FMC Bolingbrook	60625	1
2008	FMC Bridgeport	60616	1
2008	FMC Burbank	60501	1
2008	FMC Downers Grove Dialysis Center	60137	1
2008	FMC Downers Grove Dialysis Center	60148	1
2008	FMC Downers Grove Dialysis Center	60544	1
2008	FMC Downers Grove Dialysis Center	60559	1
2008	FMC Downers Grove Dialysis Center	60563	1
2008	FMC Evergreen Park	60805	1
2008	FMC Glendale Heights Dialysis	60108	1
2008	FMC Glendale Heights Dialysis	60139	1
2008	FMC Mokena	60491	1
2008	FMC Naperville Dialysis Center	60565	1
2008	FMC Naperville Dialysis Center	83301	1
2008	FMC Naperville North Dialysis Center	60440	1
2008	FMC Naperville North Dialysis Center	60544	1
2008	FMC Palos	60415	1
2008	FMC Villa Park Dialysis	60148	2
2008	FMC Westchester	60525	1
2008	FMC Westchester	60546	1
2008	FMC Willowbrook Dialysis Center	60458	1
2008	FMC Willowbrook Dialysis Center	60527	4
2008	Good Samaritan Inpatient Hospital	60644	1
2008	Loyola Dialysis Maywood	60521	1
2008	Maple Avenue Kidney Center	60526	1
2008	Meadowbrook Bolingbrook Nursing Home	60046	1
2008	Meadowbrook Bolingbrook Nursing Home	60151	1
2008	Meadowbrook Bolingbrook Nursing Home	60435	1
2008	Meadowbrook Bolingbrook Nursing Home	60440	2
2008	Meadowbrook Bolingbrook Nursing Home	60445	1
2008	Meadowbrook Bolingbrook Nursing Home	60451	1
2008	Meadowbrook Bolingbrook Nursing Home	60478	1
2008	Meadowbrook Bolingbrook Nursing Home	60482	1
2008	Otttawa Dialysis Center	60428	1
2008	RML Specialty Hospital Dialysis	60108	1
2008	Silver Cross Hospital Dialysis Unit	60433	1

2008 Total			55
2009	Advanced Home Therapies	60517	1
2009	Advanced Home Therapies	60521	1
2009	Advanced Home Therapies	60559	1
2009	Community Nursing Home Naperville	60563	1
2009	DaVita Alton	62002	1
2009	Fairview Baptist Nursing Home Dialysis	60516	1
2009	Fairview Baptist Nursing Home Dialysis	60525	1
2009	FMC Blue Island	60472	1
2009	FMC Blue Island	60827	1
2009	FMC Bolingbrook	60439	1
2009	FMC Bolingbrook	60517	1
2009	FMC Bolingbrook	60440	3
2009	FMC Bolingbrook	60446	1
2009	FMC Bolingbrook	60544	1
2009	FMC Bolingbrook	60586	1
2009	FMC Bolingbrook	60901	1
2009	FMC Burbank	60455	1
2009	FMC Burbank	60457	1
2009	FMC Burbank	60458	4
2009	FMC Burbank	60629	1
2009	FMC Crestwood	60445	2
2009	FMC Downers Grove Dialysis Center	60148	3
2009	FMC Downers Grove Dialysis Center	60164	1
2009	FMC Downers Grove Dialysis Center	60181	1
2009	FMC Downers Grove Dialysis Center	60193	1
2009	FMC Downers Grove Dialysis Center	60515	1
2009	FMC Downers Grove Dialysis Center	60516	2
2009	FMC Downers Grove Dialysis Center	60517	1
2009	FMC Downers Grove Dialysis Center	60644	1
2009	FMC Glendale Heights Dialysis	60139	2
2009	FMC Naperville Dialysis Center	60440	1
2009	FMC Naperville Dialysis Center	60490	1
2009	FMC Naperville Dialysis Center	60521	1
2009	FMC Naperville Dialysis Center	60643	1
2009	FMC Naperville North Dialysis Center	60446	1
2009	FMC Neomedica West	60625	1
2009	FMC Oswego	60543	1
2009	FMC Roseland	60628	1
2009	FMC South Suburban	60475	1
2009	FMC Tinley Park	60452	1
2009	FMC University Program	60440	1
2009	FMC Villa Park Dialysis	60101	1
2009	FMC Westchester	60482	1
2009	FMC Westchester	60525	1
2009	FMC Westchester	60526	3
2009	FMC Westchester	60534	1
2009	FMC Westchester	60638	1
2009	FMC Willowbrook Dialysis Center	58784	1

2009	FMC Willowbrook Dialysis Center	60446	1
2009	FMC Willowbrook Dialysis Center	60458	1
2009	FMC Willowbrook Dialysis Center	60459	1
2009	FMC Willowbrook Dialysis Center	60514	1
2009	FMC Willowbrook Dialysis Center	60527	2
2009	Fox Valley Dialysis	60506	2
2009	Loyola Dialysis Maywood	60130	1
2009	Loyola Dialysis Maywood	60162	1
2009	Maple Avenue Kidney Center	60513	1
2009	Maple Avenue Kidney Center	60638	1
2009	Meadowbrook Bolingbrook Nursing Home	53168	1
2009	Meadowbrook Bolingbrook Nursing Home	60431	1
2009	Meadowbrook Bolingbrook Nursing Home	60435	1
2009	Meadowbrook Bolingbrook Nursing Home	60440	2
2009	Meadowbrook Bolingbrook Nursing Home	60446	1
2009	Meadowbrook LaGrange Nursing Home	60608	1
2009	Meadowbrook LaGrange Nursing Home	60636	1
2009	Meadowbrook Naperville Nursing Home	60440	1
2009	Neph Inc. Mishawaka	46628	1
2009	RML Specialty Hospital Dialysis	60617	1
2009	Silver Cross Hospital Dialysis Unit	60403	1
2009	Silver Cross Hospital Dialysis Unit	60431	1
2009	Silver Cross Hospital Dialysis Unit	60446	1
2009 Total			86
2010	Advanced Home Therapies	60137	1
2010	Advanced Home Therapies	60148	1
2010	Advanced Home Therapies	60527	1
2010	Affiliated Dialysis, Westmont	60542	1
2010	Community Nursing Home Naperville	60505	1
2010	Fairview Baptist Nursing Home Dialysis	60148	1
2010	FMC Bartlet	60107	1
2010	FMC Berwyn	60402	1
2010	FMC Berwyn	60629	1
2010	FMC Bolingbrook	60101	1
2010	FMC Bolingbrook	60585	1
2010	FMC Bolingbrook	60403	2
2010	FMC Bolingbrook	60440	7
2010	FMC Bolingbrook	60441	1
2010	FMC Bolingbrook	60442	1
2010	FMC Bolingbrook	60506	1
2010	FMC Burbank	60453	1
2010	FMC Burbank	60458	1
2010	FMC Downers Grove Dialysis Center	60148	1
2010	FMC Downers Grove Dialysis Center	60515	1
2010	FMC Elk Grove	60143	1
2010	FMC Elk Grove	60191	1
2010	FMC Glendale Heights Dialysis	60101	1
2010	FMC Glendale Heights Dialysis	60103	1
2010	FMC Glendale Heights Dialysis	60108	9

