GLOBAL HEALTHCARE REIT, INC.
Form 10-K
April 15, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to ____________

Commission file number 0-15415

GLOBAL HEALTHCARE REIT, INC.

(Exact name of Registrant as specified in its Charter)

Utah	**87-0340206**
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification number
3050 Peachtree Road, Suite 355, Atlanta, Georgia	**30305**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number: (404) 549-4293

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.05 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act [___] Yes [_X_] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. [__]

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer [___]	Accelerated filer [__]	Non-accelerated filer [___]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2014 was $16,818,176, computed by reference to the price at which the common equity was last sold at June 30, 2014.

The number of shares outstanding of the registrant s common stock, as of March 25, 2015 is 21,831,716.

DOCUMENTS INCORPORATED BY REFERENCE

Exhibits, See Part IV

GLOBAL HEALTHCARE REIT, INC.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report contains statements that plan for or anticipate the future. In this Annual Report, forward-looking statements are generally identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like. These forward-looking statements include, but are not limited to, statements regarding the following:

* strategic business relationships;
* statements about our future business plans and strategies;
* anticipated operating results and sources of future revenue;
* our organization's growth;
* adequacy of our financial resources;
* development of markets;
* competitive pressures;
* changing economic conditions; and,
* expectations regarding competition from other companies.

Although we believe that any forward-looking statements we make in this Annual Report are reasonable, because forward-looking statements involve future risks and uncertainties, there are factors that could cause actual results to differ materially from those expressed or implied. For example, a few of the uncertainties that could affect the accuracy of forward-looking statements, besides the specific factors identified above in the Risk Factors section of this Annual Report, include:

* changes in general economic and business conditions affecting the healthcare industry;
* developments that make our facilities less competitive;
* changes in our business strategies;
* the level of demand for our facilities; and
* regulatory changes affecting the healthcare industry and third party payor practices.

In light of the significant uncertainties inherent in the forward-looking statements made in this Annual Report, particularly in view of our early stage of operations, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

PART I

ITEM 1. BUSINESS

Background

Global Healthcare REIT, Inc. (Global or we or the Company) was organized for the purpose of investing in real estate related to the long-term care industry. Prior to the Company changing its name to Global Healthcare REIT, Inc. on September 30, 2013, the Company was known as Global Casinos, Inc. Global Casinos, Inc. operated two gaming casinos which were split-off and sold on September 30, 2013. Simultaneous with the split-off and sale of the gaming operations, the Company acquired West Paces Ferry Healthcare REIT, Inc. (WPF). We plan to elect to be treated as a real estate investment trust (REIT) in the future; however, we do not intend to make that election for the 2014 fiscal year.

We acquire, develop, lease, manage and dispose of healthcare real estate, and provide financing to healthcare providers. Our portfolio will be comprised of investments in the following five healthcare segments: (i) senior housing, (ii) life science, (iii) medical office, (iv) post-acute/skilled nursing and (v) hospital. We will make investments within our healthcare segments using the following five investment products: (i) properties under lease, (ii) debt investments, (iii) developments and redevelopments, (iv) investment management and (v) the Housing and Economic Recovery Act of 2008 (RIDEA), which represents investments in senior housing operations utilizing the structure permitted by RIDEA.

The delivery of healthcare services requires real estate and, as a result, tenants and operators depend on real estate, in part, to maintain and grow their businesses. We believe that the healthcare real estate market provides investment opportunities due to the following:

.

Compelling demographics driving the demand for healthcare services;

.

Specialized nature of healthcare real estate investing; and

.

Ongoing consolidation of a fragmented healthcare real estate sector.

Our Properties

Acquisition of West Paces Ferry Healthcare REIT, Inc. (WPF)

On September 30, 2013, Global acquired all of the outstanding common stock of WPF in consideration of $100. WPF owns a 65% membership interest in Dodge NH, LLC, which owns a skilled nursing facility located in Eastman, Georgia.

Concurrently with the consummation of the split-off of gaming operations and the WPF acquisition, Clifford Neuman, Pete Bloomquist and Leonard Nacht resigned as Directors, and Mr. Neuman and Todd Huss resigned as executive officers of Global Casinos. In addition, the Board of Directors of Global Casinos was reconstituted to consist of Christopher Brogdon, Steven Bathgate and John Sheehan, Jr. The executive officers were also changed to consist of Mr. Brogdon as CEO and President, Philip Scarborough as CFO and Ryan Scates as Secretary.

Acquisition of Middle Georgia Nursing Home

Effective July 1, 2012, Georgia Healthcare REIT, Inc., (Georgia REIT) a private company owned and controlled by Mr. Brogdon, consummated its first acquisition: the Middle Georgia Nursing Home. Middle Georgia Nursing Home is located at 556 Chester Highway in Eastman, Georgia (Middle Georgia or the Facility). The Facility was acquired through Dodge NH, LLC, a limited liability company formed for the purpose of acquiring Middle Georgia that was initially wholly-owned by Georgia REIT. Dodge Investors, LLC was formed and organized as a financing entity to raise $1.1 million in funding to complete the financing required to complete the acquisition, as more fully described below.

The terms of the acquisition of Middle Georgia were as follows: The purchase price was $5.0 million, of which $4.2 million was paid with the proceeds of a commercial mortgage with Colony Bank, as senior lender, which accrues interest at 6.25% per annum; and the balance of $1.0 million was provided by Dodge Investors, LLC. Dodge Investors LLC funded Dodge NH, LLC with $1.1 million in consideration of 13% unsecured notes and a carried 35% membership interest in Dodge NH, LLC. Of the $1.1 million raised by Dodge Investors, LLC, $125,000 was invested by Georgia REIT from loan proceeds from the Company, representing a 4% membership interest of the total 35% membership interest held by Dodge Investors, LLC. The Dodge NH, LLC notes purchased by Dodge Investors, LLC accrued interest at the rate of 13% per annum, interest payable monthly, with the outstanding balance of principal and accrued and unpaid interest due July 1, 2014.

Effective March 15, 2013, Georgia REIT conveyed its entire 65% membership interest in Dodge NH to WPF.
Effective December 3, 2014, the Company acquired from investors in Dodge Investors, LLC a 65.647% membership interest in Dodge Investors, LLC. As a result of that purchase, the Company currently has an 87.97% interest in Dodge NH, LLC and, as a result the Middle Georgia Nursing Home. The Company has also repaid the entire $1.1 million note to Dodge Investors, LLC. The 12.03% membership interest of Dodge Investors, LLC remaining outstanding will continue as a non-controlling interest until and unless those interests are acquired.

Dodge NH, LLC has an operating lease agreement with Eastman Healthcare and Rehab, LLC, owned by a professional skilled nursing facility operator, having an initial term of five years expiring in June 2017, with an option to renew for an additional five-year period. The rent begins at $45,000 per month and increases by $1,000 per month on each lease anniversary, thereafter.

Acquisition of Warrenton Nursing Home

Effective December 31, 2013, the Company consummated the purchase of the 110 bed Warrenton Nursing Home (Warrenton) located in Warrenton, Georgia. Warrenton was purchased by ATL/WARR, LLC, a single purpose Georgia limited liability company (Warr LLC) previously owned 95% by Christopher Brogdon and 5% by an unaffiliated investor. Concurrently, Mr. Brogdon conveyed his 95% membership interest in Warr LLC to the Company for nominal consideration.

Warr LLC entered into a Purchase and Sale Agreement dated April 3, 2013 (the PSA) with Providence Health Care, Inc., as seller, covering the Warrenton facility. The purchase price of Warrenton was $3.5 million, of which $2.72 million was provided by a commercial senior bank loan, and approximately $984,500 was provided by the Company.

Pursuant to the PSA, Warr LLC acquired (i) the land on which the facility is located, (ii) all buildings and other structures situated on or appurtenant to the land, (iii) all appliances, furniture, fixtures and equipment, and (iv) all transferable intangible assets and property related to the facility.

Warr LLC has assumed an operating lease (Lease) with a multi-unit skilled nursing home operator (Operator). The Operator (i) owns the facility records, residential agreements, resident trust funds and inventory, (ii) is the licensed operator of the facility, and (iii) operates the facility as a skilled nursing facility. The operating lease provides for annual rent of $334,448 and will expire in June 2016.

Neither Warr LLC nor the Company (i) owns a direct equity interest in the skilled nursing facility business operated by the Operator, (ii) is subject to a beneficial participating or residual interest in such business, or (iii) is entitled to participate in, or otherwise influence, any decision related to such business, except for customary provisions under the Lease with regard to the use, regulatory compliance, maintenance, alteration and preservation of the real property and FF&E.

Acquisition of Southern Hills Retirement Center

Effective February 7, 2014, the Company acquired the real property and improvements comprising a 100% interest in the Southern Hills Retirement Center located in Tulsa, Oklahoma (Southern Hills). To complete the acquisition, the

Company formed and organized Southern Tulsa, LLC, a Georgia limited liability company, a new wholly-owned subsidiary of WPF.

The Southern Hills facility is comprised of a senior living campus of three buildings totaling 104,192 square feet sitting on a 4.36 acre parcel. The Center consists of a Assisted Living facility (ALF), an Independent Living facility (ILF) and a Skilled Nursing facility (SNF). The Center offers 116 nursing beds, 86 independent living units, and 32 assisted living beds.

The purchase price for Southern Hills was $2.0 million, of which $1.5 million was provided by a senior mortgage with First Commercial Bank, with the balance of $500,000 provided by Global. Global also provided a guaranty of the loan from First Commercial Bank.

