

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2014
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information						
1a Name of plan CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN	<table border="1"> <tr> <td>1b Three-digit plan number (PN) ▶</td> <td><u>001</u></td> </tr> <tr> <td>1c Effective date of plan</td> <td><u>08/01/2005</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan	<u>08/01/2005</u>		
1b Three-digit plan number (PN) ▶	<u>001</u>						
1c Effective date of plan	<u>08/01/2005</u>						
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) CORNERSTONE HEALTHCARE GROUP HOL 2200 ROSS AVE STE 5400 DALLAS, TX 75201	<table border="1"> <tr> <td>2b Employer Identification Number (EIN)</td> <td><u>20-2967059</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number</td> <td><u>469-621-6701</u></td> </tr> <tr> <td>2d Business code (see instructions)</td> <td><u>622000</u></td> </tr> </table>	2b Employer Identification Number (EIN)	<u>20-2967059</u>	2c Plan Sponsor's telephone number	<u>469-621-6701</u>	2d Business code (see instructions)	<u>622000</u>
2b Employer Identification Number (EIN)	<u>20-2967059</u>						
2c Plan Sponsor's telephone number	<u>469-621-6701</u>						
2d Business code (see instructions)	<u>622000</u>						

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/15/2015</u>	<u>DAN PERKINS</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:		4b EIN	
a Sponsor's name		4c PN	
5 Total number of participants at the beginning of the plan year		5	2414
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	2167
a(2) Total number of active participants at the end of the plan year		6a(2)	2327
b Retired or separated participants receiving benefits		6b	0
c Other retired or separated participants entitled to future benefits.....		6c	319
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	2646
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	1
f Total. Add lines 6d and 6e		6f	2647
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	1942
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	87
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3D 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply)		9b Plan benefit arrangement (check all that apply)	
(1) ☐ Insurance		(1) ☐ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts		(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust		(3) ☒ Trust	
(4) ☐ General assets of the sponsor		(4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules		b General Schedules	
(1) ☒ R (Retirement Plan Information)		(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary		(2) ☐ I (Financial Information – Small Plan)	
(3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		(3) ☐ A (Insurance Information)	
		(4) ☒ C (Service Provider Information)	
		(5) ☒ D (DFE/Participating Plan Information)	
		(6) ☐ G (Financial Transaction Schedules)	

Part III**Form M-1 Compliance Information (to be completed by welfare benefit plans)**

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2014
		This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CORNERSTONE HEALTHCARE GROUP HOL</u>	D Employer Identification Number (EIN) <u>20-2967059</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIDELITY DISTRIBUTORS CORP. 500 SALEM STREET
MAIL ZONE O3N
SMITHFIELD, RI 02917

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

J.P. MORGAN INVESTMENT MANAGEMENT I

13-3200244

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

JANUS DISTRIBUTORS, LLC 151 DETROIT STREET
DENVER, CO 80206

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

METLIFE STABLE INVESTMENTS 485-B ROUTE ONE SOUTH
3RD FLOOR
ISELIN, NJ 08830

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MFS FUND DISTRIBUTORS, INC.

04-2747644

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRINCIPAL FUNDS DISTRIBUTOR, INC.

1100 INVESTMENT BLVD
STE. 200
EL DORADO HILLS, CA 95762

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRUDENTIAL INVESTMENTS LLC

22-3468527

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

VANGUARD

455 DEVON PARK DRIVE
WAYNE, PA 19087

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

ADP, LLC

13-3036745

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 50 15 64 49 99	RECORD KEEPER	199041	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