2010	FMC Glendale Heights Dialysis	60191	1
2010	FMC Glendale Heights Dialysis	60613	1
2010	FMC Orland Park	60462	1
2010	FMC Orland Park	60491	1
2010	FMC Plainfield	60544	1
2010	FMC Villa Park Dialysis	60126	4
2010	FMC Villa Park Dialysis	60148	1
2010	FMC Villa Park Dialysis	60523	1
2010	FMC Westchester	60137	1
2010	FMC Westchester	60402	1
2010	FMC Westchester	60513	1
2010	FMC Westchester	60525	2
2010	FMC Westchester	60526	1
2010	FMC Willowbrook Dialysis Center	60513	2
2010	FMC Willowbrook Dialysis Center	60516	1
2010	FMC Willowbrook Dialysis Center	60517	1
2010	FMC Willowbrook Dialysis Center	60521	1
2010	FMC Willowbrook Dialysis Center	60559	1
2010	FMC Willowbrook Dialysis Center	60561	1
2010	Gotleib Hospital Dialysis	60131	1
2010	Hinsdale Inpatient Hospital	60173	1
2010	Meadowbrook Bolingbrook Nursing Home	54981	1
2010	Meadowbrook Bolingbrook Nursing Home	60126	1
2010	Meadowbrook Bolingbrook Nursing Home	60645	1
2010	Meadowbrook LaGrange Nursing Home	60463	1
2010	Meadowbrook LaGrange Nursing Home	60525	1
2010	Meadowbrook LaGrange Nursing Home	60651	1
2010	Mt Sinai Hosp Med Ctr Renal Unit	60623	1
2010	RML Specialty Hospital Dialysis	60628	1
2010	RML Specialty Hospital Dialysis	60901	1
2010	Silver Cross Hospital Dialysis Unit	60432	1
2010	Silver Cross Hospital Dialysis Unit	60435	2
2010	Tri Cities Dialysis	60174	1
2010	UIC Downtown	60440	1
2010 Total			80
Grand Total			221

APPENDIX C – NEW REFERRALS

Dialysis Center	Zip	Patients
Advanced Home Therapies	60137	1
Community Nursing Home Naperville	60505	1
FMC Bartlet	60107	1
FMC Berwyn	60402	1
FMC Berwyn	60629	1
FMC Bolingbrook	60403	2
FMC Bolingbrook	60440	6
FMC Bolingbrook	60441	1
FMC Bolingbrook	60442	1
FMC Bolingbrook	60506	1
FMC Burbank	60453	1
FMC Burbank	60458	1
FMC Downers Grove Dialysis Center	60515	1
FMC Elk Grove	60143	1
FMC Elk Grove	60191	1
FMC Glendale Heights Dialysis	60101	1
FMC Glendale Heights Dialysis	60103	1
FMC Glendale Heights Dialysis	60108	8
FMC Glendale Heights Dialysis	60191	1
FMC Glendale Heights Dialysis	60613	1
FMC Orland Park	60462	1
FMC Orland Park	60491	1
FMC Villa Park Dialysis	60126	4
FMC Villa Park Dialysis	60148	1
FMC Villa Park Dialysis	60523	1
FMC Westchester	60137	1
FMC Westchester	60525	1
FMC Westchester	60526	1
FMC Willowbrook Dialysis Center	60513	2
FMC Willowbrook Dialysis Center	60516	1
FMC Willowbrook Dialysis Center	60517	1
FMC Willowbrook Dialysis Center	60559	1
FMC Willowbrook Dialysis Center	60561	1
Gotleib Hospital Dialysis	60131	1
Hinsdale Inpatient Hospital	60173	1
Meadowbrook Bolingbrook Nursing Home	54981	1
Meadowbrook Bolingbrook Nursing Home	60126	1
Meadowbrook Bolingbrook Nursing Home	60645	1
Meadowbrook LaGrange Nursing Home	60463	1
Meadowbrook LaGrange Nursing Home	60525	1
Meadowbrook LaGrange Nursing Home	60651	1
Mt Sinai Hosp Med Ctr Renal Unit	60623	1
RML Specialty Hospital Dialysis	60628	1
RML Specialty Hospital Dialysis	60901	1

Silver Cross Hospital Dialysis Unit	60432	1
Silver Cross Hospital Dialysis Unit	60435	2
Tri Cities Dialysis	60174	1
UIC Downtown	60440	1

Mr. Dale Galassie
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Mr. Galassie:

We are writing in support of the certificate of need application for the proposed U.S. Renal Care Streamwood Dialysis clinic. The patient volume contained in this letter represents the patient volume seen by Kidney Disease Specialists.

We currently refer patients to several facilities depending on the location and availability of the dialysis facility, included as Appendix A is a list of those facilities. Based on our records, in the past three years, we have referred for dialysis 5 patients year-to-date 2011, 14 patients in 2010 and 6 patients in 2009. These referrals are a component of the dialysis volumes as reported to the Renal Network by the dialysis facilities. Included as Appendix B is the patient origin information by facilities for the years YTD 2011, 2010 and 2009.

With regard to new patients referred for dialysis, for the year 2010, we have referred 14 new patients for hemodialysis. These referrals are a component of the dialysis volumes as reported to the Renal Network by the dialysis facilities. Included as Appendix C is a patient count by facility and zip code of newly referred patients.

Based upon a review of our 234 Pre-ESRD (Chronic Kidney Disease) patients that currently are in CKD Stage 3, 4, and 5, we anticipate referring 24.3% of those patients for dialysis within 2 years. Of those patients and current ESRD patients, we anticipate referring 57 ESRD patients, who live in Cook County, to U.S. Renal Care Streamwood Dialysis for dialysis within 2 years after completion of the facility. The anticipated referrals exceed the historic referrals due to the formation of the practice during the years 2008-2010 and the associated building of the patient base.

We respectfully ask the Board to approve the U.S. Renal Care Streamwood Dialysis CON application to provide in center hemodialysis services for this growing ESRD population in Cook County. Thank you for your consideration.

We attest to the fact that to the best of our knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other CON application.

Respectfully,

Signature: ____________________
Name: GORDON R LANG
Title: President

Signature: ____________________
Name: PARVEEN NAAZ-IKRAMUDDIN
Title: SECRETARY

SUBSCRIBED and SWORN TO before me
this 20th day of May, 2011

Elvira T. Krug
Notary Public
Cook Cty IL

OFFICIAL SEAL
ELVIRA T KRUG
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:06/28/13

APPENDIX A – REFERRAL FACILITIES

Dialysis Center
ARA South Barrington
DSI Buffalo Grove
DSI Schaumburg
FMC Arlington Heights
FMC Elk Grove
FMC Hoffman Estates
FMC Rolling Meadows
Lexington of Streamwood
Provena St. Mary's Hospital

APPENDIX B – REFERRAL FACILITIES PATIENT ORIGIN

Year	Dialysis Center	Zip	Patients
2009	ARA South Barrington	60010	1
2009	FMC Hoffman Estates	60107	1
2009	FMC Hoffman Estates	60192	1
2009	FMC Rolling Meadows	60005	1
2009	FMC Rolling Meadows	60090	1
2009	FMC Rolling Meadows	60004	1
2009 Total			6
2010	DSI Buffalo Grove	60172	1
2010	DSI Schaumburg	60133	1
2010	DSI Schaumburg	60107	1
2010	FMC Arlington Heights	60005	1
2010	FMC Elk Grove	60133	1
2010	FMC Elk Grove	60188	1
2010	FMC Hoffman Estates	60195	1
2010	FMC Hoffman Estates	60110	1
2010	FMC Hoffman Estates	60169	2
2010	FMC Hoffman Estates	60102	1
2010	FMC Rolling Meadows	60110	1
2010	Lexington of Streamwood	60120	1
2010	Glenview Dialysis Center	60026	1
2010 Total			14
2011	ARA South Barrington	60107	1
2011	DSI Schaumburg	60193	1
2011	DSI Schaumburg	60107	1
2011	DSI Schaumburg	60133	1
2011	FMC Rolling Meadows	60169	1
2010 Total			5
Grand Total			25