In the purchase of the property, Southern Tulsa, LLC acquired (i) the land on which the facility is located, (ii) all buildings and other structures situated on or appurtenant to the land, (iii) all

---

appliances, furniture, fixtures and equipment, and (iv) all transferable intangible assets and property related to the facility.

On March 1, 2014, the Tulsa County Industrial Authority issued $5.7 million of its First Mortgage Revenue Bonds and lent the net proceeds to the Company. The Company used the proceeds to pay off the $1.5 million bridge loan, to pay certain costs of the bond issuance, to renovate the 86 independent living units and 32-bed assisted living facility, and to establish a debt service reserve fund and other initial deposits as required by the bond indenture. The debt is secured by a first mortgage lien on the independent living units and assisted living facility (facilities), an assignment of the facilities leases, a first lien on all personal property located in the facilities, and a guaranty by the Company. The debt bears interest at rates ranging from 7.0% to 8.5% with principal and interest due monthly beginning in May 2014 through maturity on March 1, 2044. The loan agreement also contains financial covenants required to be maintained by the Company.

The SNF was refinanced with a commercial bank for $2,000,000. The SNF is under a five year lease to Healthcare Management of Oklahoma for a rent of $35,000 per month. The ALF is also now leased to Healthcare Management of Oklahoma for $20,000 per month. The ILF is presently undergoing renovation which is expected to be completed by the end of 2015. When the renovation is complete the Company plans to lease it as well.

Acquisition of Interest In Limestone Assisted Living

Effective March 5, 2014, WPF consummated a Membership Interest Purchase Agreement providing for the purchase from Connie Brogdon, spouse of Christopher Brogdon, President and Director of the Company, for nominal consideration ($10.00) a 25% membership interest in Limestone Assisted Living, LLC (Limestone LLC). The other 75% membership interest in Limestone LLC is owned by Connie Brogdon (5%) and unaffiliated third parties (70%). The Company also extended a loan to Limestone LLC in the principal amount of $550,000 (the Limestone Loan), which is repayable, together with interest at the rate of 10% per annum, on or before the earlier of (i) August 31, 2014 or (ii) from the proceeds of the sale of the Limestone Assisted Living facility. The obligation of Limestone LLC to repay the Limestone Loan is secured by the personal Guaranty of Christopher Brogdon. All of the proceeds of the Limestone Loan were used by Limestone LLC to repay and retire a loan in the principal amount of $500,000, plus accrued and unpaid interest, owed to an unaffiliated third party. That $500,000 loan had matured on February 1, 2013. In February 2015, we agreed to extend the maturity date of the Limestone Loan to August 1, 2015.

Limestone LLC owns 100% of the Limestone Assisted Living facility (Limestone), a 42 bed, 22,189 square foot assisted living facility situated on 4.43 acres located in Gainesville, Georgia. There is senior secured bond debt in the approximate amount of $3.7 million in addition to the Limestone Loan.

On March 25, 2015, the Limestone facility was sold and the Limestone Loan, including all accrued and unpaid interest, was repaid in full.

Acquisition of Scottsburg Healthcare Center

Effective January 27, 2014, the Company consummated a Membership Interest Purchase Agreement providing for the purchase from Georgia REIT, for nominal consideration ($10.00) a 67.5% membership interest in Wood Moss, LLC (Wood Moss). The remaining 32.5% membership interest in Wood Moss is owned by Scottsburg Investors, LLC (Scottsburg Investors). Scottsburg Investors sold an aggregate of $500,000 in promissory notes to its members, and used the proceeds to extend a loan to Wood Moss evidenced by a 13% $500,000 unsecured note payable by Wood Moss.

Wood Moss owned 100% of the Scottsburg Healthcare Center (Scottsburg), a 99 bed skilled nursing facility situated on 3.58 acres in Scottsburg, Indiana. The purchase price paid by Wood Moss for Scottsburg was $3.415 million, consisting of $500,000 from Scottsburg Investors and a conventional first mortgage in the principal amount of $2.915 million.

Scottsburg was leased to Waters of Scottsburg, an affiliate of Infinity HealthCare Management under an operating lease that expired December 31, 2014. Base rent under the lease was $31,000 per month through December 31, 2013 and increased to $32,000 per month beginning January 1, 2014.

Disposition of Scottsburg Healthcare Center

Effective March 10, 2014, Wood Moss sold its 100% interest in Scottsburg. The purchaser was 1350 N. Todd Drive, LLC, an Indiana limited liability company, under a Purchase Agreement originally dated October 9, 2008, as amended and assigned. The sales price was $3.6 million, which included retirement of the first mortgage, subject to closing adjustments.

Acquisition of Goodwill Nursing Home

Effective May 19, 2014, the Company entered into a Membership Interest Purchase Agreement pursuant to which it acquired from Christopher and Connie Brogdon (i) units representing an undivided 45% Membership Interest in Goodwill Hunting, LLC, a Georgia limited liability company, and (ii) units representing an undivided 36.7% Membership Interest in GWH Investors, LLC, a Delaware limited liability company (collectively, the Units). GWH Investors, LLC owns a 40% membership interest in Goodwill Hunting, LLC. Together, the Company acquired, directly and indirectly, a 59.7% interest in Goodwill Hunting, LLC. The purchase price for the Units was $800,000. The facility is subject to an aggregate of $5,005,000 in senior debt and $1,380,000 in non-affiliated subordinated debt.

Goodwill Hunting, LLC owns the Goodwill Nursing Home, a 172 bed skilled nursing facility located in Macon, Georgia. It is leased to Goodwill Healthcare and Rehabilitation, LLC under an operating lease that expires in 2017.

The lease currently generate gross annual rent of $734,400.

Effective December 3, 2014, the Company acquired a 90.314% membership interest in GWH Investors, LLC, which holds a 25.32% membership interest in Goodwill Hunting, LLC. The purchase price for the 90.314% interest in GWH Investors, LLC was 164,491 shares of common stock of the Company.

As a result of these transactions, the Company now owns an 82.547% interest in Goodwill Hunting, LLC. The investors in GWH Investors, LLC still hold subordinated debt in the net amount of $1,380,000.

Acquisition of Edwards Redeemer Health & Rehab

Effective September 16, 2014, the Company acquired from Mr. Brogdon a 62.5% membership interest in Edwards Redeemer Property Holding, LLC, which owns the real property and improvements known as the Edwards Redeemer Health & Rehab, a 106 bed nursing home located on 3.05 acres in Oklahoma City, Oklahoma.

Edwards Redeemer Health & Rehab is operated under a triple-net operating lease to a regional professional skilled nursing home operator, which will expire in December 2017. The lease currently generates $540,000 in gross annual rent.

The purchase price for the 62.5% interest in the facility was $491,487.48, which is subject to an aggregate of $2,381,500.00 in debt. The purchase price was offset in its entirety as a credit against an advance receivable owed by Brogdon to the Company.

Effective December 3, 2014, the Company acquired a 100% membership interest in Redeemer Investors, LLC which owned the remaining 37.5% membership interest in Edwards Redeemer Property Holdings, LLC. The purchase price for the 100% interest in Redeemer Investors, LLC was 269,245 shares of common stock of the Company. As a result of these transactions, the Company now holds a 100% interest in Edwards Redeemer Property Holdings, LLC.

The investors in Redeemer Investors, LLC were repaid in full on January 23, 2015.

Acquisition of Golden Years Manor Nursing Home

Effective September 16, 2014, the Company acquired from Mr. Brogdon a 44.5% membership interest in GL Nursing, LLC, which owns the real property and improvements known as the Golden Years Manor Nursing Home located at 1010 Barnes Street in Lonoke, Arkansas. The facility has 141 licensed beds and comprises 40,737 square feet on 3.17 acres.

Golden Years Manor Nursing Home is operated under a triple-net operating lease to a regional professional skilled nursing home operator, which will expire in May 2017. The lease currently generates $763,000 in gross annual rent.

The purchase price for the 44.5% interest in the facility was 192,767 shares of common stock in Global Healthcare REIT, Inc. The facility is subject to an aggregate of $5,000,000 in senior debt and $1,650,000 in subordinated debt.

Effective December 3, 2014, The Company acquired a 26.25% membership interest in GLN Investors, LLC, which owned a 30% interest in GL Nursing, LLC. The purchase price for the 26.25% interest in GLN Investors, LLC was 31,015 shares of common stock in Global Healthcare REIT, Inc.

As a result of these transactions, the Company now holds a 78.18% interest in GL Nursing, LLC. The investors in GLN Investors, LLC still retain approximately $1,650,000 in subordinated debt.

Acquisition of Providence of Sparta Nursing Home

Effective September 16, 2014, the Company acquired from Mr. Brogdon a 65% membership interest in Providence HR, LLC, which owns the real property and improvements known as the Providence of Sparta Nursing Home. The facility has 71 licensed beds and is located on approximately 8 acres in Sparta, Georgia.

Providence of Sparta is operated under a triple-net operating lease to a regional professional skilled nursing home operator, which expires in June 2016. The lease currently generates $237,372 in gross annual rent.

The purchase price for the 65% interest in the facility was 61,930 shares of common stock of Global Healthcare REIT, Inc. The facility is subject to an aggregate of $1,725,000 in senior debt and $1,050,000 in subordinated debt.