ADP BROKER-DEALER

22-3319984

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
60 59	RECORD KEEPER	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
FIDELITY DISTRIBUTORS CORP. 500 SALEM STREET MAIL ZONE O3N SMITHFIELD, RI 02917	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
J.P. MORGAN INVESTMENT MANAGEMENT I 13-3200244	ANNUAL RATE 0.00100 OF AVERAGE DAILY ASSETS ANNUAL RATE 0.00100 OF AVERAGE DAILY ASSETS	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
JANUS DISTRIBUTORS, LLC 151 DETROIT STREET DENVER, CO 80206	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MFS FUND DISTRIBUTORS, INC. 04-2747644	ANNUAL RATE 0.00150 OF AVERAGE DAILY ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRINCIPAL FUNDS DISTRIBUTOR, INC. 1100 INVESTMENT BLVD STE. 200 EL DORADO HILLS, CA 95762	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
ADP BROKER-DEALER	60 59	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PRUDENTIAL INVESTMENTS LLC 22-3468527	ANNUAL RATE 0.00250 OF AVERAGE DAILY ASSETS	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: BDO USA, LLP	b EIN: 13-5381590
c Position: ACCOUNTANT	
d Address: 3601 C STREET SUITE 600 ANCHORAGE, AK 99503	e Telephone: 907-278-8878

Explanation: TERMINATION

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large; font-weight: bold;">2014</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
---	---	--

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

<p>A Name of plan CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN</p>	<p>B Three-digit plan number (PN) ▶ 001</p>	
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 CORNERSTONE HEALTHCARE GROUP HOL</p>	<p>D Employer Identification Number (EIN) 20-2967059</p>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)
(Complete as many entries as needed to report all interests in DFEs)	

<p>a Name of MTIA, CCT, PSA, or 103-12 IE: METLIFE STABLE VALUE J</p>		
<p>b Name of sponsor of entity listed in (a): WILMINGTON TRUST RISC CIT</p>		
<p>c EIN-PN 26-0142858-094</p>	<p>d Entity code C</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1264074</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>
<p>a Name of MTIA, CCT, PSA, or 103-12 IE:</p>		
<p>b Name of sponsor of entity listed in (a):</p>		
<p>c EIN-PN</p>	<p>d Entity code</p>	<p>e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN</u>		B Three-digit plan number (PN) ► <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CORNERSTONE HEALTHCARE GROUP HOL</u>		D Employer Identification Number (EIN) <u>20-2967059</u>

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	626462	643998
(9) Value of interest in common/collective trusts	1c(9)	1132500	1264074
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	14275805	16715649
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	16034767	18623721

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	16034767	18623721
---	-----------	----------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	3276581	
(C) Others (including rollovers)	2a(1)(C)	129474	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		3406055
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	29571	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		29571
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	515162	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		515162
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		44867
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		714514
c Other income.....	2c		14582
d Total income. Add all income amounts in column (b) and enter total.....	2d		4724751

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1832944	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1832944
f Corrective distributions (see instructions).....	2f		69283
g Certain deemed distributions of participant loans (see instructions).....	2g		34488
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)	199082	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		199082
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2135797

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		2588954
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCGLADREY, LLP

(2) EIN: 42-0714325

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

- a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....
- b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
4d			
e Was this plan covered by a fidelity bond?	X		500000
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CORNERSTONE HEALTHCARE GROUP HOL</u>	D Employer Identification Number (EIN) <u>20-2967059</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>57-1198022</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Cornerstone LTAC 401(k) Retirement Savings Plan

Financial Report
December 31, 2014

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of net assets available for benefits	2
Statement of changes in net assets available for benefits	3
Notes to financial statements	4-11
Supplemental Schedule	
Schedule H, line 4(i) – schedule of assets (held at end of year)	12



Independent Auditor's Report

To the Plan Participants and Board of Trustees
 Cornerstone LTAC 401(k) Retirement Savings Plan
 Dallas, Texas

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Cornerstone LTAC 401(k) Retirement Savings Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified or provided by State Street Bank and Trust Company, the trustee of the Plan, except for comparing this information with the related information included in the financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained a certification from the trustee as of December 31, 2014, and for the year ended December 31, 2014, that the information provided to the Plan Administrator by the trustee is complete and accurate to the best of their knowledge.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – 2013 Financial Statements

The financial statements of the Plan as of December 31, 2013, were audited by other auditors whose report, dated August 13, 2014, did not express an opinion on the 2013 financial statements for the same reason described in the Basis for Disclaimer of Opinion paragraph. Their report also indicated the form and content of the information included in the 2013 financial statements, other than that derived from the information certified by the trustee, was presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Other Matter – Supplemental Schedule

The supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year), as of December 31, 2014, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purposes of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