APPENDIX C – NEW REFERRALS

Dialysis Center	Zip	Patients
DSI Buffalo Grove	60172	1
DSI Schaumburg	60133	1
DSI Schaumburg	60107	1
FMC Arlington Heights	60005	1
FMC Elk Grove	60133	1
FMC Elk Grove	60188	1
FMC Hoffman Estates	60195	1
FMC Hoffman Estates	60110	1
FMC Hoffman Estates	60169	2
FMC Hoffman Estates	60102	1
FMC Rolling Meadows	60110	1
Lexington of Streamwood	60120	1
Glenview Dialysis Center	60026	1

APPENDIX 2
MAPQUEST MAPS OF FACILITIES

1870970-1

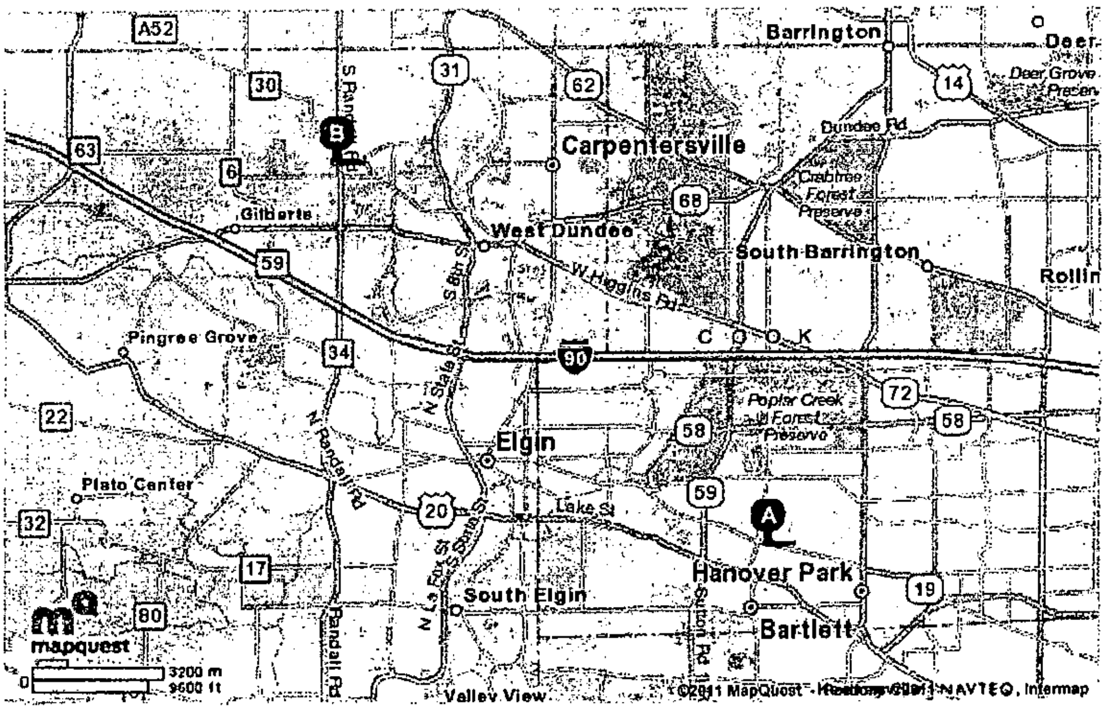
KEY	Name	MEDICARE	IDPHNO	Map Address	TELEPHONE	City	Zipcode	COUNTY	HSA	STATIONS
157	Quality Renal Care-Dundee (Annexed into Carpenters	14-2598	5001318	2203 Randall Road	847-426-6456	Dundee	60110	Kane	8	13
212	Fresenius Medical Care Elgin			2130 Point Boulevard		Elgin	60123	Kane	8	12
161	Sherman Hospital	14-2303	5000427	536 Dundee Street,	847-429-8754	Elgin	60120	Kane	8	14
200	Fresenius Medical Care of West Chicago			1859 North Neltnor Boulevard		West Chicago	60185	DuPage	7	12
143	FMC - Central DuPage			1300 South Oak Street	781-402-9000	West Chicago	60185	DuPage	7	16
100	DSI - Schaumburg			1156 South Roselle Road	708-836-3810	Schaumburg	60193	Suburban Cook	7	14
99	ARA-South Barrington Dialysis			33 W. Higgins Road	813-866-1204	Barrington	60010	Suburban Cook	7	11
120	FMC - Hoffman Estates	14-2547	5000534	3150 West Higgins Road	847-310-0074	Schaumburg	60195	Suburban Cook	7	17
215	Fresenius Medical Care Lombard			1940 Springer Drive		Lombard	60148	DuPage	7	12
115	FMC - Glendale Heights	14-2617	5001433	520 North Avenue	630-858-8025	Glendale Heights	60139	DuPage	7	17
110	FMC - Elk Grove	14-2507	5000435	820 Belsterfield Road	847-437-0824	Elk Grove Village	60007	Suburban Cook	7	28
136	FMC - Rolling Meadows	14-2525	5000781	4180 Winnetka Avenue	847-358-7900	Rolling Meadows	60008	Suburban Cook	7	24
101	DSI - Arlington Heights			17 West Golf Road		Arlington Heights	60005	Suburban Cook	7	18
218	Fresenius Medical Csre Palatine			605 E. Dundee Road		Palatine	60074	Cook	7	12
104	DSI Buffalo Grove			890 Grove Drive	(708)836-381	Buffalo Grove	60089	Suburban Cook	7	16
228	Fresenius Medical Care Des Plaines			1625 Oakton Place		Des Plaines	60018	Cook	7	12