Effective December 3, 2014, the Company acquired a 43.4% membership interest in Providence HR Investors, LLC, which owns a 30% membership interest in Providence HR, LLC. The purchase price for the 43.4% interest in Providence HR Investors, LLC was 45,145 shares of common stock of the Company.

As a result of these transactions, the Company now holds an 83% interest in Providence HR, LLC. The investors in Providence HR Investors, LLC still retain approximately $1,050,000 in subordinated debt.

Acquisition of Greene Point Health Care Center

Effective September 16, 2014, the Company acquired from Mr. Brogdon a 62.145% membership interest in Wash/Greene, LLC, which owns the real property and improvements known as the Greene Point Healthcare Center, located at 1321 Washington Highway in Union Point, Georgia. The facility has 71 licensed beds and is located on approximately 9 acres.

Greene Point Healthcare Center is operated under a triple-net operating lease to a regional professional skilled nursing home operator, which expires in June 2016. The lease currently generates $254,220 in gross annual rent.

The purchase price for the 62.145% interest in the facility was 73,253 shares of common stock of Global Healthcare REIT, Inc. The facility is subject to an aggregate of $1,725,000 in senior debt and $1,150,000 in subordinated debt.

Effective December 3, 2014, the Company acquired 100% of the outstanding membership interests in 1321 Investors, LLC, which owns a 32.857% membership interest in Wash/Greene, LLC. The purchase price for the 32.857% membership interest in 1321 Investors, LLC was 115,000 shares of common stock of the Company.

As a result of these transactions, the Company owns 100% of the outstanding membership interests of Wash/Greene, LLC. The investors in 1321 Investors, LLC still retain approximately $1,150,000 in subordinated debt.

Meadowview Healthcare Center

Effective September 30, 2014, the Company purchased the Meadowview Healthcare Center located in Seville, Ohio (Meadowview). The facility is licensed for 100 skilled nursing beds, is 27,500 square feet and located on five acres of land. Seville, Ohio is located approximately 25 miles west of Akron, Ohio and 40 miles south of Cleveland, Ohio in an area with attractive population growth in the 65 to 74 year age bracket. The total purchase price for Meadowview was $3.0 million, which was paid in cash using the proceeds of the Note Offering described below. Meadowview was acquired through High Street Nursing, LLC, a wholly-owned subsidiary of the Company formed for the sole purpose of completing the purchase.

Meadowview is operated under a triple-net operating lease to a regional professional skilled nursing home operator, which expires in August 2024. The lease currently generates $361,000 in gross annual rent.

Financings

2013 Private Offering of Common Stock

We commenced a private offering of our common stock, $0.05 par value (Common Stock) on December 4, 2013 (the Offering). The Offering consisted of up to 7.5 million shares of Common Stock being offered on a 2,250,000 share, all-or-none, minimum (Minimum Offering), 7,500,000 share maximum, best efforts, basis (Maximum Offering) at a private offering price of $0.75 per share.

On March 14, 2014, we completed the Final Closing of our Private Offering, having sold in the Offering an aggregate of 8,966,688 shares of common stock for gross consideration of $6,724,998 consisting of (i) $5,988,653 in cash, (ii)

$623,793 in Notes exchanged for common stock and (iii) a 32.5% membership interest in Scottsburg Investors, LLC exchanged for 150,000 shares. We used a portion of the proceeds from the Private Offering to repay notes payable and to acquire Warrenton.

2014 Note Offering

The Company completed a private offering of its 6.5% Senior Secured Convertible Promissory Notes (the Notes) on September 26, 2014 (the Note Offering). The Notes accrue interest at the rate of 6.5% per annum, payable quarterly, and mature on the third anniversary of the date of issue. The Notes can be called for redemption at the option of the Company at any time (i) after September 15, 2015 but prior to September 15, 2016 at an early redemption price equal to 103% of the face amount of the Notes, plus accrued and unpaid interest, or (ii) any time after September 15, 2016 but prior to September 15, 2017 at an early redemption price equal to 102% of the face amount of the Notes, plus accrued and unpaid interest.. Each Note is convertible at the option of the holder into shares of common stock of the Company at a conversion price of $1.37 per share. The Notes will

---

automatically convert into common stock at the conversion price in the event (i) there exists a public market for the Company s common stock, (ii) the closing price of the common stock in the principal trading market has been $2.00 per share or higher for the preceding ten (10) trading days, and (iii) either (A) there is an effective registration statement registering for resale under the Securities Act of 1933, as amended the conversion shares or (B) the conversion shares are eligible to be resold by non-affiliates of the Company without restriction under Rule 144 under the Securities Act.

The Notes are secured by a senior mortgage on the Meadowview Healthcare Center located in Seville, Ohio.

Our Business

Healthcare Industry

Healthcare is the single largest industry in the U.S. based on Gross Domestic Product ("GDP"). According to the National Health Expenditures report by the Centers for Medicare and Medicaid Services ("CMS"): (i) national health expenditures are expected to remain just under 4.0% of GDP in 2015; (ii) the average compounded annual growth rate for national health expenditures, over the projection period of 2013 through 2023, is anticipated to be 6.0%; and (iii) health spending is projected to represent 19.3% of US GDP by 2023, up from 17.2% in 2012.

Senior citizens are the largest consumers of healthcare services. According to CMS, on a per capita basis, the 75-year and older segment of the population spends 76% more on healthcare than the 65 to 74-year-old segment and over 200% more than the population average.

Business Strategy

Our primary goal is to increase shareholder value through profitable growth. Our investment strategy to achieve this goal is based on three principles: (i) opportunistic investing, (ii) portfolio diversification and (iii) conservative financing.

Opportunistic Investing

We will make investment decisions that are expected to drive profitable growth and create shareholder value. We will attempt to position ourselves to create and take advantage of situations to meet our goals and investment criteria.

Portfolio Diversification

We believe in maintaining a portfolio of healthcare investments diversified by segment, geography, operator, tenant and investment product. Diversification reduces the likelihood that a single event would materially harm our business and allows us to take advantage of opportunities in different markets based on individual market dynamics. While pursuing our strategy of diversification, we will monitor, but will not limit, our investments based on the percentage of our total assets that may be invested in any one property type, investment product, geographic location, the number of properties which we may lease to a single operator or tenant, or mortgage loans we may make to a single borrower. With investments in multiple segments and investment products, we can focus on opportunities with the most attractive risk/reward profile for the portfolio as a whole. We may structure transactions as master leases, require operator or tenant insurance and indemnifications, obtain credit enhancements in the form of guarantees, letters of credit or security deposits, and take other measures to mitigate risk.

Financing

We will strive to manage our debt-to-equity levels and maintain multiple sources of liquidity, access to capital markets and secured debt lenders, relationships with current and prospective institutional joint venture partners, and our ability to divest of assets. Our debt obligations will be primarily fixed rate with staggered maturities, which reduces the impact of rising interest rates on our operations.

We plan to finance our investments based on our evaluation of available sources of funding. For short-term purposes, we may arrange for short-term borrowings from banks or other sources. We may also arrange for longer-term financing through offerings of equity and debt securities, placement of mortgage debt and capital from other institutional lenders and equity investors.

Competition

Investing in real estate serving the healthcare industry is highly competitive. We will face competition from REITs, investment companies, private equity and hedge fund investors, sovereign funds, healthcare operators, lenders, developers and other institutional investors, some of whom may have greater resources and lower costs of capital than we do. Increased competition makes it more challenging for us to identify and successfully capitalize on opportunities that meet our objectives. Our ability to compete may also be impacted by national and local economic trends, availability of investment alternatives, availability and cost of capital, construction and renovation costs, existing laws and regulations, new legislation and population trends.

Income from our facilities is dependent on the ability of our operators and tenants to compete with other companies on a number of different levels, including: the quality of care provided, reputation, the physical appearance of a facility, price and range of services offered, alternatives for healthcare delivery, the supply of competing properties, physicians, staff, referral sources, location, the size and demographics of the population in surrounding areas, and the financial condition of our tenants and operators. Private, federal and state payment programs as well as the effect of laws and regulations may also have a significant influence on the profitability of our tenants and operators.

Healthcare Segments

Senior housing. Senior housing facilities include assisted living facilities ("ALFs"), independent living facilities ("ILFs") and continuing care retirement communities ("CCRCs"), which cater to different segments of the elderly population based upon their needs. Services provided by our operators or tenants in these facilities are primarily paid for by the residents directly or through private insurance and are less reliant on government reimbursement programs such as Medicaid and Medicare. Senior housing property types are further described below.

Assisted Living Facilities. ALFs are licensed care facilities that provide personal care services, support and housing for those who need help with activities of daily living ("ADL") yet require limited medical care. The programs and services may include transportation, social activities, exercise and fitness programs, beauty or barber shop access, hobby and craft activities, community excursions, meals in a dining room setting and other activities sought by residents. These facilities are often in apartment-like buildings with private residences ranging from single rooms to large apartments. Certain ALFs may offer higher levels of personal assistance for residents with Alzheimer's disease or other forms of dementia. Levels of personal assistance are based in part on local regulations.

Independent Living Facilities. ILFs are designed to meet the needs of seniors who choose to live in an environment surrounded by their peers with services such as housekeeping, meals and activities. These residents generally do not need assistance with ADL, such as bathing, eating and dressing. However, residents have the option to contract for these services.

Continuing Care Retirement Communities. CCRCs provide housing and health-related services under long-term contracts. This alternative is appealing to residents as it eliminates the need for relocating when health and medical needs change, thus allowing residents to "age in place." Some CCRCs require a substantial entry or buy-in fee and most also charge monthly maintenance fees in exchange for a living unit, meals and some health services. CCRCs typically require the individual to be in relatively good health and independent upon entry.