McGladrey LLP

Dallas, Texas
 October 14, 2015

Cornerstone LTAC 401(k) Retirement Savings Plan

Statements of Net Assets Available for Benefits December 31, 2014 and 2013

	2014	2013
<u>Assets</u>		
Investments, at fair value:		
Common collective trust	\$ 1,264,074	\$ 1,144,693
Mutual funds	16,715,649	14,275,805
	<u>17,979,723</u>	<u>15,420,498</u>
Receivables:		
Employer contributions	118,632	-
Notes receivable from participants	643,998	629,625
	<u>762,630</u>	<u>629,625</u>
Total assets	<u>18,742,353</u>	<u>16,050,123</u>
<u>Liabilities</u>		
Excess contributions payable	<u>42,903</u>	<u>58,196</u>
Net assets available for benefits, at fair value	18,699,450	15,991,927
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(34,789)</u>	<u>(15,356)</u>
Net assets available for benefits	<u>\$ 18,664,661</u>	<u>\$ 15,976,571</u>

See Notes to Financial Statements.

Cornerstone LTAC 401(k) Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits Year Ended December 31, 2014

Additions to net assets attributed to:

Investment income:

Net appreciation in fair value of investments	\$ 739,950
Interest and dividends	515,162
	<u>1,255,112</u>

Interest income from notes receivable from participants	<u>29,571</u>
---	---------------

Contributions:

Participants	3,276,581
Employer	118,632
Rollovers	129,474
	<u>3,524,687</u>
Total additions	<u>4,809,370</u>

Deductions from net assets attributed to:

Benefits paid to participants	1,832,944
Deemed distributed loans	34,488
Corrective distributions	42,903
Administrative and other expenses	210,945
Total deductions	<u>2,121,280</u>

Net increase in net assets available for benefits	2,688,090
--	-----------

Net assets available for benefits:

Beginning of year	<u>15,976,571</u>
End of year	<u><u>\$ 18,664,661</u></u>

See Notes to Financial Statements.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

Note 1. Description of the Plan

General: The Cornerstone LTAC 401(k) Retirement Savings Plan (the Plan) is a defined contribution profit sharing 401(k) salary deferred plan covering many employees of, and sponsored by, Cornerstone Healthcare Group Holding, Inc. (the Company). The Plan was adopted on August 1, 2005 with amendments through 2008. On June 5, 2009 the Plan converted to a Volume Submitter basic plan document from a Prototype plan document. Both types of plan documents are Internal Revenue Service (IRS) pre-approved qualified defined contribution plans. All major features in the Plan have remained consistent. The Plan has a December 31 year-end. All eligible employees will become participants on the first entry date following the completion of one month of employment with entry dates on the first day of each month. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan Document or the Summary Plan Description for more complete information.

Plan administration: Cornerstone Healthcare Group Holdings, Inc. serves as the Plan sponsor and administrator. State Street Bank and Trust Company is the trustee of the Plan (the Trustee) and ADP Retirement Services, Inc. is the recordkeeper of the Plan (the Recordkeeper).

Contributions: Participants may elect to contribute, on a tax deferred basis, up to 60% of their eligible compensation, subject to certain limitations under the Internal Revenue Code (IRC). In addition, the Company may make discretionary matching contributions in an amount subject to determination on an annual basis by the Board of Directors of the Company. Participants must be employed on the last day of the plan year to be eligible to receive any Company contributions. Company contributions are funded on an annual basis. Total discretionary matching contributions were \$150,000 for the year ended December 31, 2014. The discretionary matching contribution was made subsequent to year end and was reduced by outstanding forfeitures of \$31,368. The net of these amounts is recorded as an employer receivable on the statement of net assets at December 31, 2014 and as employer contributions on the statement of changes in net assets for the year ended December 31, 2014.

The Company may also make discretionary profit sharing contributions for each eligible participant in an amount subject to determination on an annual basis by the Board of Directors of the Company. No discretionary profit sharing contributions were made for the year ended December 31, 2014.

Participant accounts: Each participant's account is credited with (a) the participant's contribution, (b) Employer matching contributions and profit sharing contributions, if applicable, and (c) an allocation of Plan earnings and administrative expenses based on account balances, as defined by the Plan. Plan earnings are allocated based on the number of shares in each participant's account in each investment fund.