Appendix 2

mapquest

Notes

Trip to:
2203 Randall Rd
Carpentersville, IL 60110-3355
15.48 miles
21 minutes

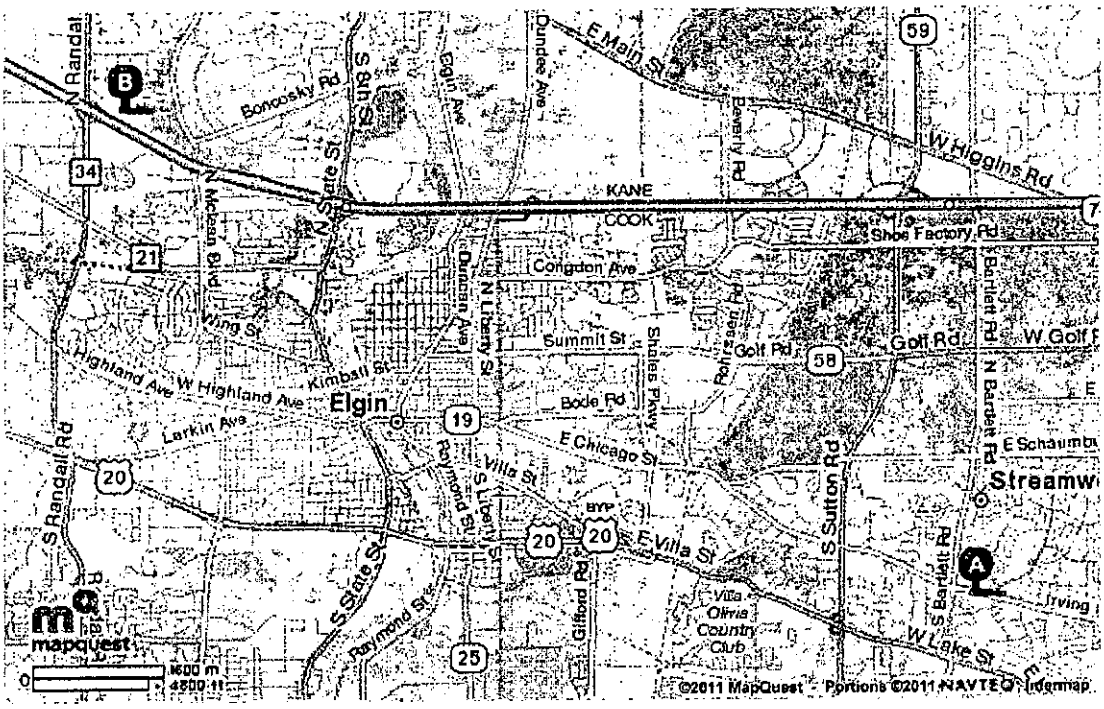


Appendix 2

mapquest

Notes

Trip to:
2130 Point Blvd
Elgin, IL 60123-9215
13.29 miles
19 minutes

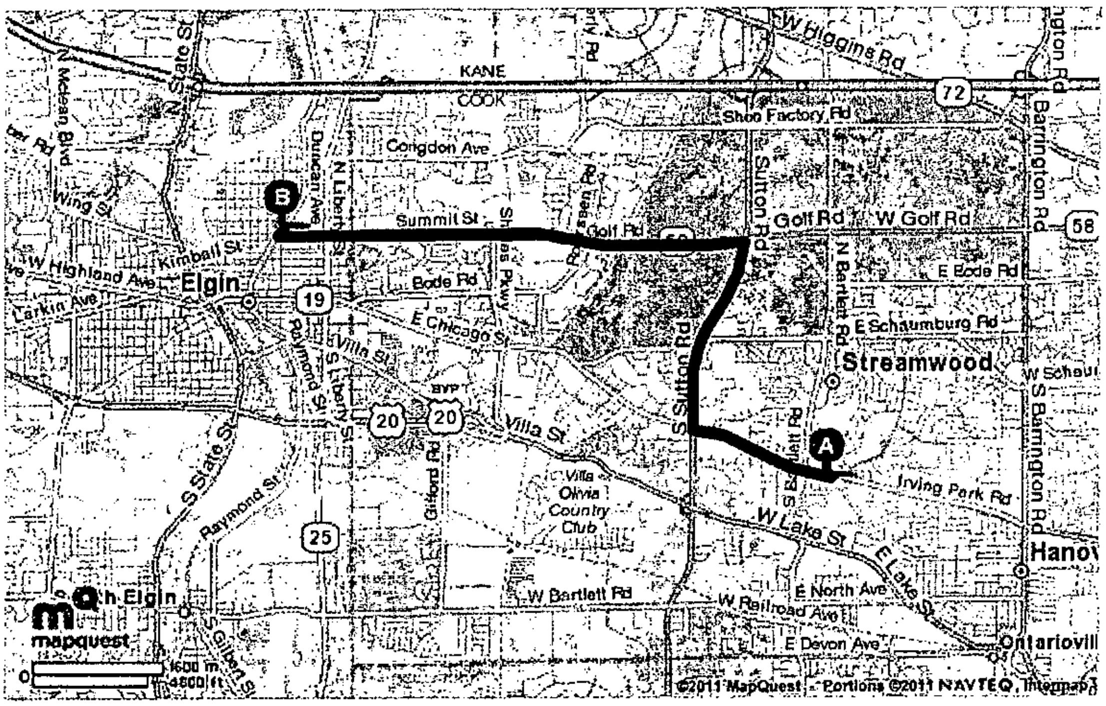


Appendix 2

mapquest

Notes

Trip to:
536 Dundee Ave
Elgin, IL 60120-3855
7.57 miles
12 minutes

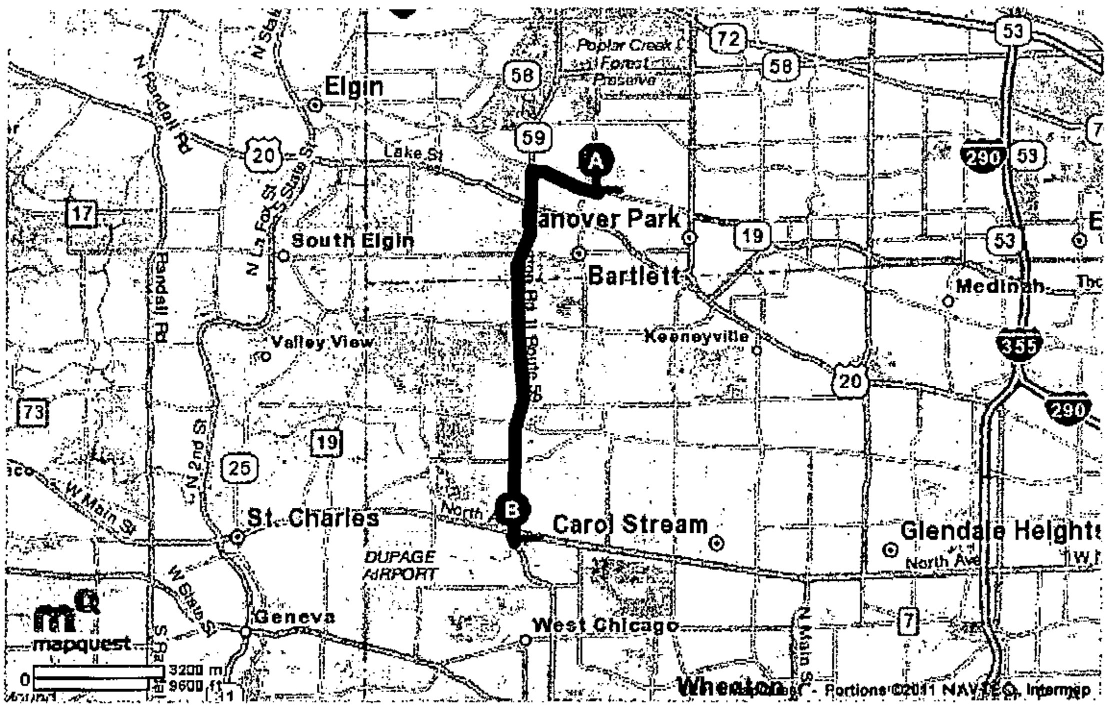


Appendix 2

mapquest

Notes

Trip to:
1859 N Neltnor Blvd
West Chicago, IL 60185-5900
8.75 miles
13 minutes

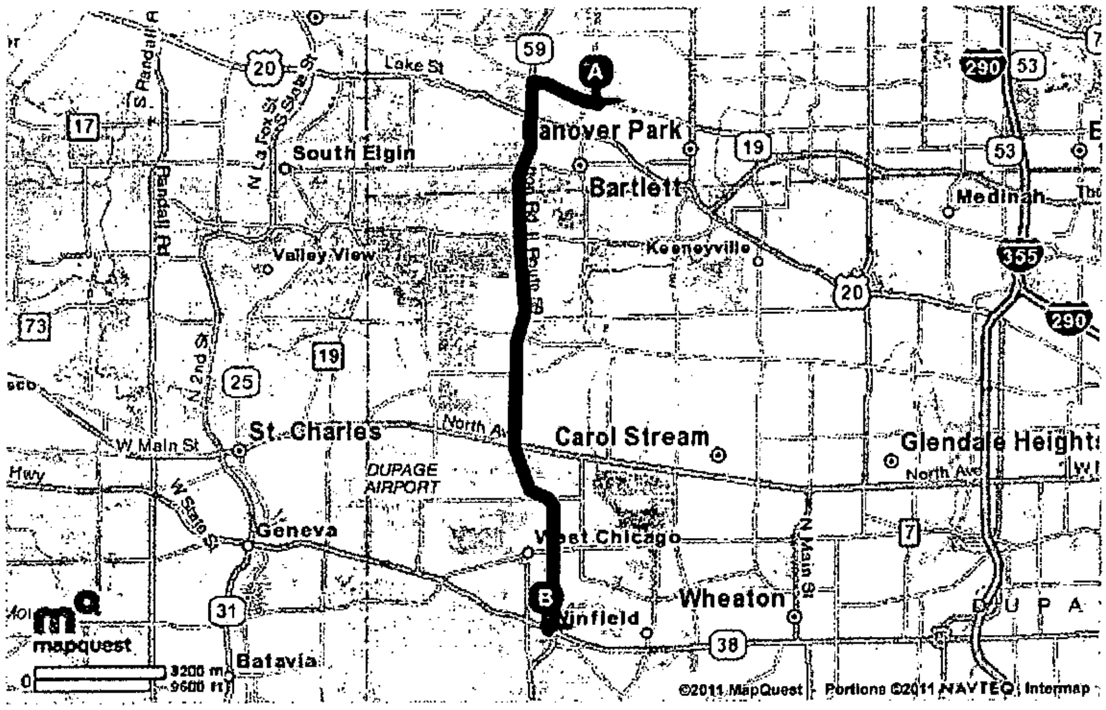


Appendix 2

mapquest

Notes

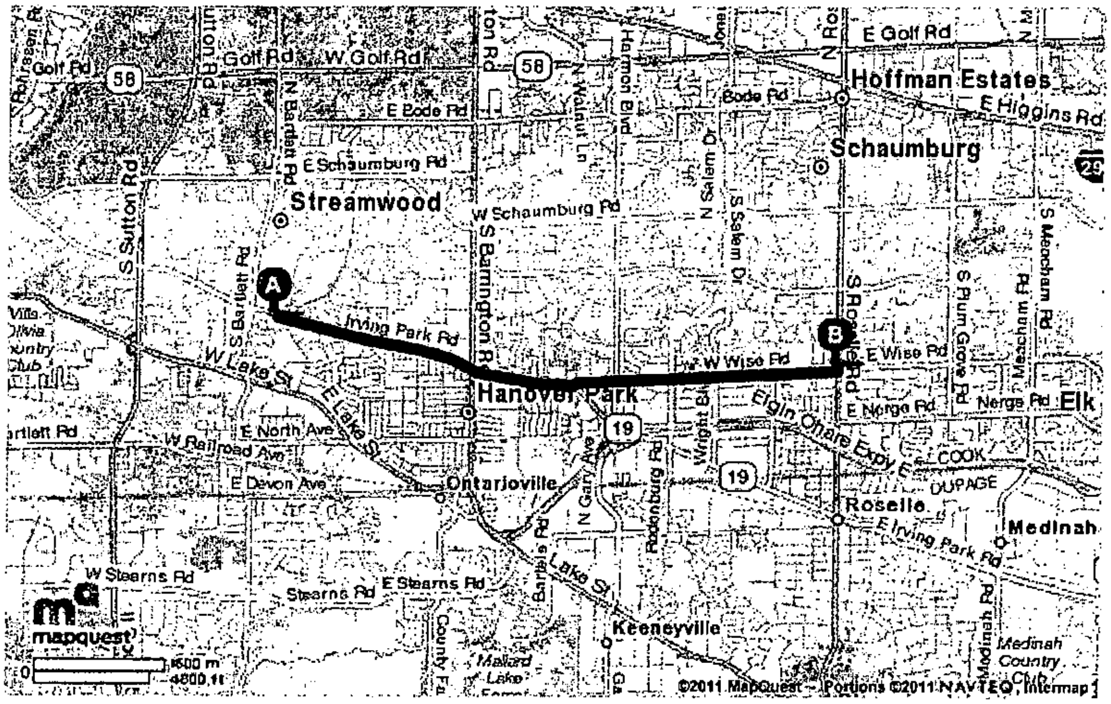
Trip to:
1300 S Oak St