Post-acute/skilled nursing. Skilled Nursing Facilities (SNF) offer restorative, rehabilitative and custodial nursing care for people not requiring the more extensive and sophisticated treatment available at hospitals. Ancillary revenues and revenues from sub-acute care services are derived from providing services to residents beyond room and board and include occupational, physical, speech, respiratory and intravenous therapy, wound care, oncology treatment, brain injury care and orthopedic therapy as well as sales of pharmaceutical products and other services. Certain SNFs provide some of the foregoing services on an out-patient basis. Post-acute/skilled nursing services provided by our operators and tenants in these facilities will be primarily paid for either by private sources or through the Medicare and Medicaid programs.

Life science. These properties contain laboratory and office space primarily for biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other organizations involved in the life science industry. While these properties contain similar characteristics to commercial office buildings, they generally contain more advanced electrical, mechanical, and heating, ventilating, and air conditioning ("HVAC") systems. The facilities generally have equipment including emergency generators, fume hoods, lab bench tops and related amenities. In many instances, life science tenants make significant investments to improve their leased space, in addition to landlord improvements, to accommodate biology, chemistry or medical device research initiatives.

Medical office. Medical office buildings ("MOBs") typically contain physicians' offices and examination rooms, and may also include pharmacies, hospital ancillary service space and outpatient services such as diagnostic centers, rehabilitation clinics and day-surgery operating rooms. While these facilities are similar to commercial office buildings, they require additional plumbing, electrical and mechanical systems to accommodate multiple exam rooms that may require sinks in every room, and special equipment such as x-ray machines. In addition, MOBs are often built to accommodate higher structural loads for certain equipment and may contain "vaults" or other specialized construction. We expect our MOBs will be typically multi-tenant properties leased to healthcare providers (hospitals and physician practices).

Hospital. Services provided by our operators and tenants in these facilities are paid for by private sources, third-party payors (e.g., insurance and Health Maintenance Organizations or "HMOs"), or through the Medicare and Medicaid programs. Hospital property types include acute care, long-term acute care, and specialty and rehabilitation hospitals.

Investment Products

Properties under lease. We plan to primarily generate revenue by leasing properties under long-term leases. Most of our rents and other earned income from leases will be received under triple-net leases or leases that provide for a substantial recovery of operating expenses. However, some of our MOBs and life science facility rents will be structured under gross or modified gross leases. Accordingly, for such gross or modified gross leases, we may incur certain property operating expenses, such as real estate taxes, repairs and maintenance, property management fees, utilities and insurance.

Our ability to grow income from properties under lease depends, in part, on our ability to (i) increase rental income and other earned income from leases by increasing rental rates and occupancy levels, (ii) maximize tenant recoveries and (iii) control non-recoverable operating expenses. Most of our leases will include contractual annual base rent escalation clauses that are either predetermined fixed increases and/or are a function of an inflation index.

Debt investments. Our mezzanine loans will generally be secured by a pledge of ownership interests of an entity or entities, which directly or indirectly own properties, and are subordinate to more senior debt, including mortgages and more senior mezzanine loans. Our interest in mortgages and construction financing will typically be issued by healthcare providers and will generally be secured by healthcare real estate.

Developments and redevelopments. We will generally commit to development projects that are at least 50% pre-leased or when we believe that market conditions will support speculative construction. We will work closely with our local real estate service providers, including brokerage, property management, project management and construction management companies to assist us in evaluating development proposals and completing developments. Our development and redevelopment investments will likely be in the life science and medical office segments. Redevelopments are properties that require significant capital expenditures (generally more than 25% of acquisition cost or existing basis) to achieve property stabilization or to change the primary use of the properties.

Investment management. We may co-invest in real estate properties with institutional investors through joint ventures structured as partnerships or limited liability companies. We may target institutional investors with long-term investment horizons who seek to benefit from our expertise in healthcare real estate. Predominantly, we plan to retain non controlling interests in the joint ventures ranging from 20% to 30% and serve as the managing member. These ventures generally allow us to earn acquisition and asset management fees, and have the potential for promoted interests or incentive distributions based on performance of the joint venture.

Operating properties ("RIDEA"). We may enter into contracts with healthcare operators to manage communities that are placed in a structure permitted by the Housing and Economic Recovery Act of 2008 (commonly referred to as "RIDEA"). Under the provisions of RIDEA, a REIT may lease "qualified health care properties" on an arm's length basis to a taxable REIT subsidiary ("TRS") if the property is operated on behalf of such subsidiary by a person who qualifies as an "eligible independent contractor." We view RIDEA as a structure primarily to be used on properties that present attractive valuation entry points, where repositioning with a new operator that is aligned with health care providers can bring scale, operating efficiencies, and/or ancillary services to drive growth.

Government Regulations, Licensing and Enforcement

Overview

Our tenants and operators will typically be subject to extensive and complex federal, state and local healthcare laws and regulations relating to fraud and abuse practices, government reimbursement, licensure and certificate of need and similar laws governing the operation of healthcare facilities, and we expect that the healthcare industry, in general, will continue to face increased regulation and pressure in the areas of fraud, waste and abuse, cost control, healthcare management and provision of services, among others. These regulations are wide-ranging and can subject our tenants and operators to civil, criminal and administrative sanctions. Affected tenants and operators may find it increasingly difficult to comply with this complex and evolving regulatory environment because of a relative lack of guidance in many areas as certain of our healthcare properties will be subject to oversight from several government agencies and the laws may vary from one jurisdiction to another. Changes in laws and regulations and reimbursement enforcement activity and regulatory non-compliance by our tenants and operators can all have a significant effect on their operations and financial condition, which in turn may adversely impact us.

We will seek to mitigate the risk to us resulting from the significant healthcare regulatory risks faced by our tenants and operators by diversifying our portfolio among property types and geographical areas, diversifying our tenant and operator base to limit our exposure to any single entity, and seeking tenants and operators who are not largely dependent on Medicaid reimbursement for their revenues. In addition, we ensure in each instance that our operators have obtained all necessary licenses and permits before beginning operations, and require that those operators covenant that they will comply with all applicable laws and regulations in connection with the facility operations.

The following is a discussion of certain laws and regulations generally applicable to our operators, and in certain cases, to us.

Fraud and Abuse Enforcement

There are various extremely complex federal and state laws and regulations governing healthcare providers' relationships and arrangements and prohibiting fraudulent and abusive practices by such providers. These laws include (i) federal and state false claims acts, which, among other things, prohibit providers from filing false claims or making false statements to receive payment from Medicare, Medicaid or other federal or state healthcare programs, (ii) federal and state anti-kickback and fee-splitting statutes, including the Medicare and Medicaid anti-kickback statute, which prohibit the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services, (iii) federal and state physician self-referral laws (commonly referred to as the "Stark Law"), which generally prohibit referrals by physicians to entities with which the physician or an immediate family member has a financial relationship, (iv) the federal Civil Monetary Penalties Law, which prohibits, among other things, the knowing presentation of a false or fraudulent claim for certain healthcare services and (v) federal and state privacy laws, including the privacy and security rules contained in the Health Insurance Portability and Accountability Act of 1996, which provide for the privacy and security of personal health information. Violations of healthcare fraud and abuse laws carry civil, criminal and administrative sanctions, including punitive sanctions, monetary penalties, imprisonment, denial of Medicare and Medicaid reimbursement and potential exclusion from Medicare, Medicaid or other federal or state healthcare programs. These laws are enforced by a variety of federal, state and local agencies and can also be enforced by private litigants through, among other things, federal and state false claims acts, which allow private litigants to bring qui tam or "whistleblower" actions. Many of our operators and tenants are subject to these laws, and some of them may in the future become the subject of governmental enforcement actions if they fail to comply with applicable laws.

Reimbursement

Sources of revenue for many of our tenants and operators will include, among other sources, governmental healthcare programs, such as the federal Medicare program and state Medicaid programs, and non-governmental payors, such as insurance carriers and HMOs. As federal and state governments focus on healthcare reform initiatives, and as many states face significant budget deficits, efforts to reduce costs by these payors will likely continue, which may result in reduced or slower growth in reimbursement for certain services provided by some of our tenants and operators.

Healthcare Licensure and Certificate of Need

Certain healthcare facilities in our portfolio will be subject to extensive federal, state and local licensure, certification and inspection laws and regulations. In addition, various licenses and permits are required to dispense narcotics, operate pharmacies, handle radioactive materials and operate equipment. Many states require certain healthcare providers to obtain a certificate of need, which requires prior approval for the construction, expansion and closure of certain healthcare facilities. The approval process related to state certificate of need laws may impact some of our tenants' and operators' abilities to expand or change their businesses.

Americans with Disabilities Act (the "ADA")

Our properties must comply with the ADA and any similar state or local laws to the extent that such properties are "public accommodations" as defined in those statutes. The ADA may require removal of barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. To date, we have not received any notices of noncompliance with the ADA that have caused us to incur substantial capital expenditures to address ADA concerns. Should barriers to access by persons with disabilities be discovered at any of our properties, we may be directly or indirectly responsible for additional costs that may be required to make facilities ADA-compliant. Noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations pursuant to the ADA is an ongoing one, and we continue to assess our properties and make modifications as appropriate in this respect.