Vesting: Participant contributions and actual earnings thereon are fully vested at all times. Vesting of employer contributions and actual earnings thereon are based upon the participant's years of service with the Company as listed below. Participants will become fully vested in all contributions upon death, disability, or normal retirement age. Below is the Plan's vesting table:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1 year	25%
2 years	50%
3 years	75%
4 years	100%

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

Notes receivable from participants: Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to 50% of their vested interest. Participants are allowed to have no more than one loan outstanding at any time. The repayment period for participant loans cannot exceed five years, except for loans used for the purchase of a participant's primary residence, which must be paid back within ten years. Principal and interest are paid ratably through payroll deductions. These loans are secured by the balance in the participant's account. Interest rates on outstanding loans as of December 31, 2014 ranged from 4.25% to 6.75% with various dates of maturity through June 2024.

Rollovers: Rollovers represent transfers of account balances of certain participant contributions into certain investments of the Plan from other qualified plans or individual retirement accounts.

Payment of benefits: Benefits in the form of a lump sum payment may be distributed to a participant or a participant's beneficiary upon retirement, the participant's reaching the age of 59-1/2, death, disability, hardship or termination of employment. If a participant's vested balance is less than \$5,000, benefits shall be distributed to the participant through a lump sum distribution, or, if no election has been made by the participant, through a direct rollover into an Individual Retirement Account (IRA).

Administrative expenses: The administrative expenses of the Plan are paid by the Plan, unless paid by the Company, at its discretion. Administrative expenses include participant based transaction expenses such as distribution and loan fees as well as Plan related expenses. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

Forfeited accounts: Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. At December 31, 2014 and 2013, forfeitures available to reduce future employer contributions totaled approximately \$31,000 and \$21,000, respectively. During 2015 the plan used approximately \$31,000 in forfeitures to reduce employer contributions for the year ended December 31, 2014.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting.

Investment valuation and income recognition: Investments are maintained by State Street Bank and Trust Company and are stated at fair value. Shares of mutual funds are valued at quoted market prices that represent the net asset value of shares held by the Plan at year-end. Units of the MetLife Stable Value fund (a common collective trust) are valued at fair value based on the unit values of the funds. Unit values are determined by the institution sponsoring such funds by dividing each fund's net assets at fair value by its units outstanding at each valuation date.

As described in ASC 962 (formerly known as FASB issued staff position No. AAG INV-1 and Statement of Position (SOP) 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by ASC 962, the accompanying statement of net assets available for benefits presents the fair value of the common collective trusts, as well as the adjustment of the fully benefit-responsive common collective trusts from fair value to contract value. The accompanying statement of changes in net assets available for benefits is prepared on a contract value basis.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of investments are recorded on a trade-date basis. The statement of changes in net assets available for benefits include net appreciation which represents the unrealized appreciation/depreciation for the year on investments held at year-end and realized appreciation/depreciation on investments sold during the year. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Notes receivable from participants: Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document. There was no allowance at December 31, 2014 or 2013 as the loans are fully collateralized by the participants' accounts.

Fully benefit-responsive investment contracts: The Plan maintains an investment in a MetLife Stable Value Fund, a fully benefit-responsive common collective trust. The fund invests primarily in investment contracts such as guaranteed investment contracts (GICs) and entered into wrapper contracts with underlying securities to create synthetic GICs. The contract value is generally equal to the principal amounts invested in the underlying investments, plus interest accrued at a crediting interest rate established under the contract, less any adjustments for withdrawals and any applicable administrative expenses. An investment contract is generally valued at contract value, rather than fair value, to the extent it is fully benefit-responsive.

The average yield of the MetLife Stable Value Fund based on actual earnings was approximately 4.61% and 1.94% at December 31, 2014 and 2013, respectively. The average yield of the fully benefit-responsive investment contracts based on interest rate credited to participants was approximately 2.04% and 2.21% at December 31, 2014 and 2013, respectively.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts or net assets available for benefits and changes therein and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

Contributions and contribution receivables: Contributions are recorded on the accrual method of accounting. Contribution receivables are obligations arising from amounts owed to the Plan from the participants or the Employer that have not been included in the Plan's investments at year end. Contribution receivables are recorded at cost, which approximates their fair value. There were \$118,632 of contribution receivables at December 31, 2014 and no contribution receivables at December 31, 2013.