West Chicago, IL 60185-3944
12.59 miles
20 minutes



Appendix 2

Notes

Trip to:
1156 S Roselle Rd
Schaumburg, IL 60193-4072
5.24 miles
12 minutes



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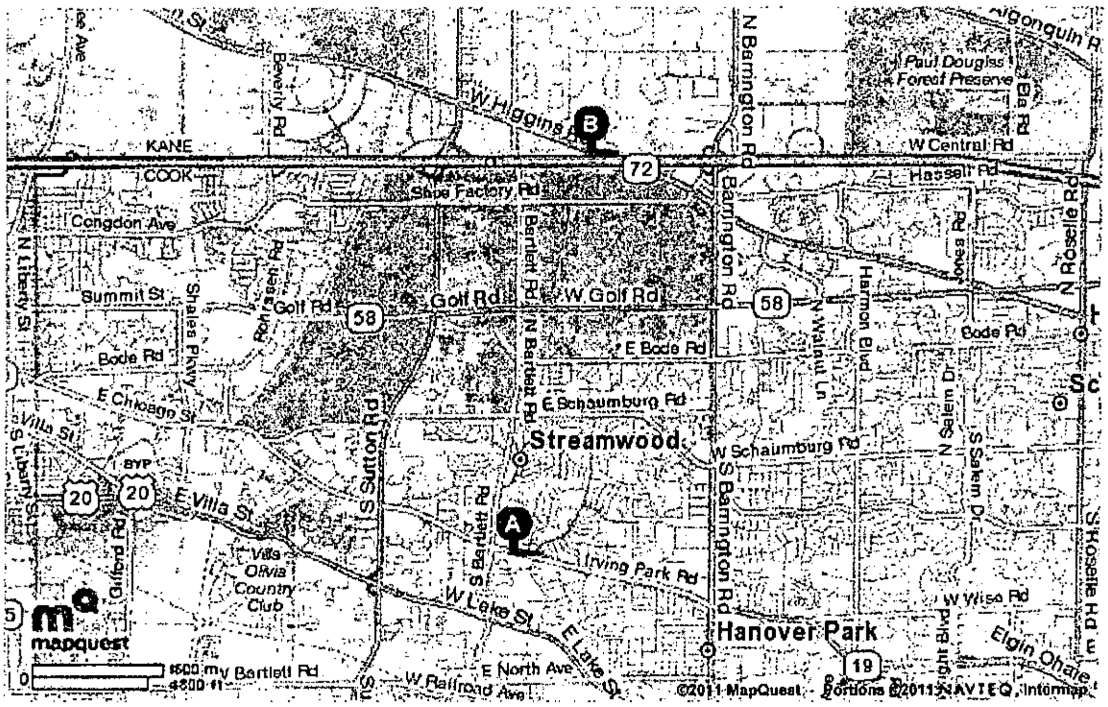
Appendix 2

Notes

Trip to:
33 W Higgins Rd
South Barrington, IL 60010-9115
5.08 miles
8 minutes



Directions and maps are informational only. We make no warranties on the accuracy of their content, road conditions or route usability or expeditiousness. You assume all risk of use. MapQuest and its suppliers shall not be liable to you for any loss or delay resulting from your use of MapQuest. Your use of MapQuest means you agree to our Terms of Use