Environmental Matters

A wide variety of federal, state and local environmental and occupational health and safety laws and regulations affect healthcare facility operations. These complex federal and state statutes, and their enforcement, involve a myriad of regulations, many of which involve strict liability on the part of the potential offender. Some of these federal and state statutes may directly impact us. Under various federal, state and local environmental laws, ordinances and regulations, an owner of real property or a secured lender, such as us, may be liable for the costs of removal or remediation of hazardous or toxic substances at, under or disposed of in connection with such property, as well as other potential costs relating to hazardous or toxic substances (including government fines and damages for injuries to persons and adjacent property). The cost of any required remediation, removal, fines or personal or property damages and the owner's or secured lender's liability therefore could exceed or impair the value of the property, and/or the assets of the owner or secured lender. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral which, in turn, could reduce our revenues.

Taxation

Federal Income Tax Considerations

The following summary of the taxation of the Company and the material federal tax consequences to the holders of our debt and equity securities is for general information only and is not tax advice. This summary does not address all aspects of taxation that may be relevant to certain types of holders of stock or securities (including, but not limited to, insurance companies, tax-exempt entities, financial institutions or broker-dealers, persons holding shares of common stock as part of a hedging, integrated conversion, or constructive sale transaction or a straddle, traders in securities that use a mark-to-market method of accounting for their securities, investors in pass-through entities and foreign corporations and persons who are not citizens or residents of the United States).

This summary does not discuss all of the aspects of U.S. federal income taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any state or local income taxation or foreign income taxation or other tax consequences. This summary is based on current U.S. federal income tax law. Subsequent developments in U.S. federal income tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the U.S. federal income tax consequences of purchasing, owning and disposing of our securities as set forth in this summary. Before you purchase our securities, you should consult your own tax advisor regarding the particular U.S. federal, state, local, foreign and other tax consequences of acquiring, owning and selling our securities.

General

We will elect to be taxed as a real estate investment trust (a REIT) at such time as the Board of Directors, with the consultation of our professional advisors, determines that we qualify as a REIT under applicable provisions of the Internal Revenue Code. We cannot predict for which tax year that election will be made; however, we do not intend to make such an election for 2014. Therefore, applicable taxes have been recorded in the accompanying consolidated financial statements. Once we make the election to be treated as a REIT, we intend to continue to operate in such a manner as to qualify as a REIT, but there is no guarantee that we will qualify or remain qualified as a REIT for subsequent years. Qualification and taxation as a REIT depends upon our ability to meet a variety of qualification tests imposed under federal income tax law with respect to income, assets, distribution level and diversity of share ownership. There can be no assurance that we will be owned and organized and will operate in a manner so as to qualify or remain qualified.

In any year in which we qualify as a REIT, in general, we will not be subject to federal income tax on that portion of our REIT taxable income or capital gain that is distributed to stockholders. We may, however, be subject to tax at normal corporate rates on any taxable income or capital gain not distributed. If we elect to retain and pay income tax on our net long-term capital gain, stockholders are required to include their proportionate share of our undistributed long-term capital gain in income, but they will receive a refundable credit for their share of any taxes paid by us on such gain.

Despite the REIT election, we may be subject to federal income and excise tax as follows:

.

To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at regular corporate tax rates;

.

If we have net income from the sale or other disposition of foreclosure property that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, such income will be taxed at the highest corporate rate;

.

Any net income from prohibited transactions (which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than dispositions of foreclosure property and dispositions of property due to an involuntary conversion) will be subject to a 100% tax;

.

If we fail to satisfy either the 75% or 95% gross income tests, but nonetheless maintain our qualification as a REIT because certain other requirements are met, we will be subject to a 100% tax on an amount equal to (1) the gross income attributable to the greater of (i) 75% of our gross income over the amount of qualifying gross income for purposes of the 75% gross income test or (ii) 95% of our gross income over the amount of qualifying gross income for purposes of the 95% gross income test multiplied by (2) a fraction intended to reflect our profitability;

.

If we fail to distribute during each year at least the sum of (1) 85% of our REIT ordinary income for the year, (2) 95% of our REIT capital gain net income for such year (other than capital gain that we elect to retain and pay tax on) and (3) any undistributed taxable income from preceding periods, we will be subject to a 4% excise tax on the excess of such required distribution over amounts actually distributed;

.

We will be subject to a 100% tax on the amount of any rents from real property, deductions or excess interest paid to us by any of our taxable REIT subsidiaries that would be reduced through reallocation under certain federal income tax principles in order to more clearly reflect income of the taxable REIT subsidiary;

.

We may be subject to the corporate alternative minimum tax on any items of tax preference, including any deductions of net operating losses; and

.

For any investments which may qualify as prohibited transactions or restricted assets, we may elect to form a taxable REIT subsidiary to hold such investments or operations. Income from the taxable REIT subsidiary is subject to taxes at the usual federal and state tax rates.

On March 30, 2010, the President signed into law the Health Care and Education Reconciliation Act of 2010, which requires U.S. stockholders who meet certain requirements and are individuals, estates or certain trusts to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock for taxable years beginning after December 31, 2012. U.S. stockholders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of shares of our stock.

EMPLOYEES

As of December 31, 2014, we had one full time employee. The Company also engages the services of consultants from time to time, some of which may be provided by affiliates of the Company at no cost.

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2014, we owned nine assisted-living facilities. The following table provides summary information regarding these facilities.

Property Name	Location	Percentage Equity Ownership	Date Acquired	Gross Square Feet	Purchase Price	Outstanding Debt at 12/31/14
Middle GA Nursing Home (a/k/a Crescent Ridge)	Eastman, GA	88%	3/15/2013	28,808	$ 5,000,000	$ 3,872,112
Warrenton Health and Rehabilitation	Warrenton, GA	95%	12/31/2013	26,894	$ 3,500,000	$ 2,639,469
Southern Hills Retirement Center	Tulsa, OK	100%	2/07/2014	104,192	$ 2,000,000	$ 6,675,389
Goodwill Nursing Home	Macon, GA	88%	5/19/2014	46,314	$7,185,000	$6,915,516
Edwards Redeemer Health & Rehab	Oklahoma City, OK	100%	9/16/2014	31,939	$ 3,142,233	$ 2,241,728
Providence of Sparta Nursing Home	Sparta, GA	83%	9/16/2014	19,441	$ 2,836,930	$ 2,767,330
Providence of Greene Point Healthcare Center	Union Point, GA	100%	9/16/2014	26,948	$ 2,948,253	$2,872,423
Meadowview Healthcare Center	Seville, OH	100%	9/30/2014	27,500	$ 3,000,000	$3,200,000
Golden Years Manor Nursing Home	Lonoke, AR	78.18%	9/16/2014	40,737	$ 6,742,767	$ 6,426,907

Property Name	Annual Lease Revenue	Operating Lease Expiration
Middle Georgia Nursing Home (a/k/a Crescent Ridge)	$ 570,000	06/30/2017
Warrenton Health and Rehabilitation	$ 334,448	06/30/2016
Southern Hills Retirement Center (1)	$ 660,000	03/31/2019
Goodwill Nursing Home	$ 734,400	12/31/2017
Edwards Redeemer Health & Rehab	$ 540,000	12/31/2017
Providence of Sparta Nursing Home	$ 237,372	6/30/2016
Providence of Green Point Healthcare Center	$ 254,220	6/30/2016
Meadowview Healthcare Center	$ 361,000	10/31/2024
Golden Years Manor Nursing Home	$ 763,000	05/31/2017

(1)

Southern Hills Retirement Center consists of a SNF, ALF and ILF under separate lease agreements. Lease revenues for the SNF and ALF are expected to begin February 1, 2015 and April 1, 2015, respectively. Lease revenues for the ILF are expected to commence in January 2016 as construction activities related to the facility are completed. On the date acquired, the ALF and ILF were vacant and in need of renovation. The Company obtained financing through the issuance of bonds and a mortgage loan to fund the renovation costs and to fund the acquisition of the facilities.

ITEM 3. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, we may become subject to legal proceedings, claims, or disputes. As of the date hereof, we are not a party to any pending legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The outstanding shares of Common Stock are traded over-the-counter and quoted on the OTC Bulletin Board ("OTCBB") under the symbol "GBCS". On April 25, 2011, the quotation was moved from the OTCBB to the OTCQB due to the lack of a market maker. The reported high and low bid and ask prices for the common stock are shown below for the period from January 2013 through December 31, 2014.

	High	Low
Jan Mar 2013	$0.91	$0.75
Apr June 2013	$1.02	$0.74
July Sept 2013	$1.03	$0.80
Oct Dec 2013	$1.27	$0.90
Jan Mar 2014	$1.28	$0.75
Apr June 2014	$1.37	$0.93
July Sept 2014	$1.05	$0.83
Oct Dec 2014	$1.13	$0.83

The closing price of the Company's common stock as of March 25, 2015 was $0.88, as reported on the OTCQB. The OTCBB and OTCQB prices are bid and ask prices which represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commissions to the broker-dealer. The prices do not reflect prices in actual transactions. As of March 25, 2015, there were approximately 872 record owners of the Company's common stock.

The OTC Bulletin Board is a registered quotation service that displays real-time quotes, last sale prices and volume information in over-the-counter (OTC) securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ or a national securities exchange. The OTCBB is not an issuer listing service, market or exchange. Although the OTCBB does not have any listing requirements, per se, to be eligible for quotation on the OTCBB, issuers must remain current in their filings with the SEC or applicable regulatory authority.