Payment of benefits: Benefits are recorded when paid.

Recent accounting pronouncements: In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820): *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (Or Its Equivalent)*. The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statement of financial position. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The amendments in this update are effective for fiscal years beginning after December 31, 2016. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. Plan management is currently evaluating the impact this update will have on the Plan's financial statements.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015- 12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965) – (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient (a consensus of the FASB Emerging Issues Task Force)*. The purpose of this update is to simplify plan accounting.

- The amendments in Part I of this update designate contract value as the only required measure for direct investments in fully benefit-responsive investment contracts. Fully benefit responsive investment contracts will be presented at contract value; accordingly there will no longer be an adjustment from fair value to contract value on the face of the financial statements.
- The amendments in Part II of this update will eliminate the requirements for plans to disclose (1) individual investments that represent 5% or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type for both participant-directed investments and nonparticipant-directed investments. The net appreciation or depreciation in investments for the period will still be required to be presented in the aggregate. The amendments in Part II of this update will also require that investments (both participant directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. In addition, if an investment is measured using the net asset value per share (or its equivalent) practical expedient in Topic 820 and that investment is in a fund that files a U.S. Department of Labor Form 5500, *Annual Return/Report of Employee Benefit Plan*, as a direct filing entity, disclosure of that investment's strategy will no longer be required.
- The amendments in Part III of this update reduce complexity in employee benefit plan accounting by providing a practical expedient that permits plans to measure investments and investment related accounts as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end.

The update may be adopted in whole or by part (I, II, and III), as applicable. The amendments in this update are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. Upon adoption, the amendments in Parts I and II shall be applied retrospectively to all periods presented; the amendments in Part III shall be applied prospectively. Plan management is currently evaluating the impact this update will have on the Plan's financial statements.

Subsequent events: The Plan Administrator has evaluated events or transactions for potential recognition or disclosure through October 14, 2015, the date on which the financial statements were available to be issued. Subsequent to December 31, 2014, the plan changed service providers to John Hancock.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

Note 3. Information Certified or Provided by State Street Bank and Trust Company

The following is a summary of the Plan's asset and income information as of December 31, 2014 and 2013, and for the year ended December 31, 2014, included throughout the Plan's financial statements and supplemental schedule, that was prepared by or derived from information provided by the trustee and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from the trustee that information provided to the Plan Administrator by the trustee related to the following assets is complete and accurate to the best of their knowledge. Accordingly, as permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and the supplemental schedule related to the following assets:

	2014	2013
Investments:		
Common collective trusts - fair value	\$ 1,264,074	\$ 1,144,693
Common collective trusts - contract value	1,229,285	1,129,337
Mutual funds - fair value	16,715,649	14,275,805
Notes receivable from participants	643,998	629,625

The trustee also certified to the completeness and accuracy of \$714,513 of net appreciation in fair value of mutual funds, \$25,437 of net appreciation in fair value of common collective trusts, \$515,162 of interest and dividend income on mutual funds and \$29,571 of interest income on notes receivable from participants related to the aforementioned assets for the year ended December 31, 2014.

Note 4. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

The following tables set forth by level within the fair value hierarchy the Plan investment assets at fair value, as of December 31, 2014 and 2013. There have been no changes in the methodologies used at December 31, 2014 and 2013. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan held no Level 3 investments during 2014 or 2013.