Appendix 2

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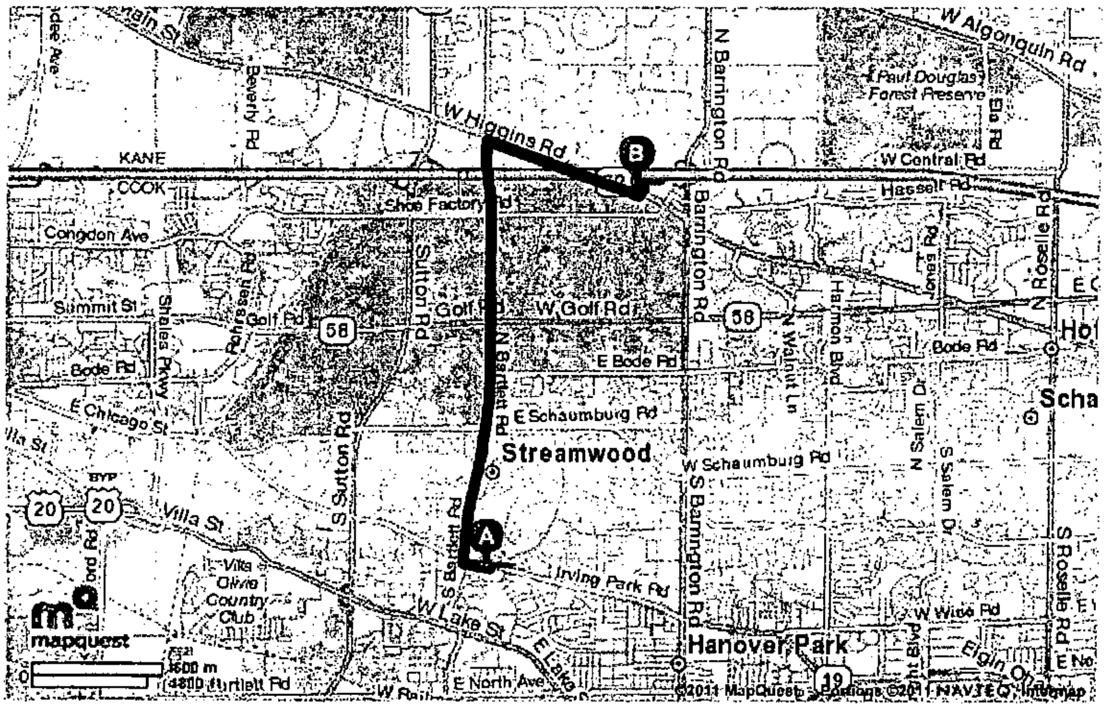
Notes