The Company's Board of Directors may declare and pay dividends on outstanding shares of common stock out of funds legally available therefore in its sole discretion. For the year ended December 31, 2014, the Company paid dividends on common stock of $414,613, or $0.01 per share in addition to the 8% dividends on our outstanding shares of Series D Preferred Stock. For the year ended December 31, 2013, other than the 8% dividend payable on our outstanding shares of Series D Preferred Stock, no cash dividends were paid on common stock. Future dividends on our common stock will be authorized at the discretion of our board of directors and will depend on our actual cash flow, financial condition, capital requirements, annual distribution requirements under the REIT provisions of the Internal Revenue Code if and when we elect to be treated as a REIT, and other factors as our board of directors may deem relevant.

Recent Sales of Unregistered Securities

None, except as previously reported on Forms 8-K.

Securities Authorized for Issuance under Equity Compensation Plans

None.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Rental revenue for the year ended December 31, 2014 totaled $1,853,809, compared to 443,333 for the period from March 13, 2013 (date of inception) through December 31, 2013, an increase of $1,410,476. For the period from March 13, 2013 (date of inception) through December 31, 2013, we received rents from the lease of our Eastman, Georgia nursing home property. We acquired additional properties at the end of 2013 and throughout 2014 thereby increasing our rental revenue. As of December 31, 2014, we owned nine properties. We recognized no rental revenue related to our Tulsa, Oklahoma property during 2014. We anticipate rental revenues will be recognized during 2015 after renovations have been completed for the independent living and assisted living facilities and once the lessee of the skilled nursing facility becomes properly licensed.

General and administrative expenses were $809,356 for the year ended December 31, 2014 compared to $330,747 for the period from March 13, 2013 (date of inception) through December 31, 2013, an increase of $478,609. This classification primarily includes legal, accounting, and other professional fees incurred in complying with regulatory reporting requirements.

We expense acquisition costs for operating properties as incurred. Acquisition costs incurred for the year ended December 31, 2014 totaled $250,909 compared to $173,743 for the period from March 13, 2013 (date of inception) through December 31, 2013. Acquisition costs during 2014 related to our acquisitions of Southern Hills Retirement Center and Meadowview Healthcare Center. We did not incur acquisition costs in 2014 related to other acquisitions which were acquired from related parties. Acquisition costs incurred during the 2013 period related to the acquisition of Warrenton Health and Rehabilitation.

We recognized bad debt expense of $440,219 for the year ended December 31, 2014 and $108,182 for the period from March 13, 2013 (date of inception) through December 31, 2013 on advances to affiliates which were not considered collectible.

Depreciation expense totaled $624,311 for the year ended December 31, 2014 compared to $153,847 for the period from March 13, 2013 (date of inception) through December 31, 2013, an increase of $470,464. The increase in depreciation expense is due to the addition of properties to our portfolio during 2014. We have not recorded depreciation expense on our independent living and assisted living facilities located at our Southern Hills Retirement Center which will commence once renovations have been completed and the property is placed in service.

On February 7, 2014, we acquired Southern Hills Retirement Center for a purchase price of $2 million. The excess of the fair value of the assets acquired gave rise to a gain on bargain purchase of $3.0 million for the year ended December 31, 2014.

On January 27, 2014, we acquired a 100% membership interest in Wood Moss, LLC which owned Scottsburg Healthcare Center in Scottsburg, Indiana. We accounted for the acquisition as a business combination under U.S. GAAP. On March 10, 2014, Scottsburg Healthcare Center was sold for cash proceeds of $3.4 million under a purchase agreement dated October 9, 2008, as amended and assigned. For the year ended December 31, 2014, we recognized a loss on the sale of property and equipment of $381,395.

Interest income of $91,373 was recognized for the year ended December 31, 2014 from outstanding notes receivable from related parties.

Interest expense totaled $968,613 for the year ended December 31, 2014 compared to $423,302 for period from March 13, 2013 (date of inception) to December 31, 2013, an increase of $545,311. The increase in interest expense is attributable to the increase in debt outstanding during 2014 compared to the 2013 period. Capitalized interest on construction in progress related to renovations at our Southern Hills Retirement Center totaled $188,589 and $0 for the year ended December 31, 2014 and for the period from March 13, 2013 (date of inception) to December 31, 2013, respectively.

SUMMARY OF CRITICAL ACCOUNTING POLICIES

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. Certain of these accounting policies are particularly important for an understanding of the financial position and results of operations presented in the consolidated financial statements set forth elsewhere in this report. These policies require application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Actual results could differ as a result of such judgment and assumptions.

Property Acquisitions

We allocate the purchase price of acquired properties to net tangible and identified intangible assets based on relative fair values. Fair value estimates are based on information obtained from independent appraisals, other market data, information obtained during due diligence and information related to the marketing and leasing at the specific property. Acquisition-related costs such as due diligence, legal and accounting fees are expensed as incurred. Initial valuations are subject to change during the measurement period, but the period ends as soon as the information is available. The measurement period shall not exceed one year from the date of acquisition.

Impairment of Long Lived Assets

When circumstances indicate the carrying value of a property may not be recoverable, the Company reviews the asset for impairment. This review is based on an estimate of the future undiscounted cash flows, excluding interest charges, expected to result from the property s use and eventual disposition. This estimate considers factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists, due to the inability to recover the carrying amount of the property, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. Estimated fair value is determined with the assistance from independent valuation specialists using recent sales of similar assets, market conditions or projected cash flows of properties using standard industry valuation techniques.

Goodwill

Goodwill represents the excess of purchase price over the fair values of the respective identifiable assets acquired and liabilities assumed in business combinations. Goodwill resulting from acquisitions is not amortized, but is tested for impairment annually or whenever events change and circumstances indicate that it is more likely than not that an impairment loss has occurred using specific methods described in U.S. GAAP. As allowed by U.S. GAAP, management initially performs a qualitative analysis of goodwill using qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount including goodwill. Such qualitative factors include macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events. If after assessing the totality of events or circumstances, the Company determines through the qualitative assessment that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary, and performing the two-step impairment test outlined in U.S. GAAP is not required.

Note Receivable

The Company evaluates its notes receivable for impairment when it is probable the payment of interest and principal will not be made in accordance with the contractual terms of the note receivable agreements. Once a note has been determined to be impaired, it is measured to establish the amount of the impairment, if any, based on the fair value, as determined by the present value of expected future cash flows discounted at the note s effective interest rate. If the fair value of the impaired note receivable is less than the recorded investment in the note, a valuation allowance is recognized.

LIQUIDITY AND CAPITAL RESOURCES

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon sales of debt and equity securities to meet cash demands generated by our acquisition activities.

At December 31, 2014, the Company had cash and cash equivalents of $533,597 on hand. Our liquidity is expected to increase from potential equity and debt offerings and decrease as net offering proceeds are expended in connection with the acquisition of properties. Our continuing short-term liquidity requirements consisting primarily of operating expenses and debt service requirements are expected to be satisfied from rental revenues received and existing cash on hand. Our restricted cash totaled $904,157 as of December 31, 2014 which is to be expended on construction activities and debt service associated with our Southern Hills Retirement Center.

Cash used in operating activities was $626,783 for the year ended December 31, 2014 compared to cash used in operating activities of $212,809 for the period from March 13, 2013 (date of inception) to December 31, 2013. Cash flows used in operations was primarily impacted by higher interest costs, lower net income, net of a $3.0 million bargain purchase gain, and payment of accounts payable and accrued expenses during the year ended December 31, 2014.

Cash used in investing activities was $7,148,128 for the year ended December 31, 2014 compared to cash used in investing activities of $3,238,587 for the period from March 13, 2013 (date of inception) to December 31, 2013. For the year ended December 31, 2014, we issued notes receivable of $650,000 to related parties, paid approximately $5.7 million in our acquisition of properties and equipment in Tulsa, Oklahoma, Macon, Georgia and Seville, Ohio, and received approximately $3.4 million related to the sale of property and equipment in Scottsburg, Indiana. Bond proceeds approximating $2.7 million were deposited into a restricted escrow account for construction expenditures at our Tulsa, Oklahoma property of which approximately $2.7 million has been expended for construction activities related to the project.

Cash provided by financing activities was $7,128,311 for the year ended December 31, 2014 compared to cash provided by financing activities of $4,631,588 for the period from March 13, 2013 (date of inception) through December 31, 2013. The increase in cash flows from financing activities is primarily attributable to approximately $3.2 million in gross cash proceeds from our private placement of convertible notes, proceeds of approximately $11.4 million from the issuance of debt in connection with acquisitions, offset by payments on notes payable of approximately $5.8 million.

On December 4, 2013, we commenced a private offering of 7.5 million shares of our common stock at an offering price of $0.75 per share. Subscriptions for shares in the offering were sold either for cash, or in exchange for outstanding notes owed by the Company, or in exchange for equity interests in the Company s controlled subsidiaries or affiliates. On March 14, 2014, we completed the Final Closing of our Private Offering, having sold in the Offering an aggregate of 8,966,688 shares of common stock for gross consideration of $6,724,998 consisting of (i) $5,969,618 in cash, (ii) $623,793 in Notes exchanged for common stock and (iii) a 32.5% membership interest in Scottsburg Investors, LLC exchanged for 150,000 shares. We used a portion of the proceeds from the Private Offering to repay notes payable and to acquire Warrenton.