	Level 1	Level 2	Level 3	Total
2014:				
Mutual funds:				
Equity funds:				
Fidelity Contrafund *	\$ 1,616,880	\$ -	\$ -	\$ 1,616,880
JP Morgan Equity Income Fund *	1,008,259	-	-	1,008,259
Others	2,307,031	-	-	2,307,031
Target date funds:				
Vanguard Target Ret 2025 *	1,976,702	-	-	1,976,702
Vanguard Target Ret 2035 *	1,961,116	-	-	1,961,116
Vanguard Target Ret 2020 *	1,349,705	-	-	1,349,705
Vanguard Target Ret 2030 *	1,120,289	-	-	1,120,289
Vanguard Target Ret 2040 *	998,244	-	-	998,244
Others	2,073,171	-	-	2,073,171
Bond funds	1,474,264	-	-	1,474,264
International funds	829,988	-	-	829,988
Common collective trust:				
MetLife Stable Value *	-	1,264,074	-	1,264,074
Total investments at fair value	\$ 16,715,649	\$ 1,264,074	\$ -	\$ 17,979,723
2013:				
Mutual funds:				
Equity funds:				
Fidelity Contrafund *	\$ 1,486,642	\$ -	\$ -	\$ 1,486,642
Others	2,556,278	-	-	2,556,278
Target date funds:				
Vanguard Target Ret 2025 *	1,711,885	-	-	1,711,885
Vanguard Target Ret 2035 *	1,629,206	-	-	1,629,206
Vanguard Target Ret 2020 *	1,093,768	-	-	1,093,768
Vanguard Target Ret 2030 *	920,182	-	-	920,182
Vanguard Target Ret 2015 *	880,068	-	-	880,068
Others	1,750,974	-	-	1,750,974
Bond funds	1,350,325	-	-	1,350,325
International funds	896,477	-	-	896,477
Common collective trust:				
MetLife Stable Value *	-	1,144,693	-	1,144,693
Total investments at fair value	\$ 14,275,805	\$ 1,144,693	\$ -	\$ 15,420,498

*Represents 5% or more of the Plan's net assets

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

During the year ended December 31, 2014, the Plan did not make any transfers between Level 1, 2, or 3 assets or liabilities.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

The following table sets forth additional disclosures of the Plan's Investments whose fair value is estimated using net asset value per share (or its equivalent) as of December 31, 2014 and 2013:

	Fair Value		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2014	2013			
Common collective trust (a)	\$ 1,264,074	\$ 1,144,693	\$ -	Daily	None

- (a) This category consists of a stable value fund seeking to provide income while preventing price fluctuations. The fund invests in a diversified portfolio of bonds and enters into wrapper agreements with financial companies to guarantee against fluctuations in their share prices. These wrapper agreements typically provide price stability on a day-to-day basis, thereby insulating each portfolio's net asset value from interest-rate volatility.

Note 5. Parties-In-Interest

State Street Bank and Trust Company is a party-in-interest and has issued investments held by the Plan as noted in the attached supplemental schedule. Notes receivable from participants and the related interest income are considered related party transactions.

Note 6. Plan Termination

Although it has not expressed such intent, the Company reserves the right to terminate the Plan, subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts.

Note 7. Risks and Uncertainties

The Plan invests in various investment Securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 8. Tax Status

The Plan obtained its latest determination letter in 2014, in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has not been amended since receiving the determination letter.

Cornerstone LTAC 401(k) Retirement Savings Plan

Notes to Financial Statements

Note 9. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

Net assets available for benefits per the financial statements	\$ 18,664,661
Less current year total contribution receivables	(118,632)
Add adjustment to fair value from contract value	34,789
Add current year return of excess contribution	<u>42,903</u>
Net assets available for benefits per the Form 5500	<u>\$ 18,623,721</u>

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to the Form 5500:

Net increase in net assets available for benefits per the financial statements	\$ 2,688,090
Less current year contribution receivables	(118,632)
Less prior year return of excess contribution	(58,196)
Plus current year return of excess contribution	42,903
Plus current year change in contract value	19,433
Other	<u>15,356</u>
Net increase in net assets available for benefits per the Form 5500	<u>\$ 2,588,954</u>