Trip to:
3150 W Higgins Rd
Hoffman Estates, IL 60169-7237
5.92 miles
10 minutes

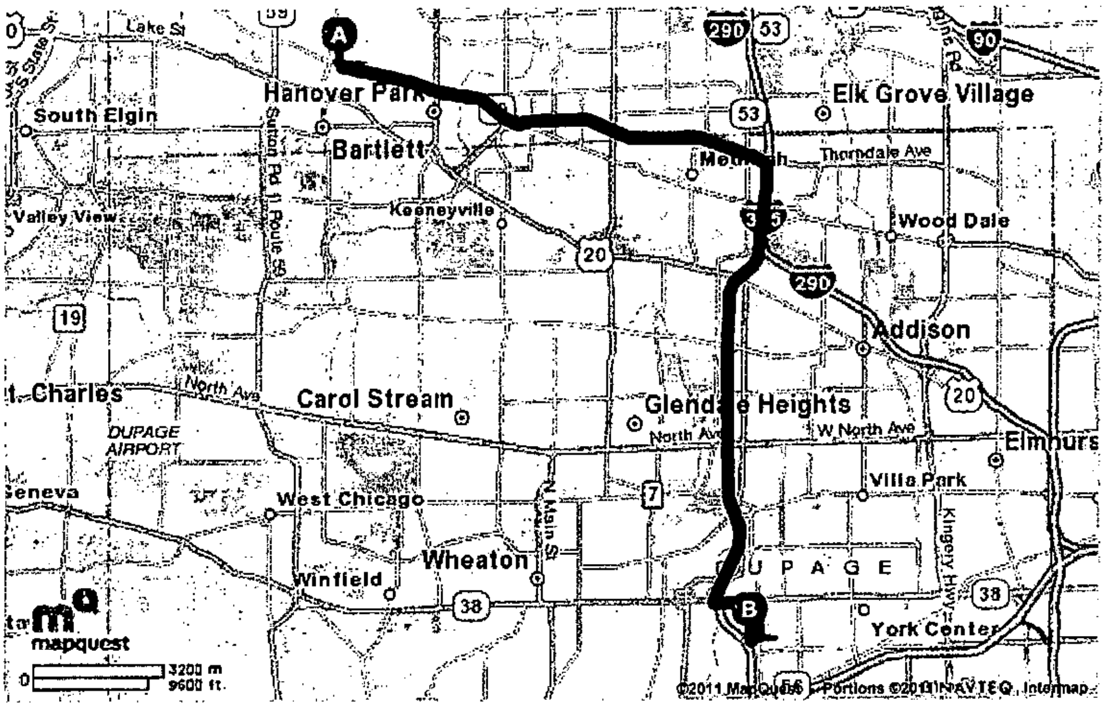


Appendix 2

mapquest

Notes

Trip to:
1940 Springer Dr
Lombard, IL 60148-6419
19.18 miles
31 minutes

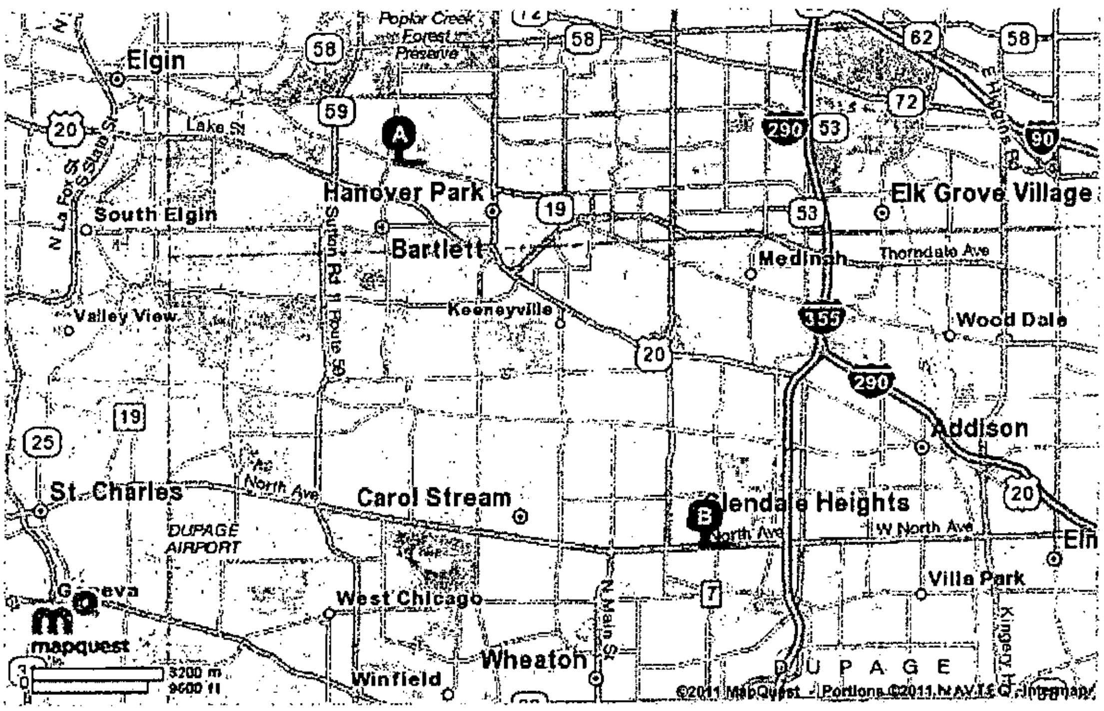


Appendix 2

mapquest

Notes

Trip to:
520 North Ave
Glendale Heights, IL 60139-3119
12.83 miles
23 minutes

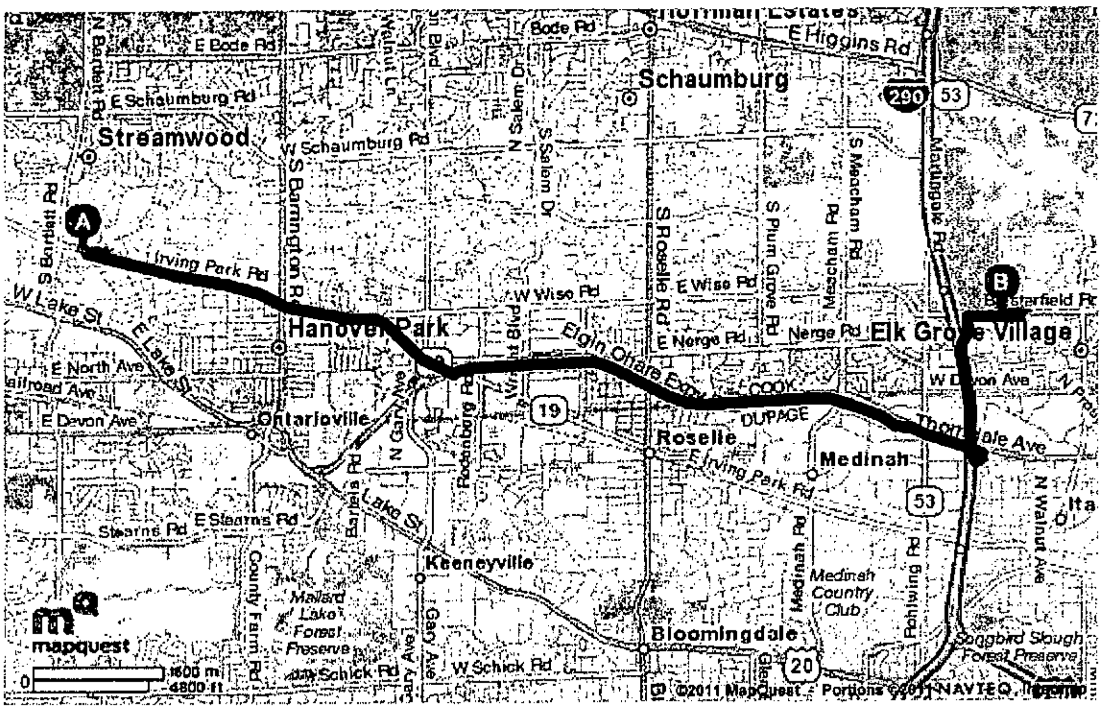


Appendix 2

mapquest

Notes

Trip to:
820 Biesterfield Rd
Elk Grove Village, IL 60007-7335
10.74 miles
18 minutes