As of December 31, 2014 and 2013, our debt balances consisted of the following:

	2014	2013
	$	$
Convertible Notes Payable	3,200,000	63,258
Fixed-Rate Mortgage Loans	13,660,830	6,856,998
Variable-Rate Mortgage Loans	8,216,660	-
Bonds Payable, net of discount	5,623,384	-
Other Debt	6,910,000	412,500
	$	$
	37,610,874	7,332,756

The increase in debt at December 31, 2014 is primarily due to $24.8 million in assumed debt from acquisitions completed during 2014, and $3.2 million of convertible notes and $5.7 million of bonds issued during 2014. The weighted average interest rate and term of our fixed rate debt are 7.3% and 6 years, respectively, as of December 31, 2014. The weighted average interest rate and term of our variable rate debt are 5.9% and 13.9 years, respectively, as of December 31, 2014.

We have $9.9 million of debt maturing during the year ending December 31, 2015. While we anticipate being able to refinance all the loans at reasonable market terms upon maturity, our inability to do so may impact our financial position and results of operations. We expect to refinance $8.6 in mortgage loans maturing in 2015 as the associated properties meet loan to value requirements currently being employed in commercial lending markets. On January 23, 2015, the Company paid off a note payable in the amount of $880,000 related to the Edwards Redeemer Health & Rehab facility. See the consolidated financial statements included elsewhere in the Form 10-K for additional debt details.

The mortgage loan collateralized by the Golden Years Manor Nursing Home is 80% guaranteed by the USDA and is subject to financial covenants and customary affirmative and negative covenants. As of December 31, 2014, the Company was not in compliance with certain of these covenants which is considered to be an Event of Default as defined in the note agreement. Remedies available to the lender in the event of a continuing Event of Default, at its option, include, but are necessarily limited to the following (1) lender may declare the principal and all accrued interest on the note due and payable; and (2) lender may exercise additional rights and remedies under the note agreement to include taking possession of the collateral or seeking satisfaction from the guarantors. Guarantors under the mortgage loan are Christopher Brogdon and GLN Investors, LLC, which the Company owns a 26.25%

membership interest.

The Company receives the services of consultants and affiliates for which they are not compensated either through cash or equity, and such costs are not currently recorded in the consolidated financial statements but are necessary for the operation of the business.

Contractual Obligations

As of December 31, 2014, we had the following contractual debt obligations:

	Total	Less Than 1 Year	1 3 Years	3 5 Years	More Than 5 Years
Notes and Bonds Payable - Principal	$34,487,490	$9,873,824	$12,219,329	$2,771,586	$9,622,751
Notes and Bonds Payable - Interest	15,323,461	2,265,778	2,390,600	1,466,541	9,200,542
Convertible Notes Payable - Principal	3,200,000	-	3,200,000	-	-
Convertible Notes Payable - Interest	572,320	208,889	363,431	-	-
Total Contractual Obligations	$55,583,271	$12,348,491	$18,173,360	$4,238,127	$18,823,293

Revenues from operations are sufficient to meet the working capital needs of the Company for the foreseeable future. Cash on hand, combined with revenues generated from operations, are in excess of operating expenses and debt service requirements. Debt maturities are expected to be refinanced at reasonable terms upon maturity. The Company anticipates a combination of conventional mortgage loans, at market rates, issuance of revenue bonds and possibly additional equity injections to fund the acquisition cost of any additional properties. Except for renovations at our Southern Hills Retirement Center, there are no capital improvement and recurring capital expenditure commitments at the properties.

Off-Balance Sheet Arrangements

We have a contingent liability for rental payments on a long-term lease related to the casino operations split-off and sold to Gemini Gaming, LLC. The total minimum rentals under this lease total $177,534 for the period from January 1, 2015 through termination of the lease agreement in July 2015. No payments on the contingency have been required to date.

Subsequent Events

Effective January 2, 2015, the Company issued to each of its five directors a restricted stock award of 33,333 shares or, an aggregate of 166,665 shares of common stock valued at $0.90 per share in consideration of services provided.

Effective December 16, 2014, the Company entered into four purchase and sale agreements (each a PSA) pursuant to which it had the right to acquire four additional skilled nursing facilities, all located in the State of Texas. The consummation of each PSA was subject to numerous conditions customary to transactions of this nature, including the completion of satisfactory due diligence by the Company. Effective January 28, 2015, the Company exercised its right under the each of the PSA s and delivered its Notice of Termination for each of the four Texas facilities.

On January 23, 2015, the Company paid off a note payable in the amount of $880,000 related to the Edwards Redeemer Health & Rehab facility.

In March 2015, the Board of Directors appointed Ryan Scates to the office of Executive Vice President. In consideration of his services, Mr. Scates will receive $10,000 per quarter, payable in arrears in restricted shares of common stock.

On March 18, 2015, the Company declared a cash dividend in the amount of $0.01 per share of common stock outstanding on April 10, 2015, the Record Date. The dividend is scheduled to be paid on or before April 30, 2015.

Effective March 25, 2015, the Limestone facility was sold and the Limestone Loan, including all accrued and unpaid interest, was repaid in full.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See the index included at Item 15. Exhibits, Financial Statement Schedules.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of the end of the period covered by this Report, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Act of 1934. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, relating to the Company, including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this evaluation, management concluded that that our internal control over financial reporting was not effective as of December 31, 2014. Our CEO and CFO concluded we have a material weakness due to lack of segregation of duties and a limited

---

corporate governance structure. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties within our system of internal control. Therefore while there are some compensating controls in place, it is difficult to ensure effective segregation of accounting and financial reporting duties. Management reported a material weakness resulting from the combination of the following significant deficiencies:

.

Lack of segregation of duties in certain accounting and financial reporting processes including the initiation, processing, recording and approval of disbursements;

.

Lack of a formal review process that includes multiple levels of review.

While we strive to segregate duties as much as practicable, there is an insufficient volume of transactions at this point in time to justify additional full time staff. We believe that this is typical in many new ventures. We may not be able to fully remediate the material weakness until we hire more staff. We will continue to monitor and assess the costs and benefits of additional staffing.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the SEC rules that permit us to provide only management's report in this Annual Report.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management s control objectives.

Our management, including our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on this evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls and procedures were not effective as of such date to provide assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management as appropriate, to allow timely decisions regarding disclosures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the quarter ended December 31, 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors and Executive Officers

The name, position with the Company, age of each Director and executive officer of the Company is as follows:

Name	Age	Position	Director/Officer Since
Christopher Brogdon	66	CEO, President & Director	2013
Steven Bathgate	60	Director	2013
John Sheehan, Jr.	57	Director	2013
Clifford L. Neuman	66	Director	2014
Andrew L. Sink	47	Director	2015
Ryan Scates	27	Secretary, Executive Vice-President	2013
Philip Scarborough	69	CFO	2013

Christopher Brogdon is currently Vice Chairman of AdCare Healthcare Systems, Inc. (NYSE MKT: ADK). He has been in the assisted living, nursing home and retirement community business for more than 25 years. Mr. Brogdon co-founded Winter Haven Homes, Inc. in 1987. Winter Haven Homes, Inc. developed, owned and operated assisted living and nursing homes primarily in the Southeastern United States. Winter Haven is primarily involved with owning and leasing the operations to third parties today. From 1991 through June of 1998, Mr. Brogdon served as the Chairman of the Board of Retirement Care Associates (RCA), a NYSE listed company that operated more than 120 assisted living and nursing home facilities. From 1994 through June of 1998, Mr. Brogdon was also Chairman of Contour Medical (Contour), a NASDAQ listed company that was in the medical supply business. In 1998 and 1999, Mr. Brogdon was also Chairman of NewCare Health Corporation, a NASDAQ listed company in the assisted living and nursing home business. Mr. Brogdon co-founded J. Christopher s in 1996, a restaurant specializing in breakfast, lunch and brunch. Today there are twenty one stores in operation and two under development. Since 1999, Mr. Brogdon has been an owner and the manager of Brogdon Family, L.L.C., which owns nursing homes, assisted living facilities, restaurants and commercial real estate. Mr. Brogdon is a founding board member of the Georgia Coastal Alzheimer s Association which serves thirteen South Georgia counties. Mr. Brogdon is also on the advisory board of SCAD Atlanta (Savannah School of Art & Design).

Steven Bathgate is a founder and Senior Managing Partner of GVC Capital LLC, a registered broker-dealer and investment bank located in Greenwood Village, Colorado since 1996. Prior to starting GVC Capital, he was Chairman and Chief Executive Officer of Cohig & Associates, Inc., an investment banking firm. He received a BS degree in Finance from the University of Colorado.

John Sheehan, Jr. has served as President of Ocoee Foundation, Inc. a non-profit that owns three nursing homes located in Tennessee. He is an owner/operator of eight for-profit nursing homes located in Tennessee and served as Senior Investment Officer for Nationwide Health Properties, Inc. located in Cleveland, Tennessee.

Clifford L. Neuman has been engaged as a principal in his own law firms for over 40 years, emphasizing corporate and securities law in the representation of companies in matters of corporate finance, mergers, acquisitions, reorganizations and public and private offerings. Mr. Neuman has served on the boards of directors of numerous public, private and non-profit companies and has been actively involved in the process of capital formation on behalf of his clients for many years. He is also the Managing Partner of Gemini Gaming, LLC, which owns and operates a gaming casino in Blackhawk, Colorado. He currently serves as Chairman of the Board of Medicine Horse Program, a non-profit equine assisted psychotherapy facility in Boulder, a Director and CEO of Ratna Foundation, a non-profit charitable foundation, and a member of the Governing Council of Shambhala Mountain Center, a non-profit retreat center in Red Feather Lakes, Colorado. Mr. Neuman received his Juris Doctorate degree from the University of Pennsylvania (1973) and his Bachelor of Arts degree, *magna cum laude* from Trinity College, Hartford, Connecticut (1970), where he was elected to Phi Beta Kappa.