Cornerstone LTAC 401(k) Retirement Savings Plan

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2014

EIN: 62-1474680

PN: 001

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment	Current Value
MetLife	Stable Value	\$ 1,264,074
Vanguard	Target Retirement 2050	532,502
Vanguard	Balanced Index Signal	427,594
Vanguard	Target Retirement 2015	705,095
Janus	Global Research T	410,650
JP Morgan	Equity Income Fund	1,008,259
Vanguard	Intermediate Term Bond	690,374
Fidelity	Contrafund	1,616,880
Fidelity	Spartan 500 Index	896,574
Prudential Investments	Jennison Midcap Growth	240,111
Vanguard	Retirement Income	356,296
Principal	Midcap R5	580,491
MFS	Research International R4	419,338
Vanguard	Target Retirement 2020	1,349,705
Vanguard	Target Retirement 2025	1,976,702
Vanguard	Target Retirement 2030	1,120,289
Vanguard	Target Retirement 2035	1,961,116
Vanguard	Target Retirement 2040	998,244
Vanguard	Target Retirement 2045	835,574
JP Morgan	Mid Cap Value Institutional	589,855
		<u>17,979,723</u>
* Participant loans	Interest rates ranging from 4.25% to 6.75%, maturity dates through June 2024	<u>643,998</u>
Total assets held for investment purposes		<u><u>\$ 18,623,721</u></u>

*Party-in-interest to the Plan.

The above information has been certified by State Street Bank and Trust Company, the custodian of the Plan, as complete and accurate to the best of their knowledge.

See Independent Auditor's Report.

Schedule C, Line 2(h) Formula Description

For those service providers listed on Line 2 for which Line 2(h) has been checked “yes”:

For a description of indirect compensation received by service providers listed on Line 2 that was disclosed as a formula, please see Line 3(e). Please note: If indirect compensation disclosed as a formula was received by a service provider from more than one source, there will be multiple Lines 3(e) for that service provider.

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN

EIN: 20-2967059

Plan Sponsor's Name CORNERSTONE HEALTHCARE GROUP HOL

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	VANGUARD TARGET RET 2050 - INV	REGISTERED INVESTMENT COMPANY		532,502
	VANGUARD TARGET RET 2040 - INV	REGISTERED INVESTMENT COMPANY		998,244
	VANGUARD TARGET RET 2015 - INV	REGISTERED INVESTMENT COMPANY		705,095
	JANUS GLOBAL RESEARCH T	REGISTERED INVESTMENT COMPANY		410,650
	JPMORGAN EQUITY INCOME FUND R5	REGISTERED INVESTMENT COMPANY		1,008,259
	VANGUARD TARGET RET 2045 - INV	REGISTERED INVESTMENT COMPANY		835,574
	VANGUARD BAL IDX - ADM	REGISTERED INVESTMENT COMPANY		427,594

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN

EIN: 20-2967059

Plan Sponsor's Name CORNERSTONE HEALTHCARE GROUP HOL

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	FIDELITY CONTRAFUND	REGISTERED INVESTMENT COMPANY		1,616,880
	FIDELITY SPARTAN 500 IDX - INV	REGISTERED INVESTMENT COMPANY		896,574
	JENNISON MID-CAP GROWTH - Z	REGISTERED INVESTMENT COMPANY		240,112
	VANGUARD TARGET RET INC - INV	REGISTERED INVESTMENT COMPANY		356,296
	PRINCIPAL MIDCAP R5	REGISTERED INVESTMENT COMPANY		580,491
	VANGUARD TARGET RET 2030 - INV	REGISTERED INVESTMENT COMPANY		1,120,289
	VANGUARD TARGET RET 2025 - INV	REGISTERED INVESTMENT COMPANY		1,976,702

Attachment to 2014 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name CORNERSTONE LTAC 401(K) RETIREMENT SAVINGS PLAN

EIN: 20-2967059

Plan Sponsor's Name CORNERSTONE HEALTHCARE GROUP HOL

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	VANGUARD INTERMEDIATE TERM BON	REGISTERED INVESTMENT COMPANY		690,375
	MFS RESEARCH INTL R4	REGISTERED INVESTMENT COMPANY		419,338
	VANGUARD TARGET RET 2020 - INV	REGISTERED INVESTMENT COMPANY		1,349,705
	VANGUARD TARGET RET 2035 - INV	REGISTERED INVESTMENT COMPANY		1,961,116
	JPMORGAN MID CP VALUE INSTL	REGISTERED INVESTMENT COMPANY		589,855
	PARTICIPANT LOANS	INTEREST RATES (4.25% TO 6.75%)		643,998
	METLIFE STABLE VALUE J	COMMON/COLLECTIVE TRUST		1,264,074