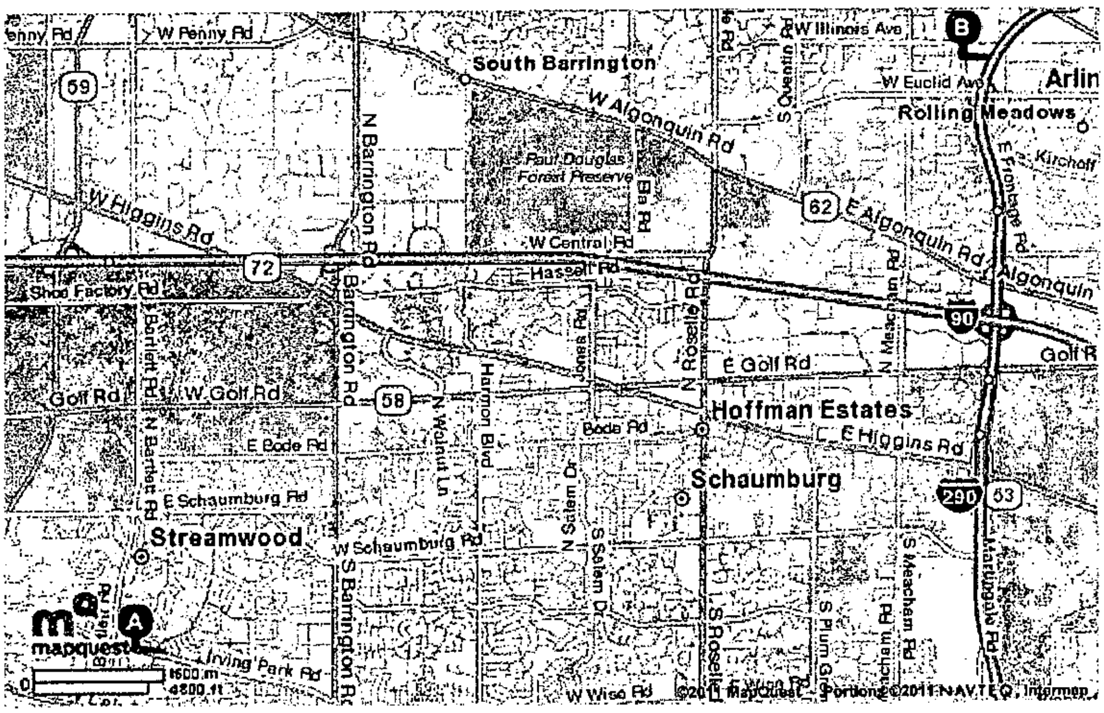


Appendix 2

mapquest

Notes

Trip to:
4180 Winnetka Ave
Rolling Meadows, IL 60008-1375
12.79 miles
22 minutes

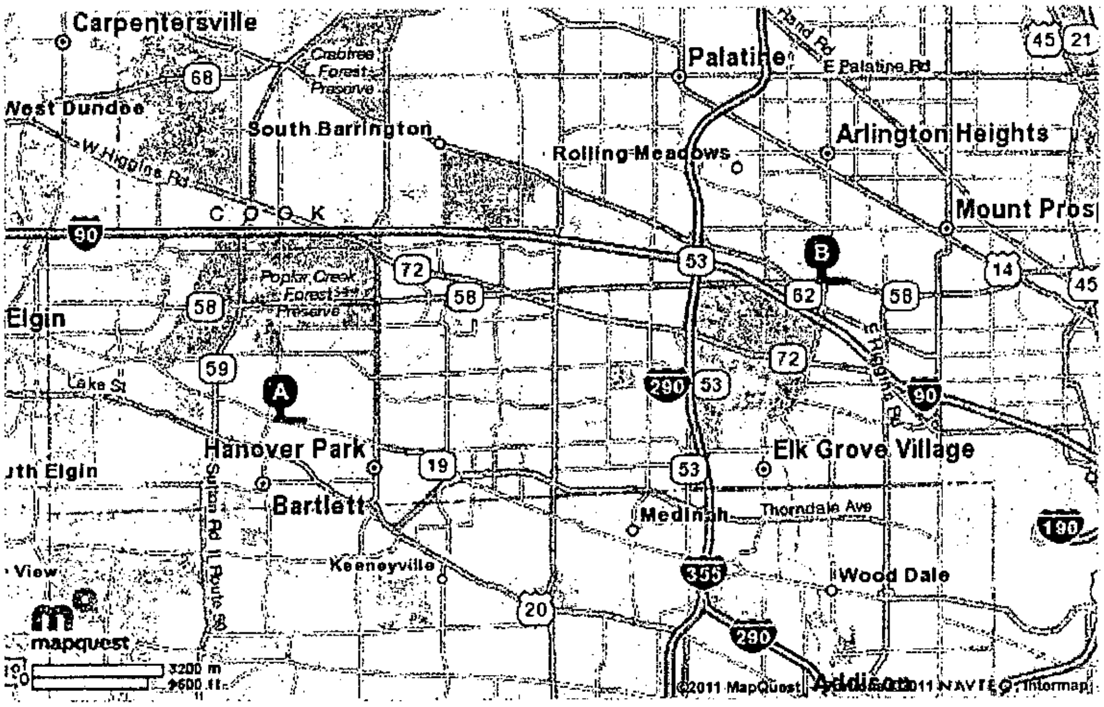


Appendix 2

mapquest

Notes

Trip to:
17 W Golf Rd
Arlington Heights, IL 60005-3905
12.67 miles
23 minutes

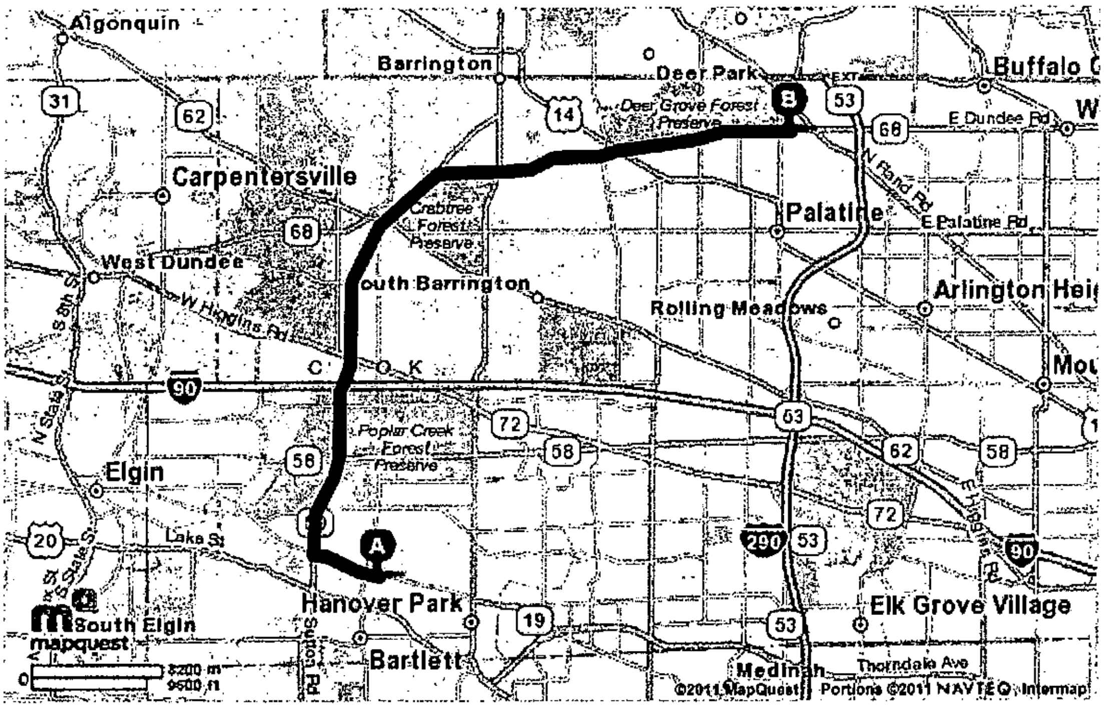


Appendix 2

mapquest

Notes

Trip to:
605 E Dundee Rd
Palatine, IL 60074-2817
16.30 miles
24 minutes

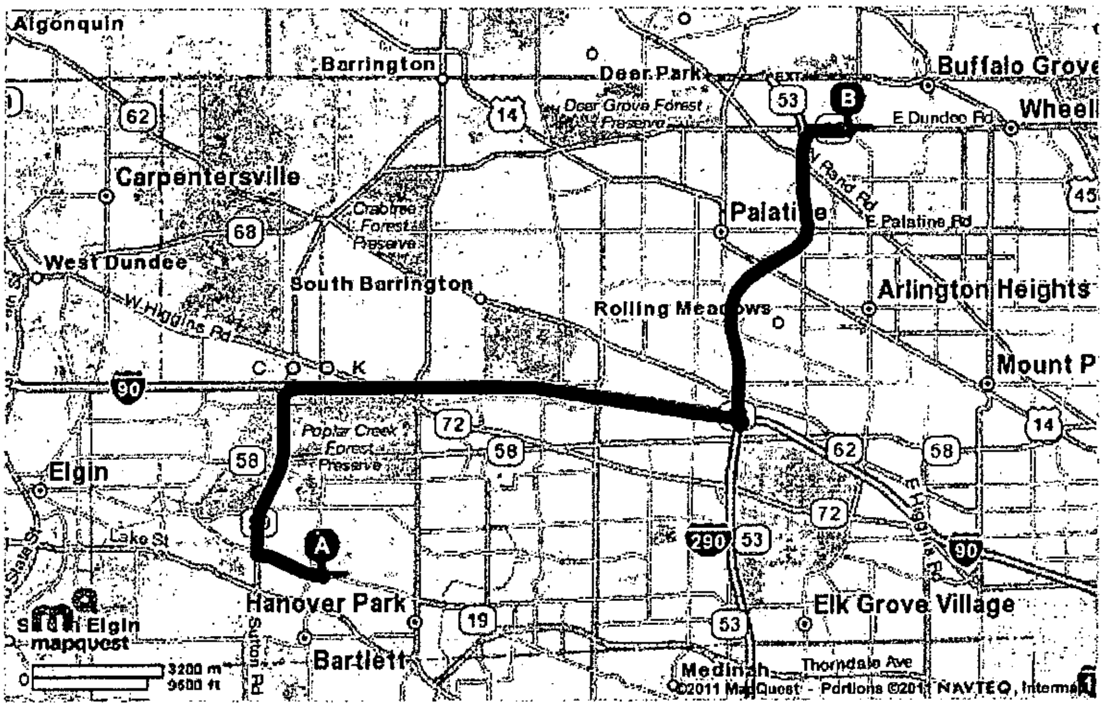


Appendix 2

mapquest

Notes

Trip to:
890 Grove Dr
Buffalo Grove, IL 60089
20.66 miles
28 minutes

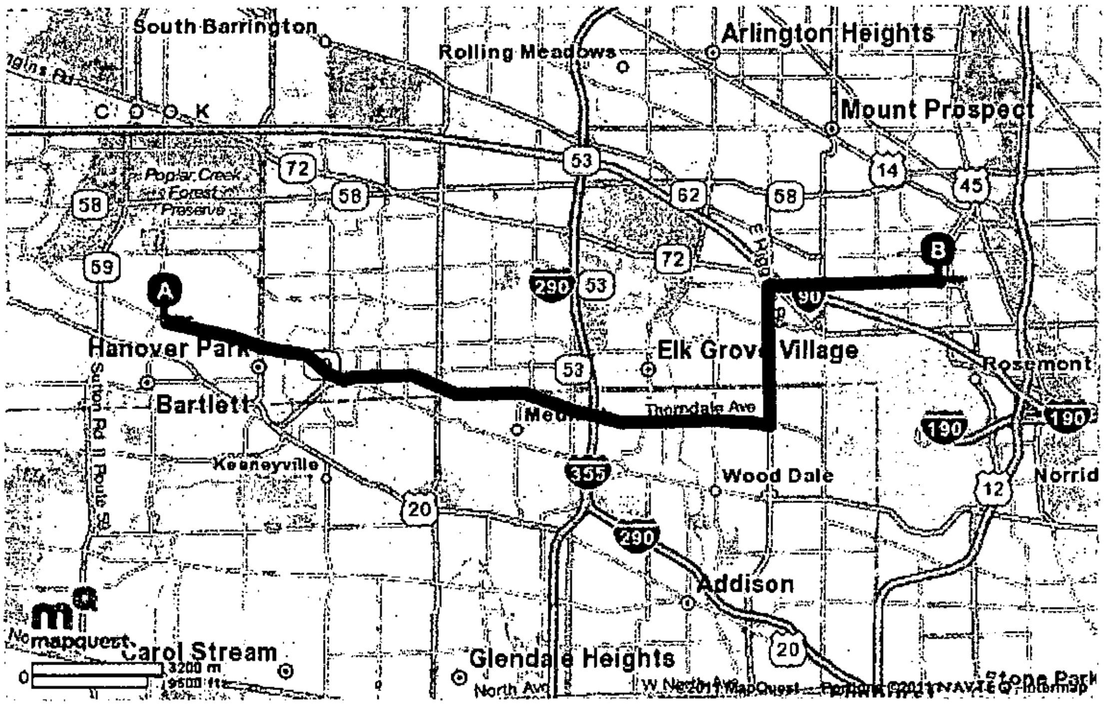


Appendix 2

mapquest

Notes

Trip to:
1625 Oakton Pl
Des Plaines, IL 60018-2002
17.79 miles
30 minutes



Appendix 2