Andrew L. Sink is currently the Managing Director of the Investment Advisory division and Principal for Colliers International | Alabama. His team provides investment property advisory, investment property brokerage, investment fund structuring and real estate investment management to high net worth families and individuals. His team also provides advisory services to privately held operating companies seeking to enhance enterprise value via various real estate strategies including sale leaseback and private fund structuring. Mr. Sink has more than 20 years experience in the real estate industry with a broad range of expertise in real estate brokerage and investments. Prior to his role at Colliers International, Mr. Sink was Managing Director of Founders Investment Properties (FIP) which spun out of Founders Investment Banking in December 2011. Prior to the formation of FIP, Mr. Sink was a partner at Founders Investment Banking, LLC where he served as Managing Director of the firm s real estate advisory practice from 2004-2011. During this same time period he and his partners formed Foundation Fund Management Company (FFMC). FFMC has created multiple niche private equity funds, which included Foundation Sale Leaseback Fund, Foundation Cypress Development Fund, Foundation Retail Development Fund, Foundation Residential Acquisition Fund and Foundation New Media Fund. Prior to joining Founders, he was a partner in the commercial real estate firm Eason, Graham & Sandner, Inc. (EGS) from 1993-2004 and was responsible for the Industrial Services Division. Mr. Sink earned a Bachelor of Science degree in finance with a concentration in real estate from The University of Alabama, graduating in 1990. He holds a state of Alabama real estate broker s license.

Philip Scarborough previously served as Chief Financial Officer of West Paces Ferry Healthcare REIT, Inc. from inception in 2013 until its acquisition by Global Healthcare REIT, Inc. Mr. Scarborough is a CPA and has practiced as a sole practitioner for the last several years. Mr. Scarborough served as Chief Financial Officer for a technical firm with contracts with United Space Alliance, operators of the Space Shuttle program. Mr. Scarborough was previously employed by Arthur Andersen & Co. and Arthur Young, both national CPA firms.

Ryan Scates began working at Winter Haven Homes in 2013 in a management capacity to facilitate healthcare facility acquisitions. Ryan s experience includes working in the Office of the Executive Counsel to the Governor of Georgia, and as a member of the University of Georgia Athletic Association Board of Directors, where he spearheaded the implementation of the Young Alumni

Development and Ticketing Program. Ryan holds undergraduate and law degrees from the University of Georgia. Ryan lives in Atlanta and is a member of Gridiron.

Family Relationships

None.

Board Meeting and Compensation

During the fiscal year ended December 31, 2014, meetings of the Board of Directors were held both in person and telephonically, and business of the board was also conducted by written unanimous consent. There were four meetings of the Board during 2014. All Board members attended 100% of the Board meetings. Directors are entitled to reimbursement of their expenses associated with attendance at such meeting or otherwise incurred in connection with the discharge of their duties as a Director. The Board of Directors has not adopted a compensation plan for outside directors.

During fiscal 2014, the entire Board of Directors assumed all responsibilities of the Audit, Compensation and Nominating Committees. The board had no formal standing committees, but plans to create those committees when it determines that those committees would be beneficial. No member of the Audit, Compensation or Nominating Committees will receive any additional compensation for his service as a member of that Committee.

During fiscal 2014, the Board adopted the Director Compensation Plan (the Plan) pursuant to which each Director of the Company, whether or not independent, and whether or not such Director holds any other position with the Company, including any position as an executive officer, shall be entitled to an annual grant of restricted common stock in compensation for services during the year of grant, determined as follows:

1.

The grant to each Director shall consist of restricted shares of common stock of the Company having a Market Value equal to $30,000. For the purposes of the Plan, Market Value shall mean the closing price of the Company s common stock on its principal trading market on the first trading day of the calendar year for which the grant is made.

2.

All shares granted to Directors under the Plan shall be fully vested on the date of grant.

3.

Should the Company determine that it is obligated to withhold payroll taxes from the Award, the undersigned Director will consent to the Company reducing the Award to the extent necessary to satisfy such obligation. Should the Company not withhold payroll taxes, each Director receiving a grant under the Plan shall be responsible for any and all federal, state or local taxes assessed as a result of such grant and shall indemnify, defend and hold harmless the Company for any liability therefore.

The first grant under the Plan was effective January 1, 2015, and consisted of 33,333 shares of common stock issued to each Director on that date.

Director Independence

Our common stock is listed on the OTCQB inter-dealer quotation systems, which does not have director independence requirements. Nevertheless, for purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). Mr. John Sheehan, Mr. Steven Bathgate, Mr. Clifford Neuman and Mr. Andrew Sink would be considered independent under the NASDAQ rule.

Audit Committee

The Board as a whole serves as the audit committee.

Mr. Brogdon would not be deemed to be "independent" within the meaning of the National Association of Securities Dealers, Inc.'s listing standards. For this purpose, an audit committee member is deemed to be independent if he does not possess any vested interests related to those of management and does not have any financial, family or other material personal ties to management.

The committee is responsible for accounting and internal control matters. The audit committee:

- reviews with management and the independent auditors policies and procedures with respect to internal controls;
- reviews significant accounting matters;
- approves any significant changes in accounting principles of financial reporting practices;
- reviews independent auditor services; and
- recommends to the board of directors the independent registered public accounting firm to audit our consolidated financial statements.

In addition to its regular activities, the committee is available to meet with the independent registered public accounting firm or controller whenever a special situation arises.

The Audit Committee of the Board of Directors will adopt a written charter, which, when adopted, will be filed with the Commission.

Compensation Advisory Committee

The composition of the compensation advisory committee has not been determined.

The compensation advisory committee did not meet during fiscal 2014. The compensation advisory committee will, when appointed:

- recommend to the board of directors the compensation and cash bonus opportunities based on the achievement of objectives set by the compensation advisory committee with respect to our chairman of the board and president, our chief executive officer and the other executive officers;

- administer our compensation plans for the same executives;

- determine equity compensation for all employees;

- review and approve the cash compensation and bonus objectives for the executive officers; and

- review various matters relating to employee compensation and benefits.

Nomination Process

The Board of Directors has not appointed a standing nomination committee and does not intend to do so during the upcoming year. The process of determining director nominees has been addressed by the board as a whole, which consists of four members. The board has not adopted a charter to govern the director nomination process.

The board of directors has not adopted a policy with regard to the consideration of any director candidates recommended by security holders, since to date the board has not received from any security holder a director nominee recommendation. The board of directors will consider candidates recommended by security holders in the future. Security holders wishing to recommended a director nominee for consideration should contact Mr. Christopher Brogdon, President, at the Company's principal executive offices located in Atlanta, Georgia and provide to Mr. Brogdon, in writing, the recommended director nominee's professional resume covering all activities during the past five years, the information required by Item 401 of Regulation S-K, and a statement of the reasons why the security holder is making the recommendation. Such recommendation must be received by the Company before December 31, 2015.

The board of directors believes that any director nominee must possess significant experience in business and/or financial matters as well as a particular interest in the Company's activities.

Shareholder Communications

Any shareholder of the Company wishing to communicate to the board of directors may do so by sending written communication to the board of directors to the attention of Mr. Christopher Brogdon, President, at the principal executive offices of the Company. The board of directors will consider any such written communication at its next regularly scheduled meeting.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Code of Ethics

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our directors, officers and employees during the fiscal year ended June 30, 2004. We will provide to any person without charge, upon request, a copy of our Code of Business Conduct and Ethics. Such request should be made in writing and addressed to Investor Relations, Global Healthcare REIT, Inc., at the Company's principal executive offices located in Atlanta, Georgia. Further, our Code of Business Conduct and Ethics was filed as an exhibit to our Annual Report on Form 10-KSB for the fiscal year ended June 30, 2004 and can be reviewed on the website maintained by the SEC at www.SEC.gov.

There are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent (5%) of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

During the last ten (10) years no director or officer of the Company has:

(1)

had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2)

been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(3)

been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4)

been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Any transactions between the Company and its officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties on an arms-length basis and will be approved by a majority of the Company's independent, outside disinterested directors.

Indemnification and Limitation on Liability of Directors

The Company's Articles of Incorporation provide that the Company shall indemnify, to the fullest extent permitted by Utah law, any director, officer, employee or agent of the corporation made or threatened to be made a party to a proceeding, by reason of the former or present official of the person, against judgments, penalties, fines, settlements and reasonable expenses incurred by the person in connection with the proceeding if certain standards are met. At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

The Company's Articles of Incorporation limit the liability of its directors to the fullest extent permitted by the Utah Business Corporation Act. Specifically, directors of the Company will not be personally liable for monetary damages for breach of fiduciary duty as directors, except for (i) any breach of the duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or that involved intentional misconduct or a knowing violation of law, (iii) dividends or other distributions of corporate assets that are in contravention of certain statutory or contractual restrictions, (iv) violations of certain laws, or (v) any transaction from which the director derives an improper personal benefit. Liability under federal securities law is not limited by the Articles. The officers of the Company will dedicate sufficient time to fulfill their fiduciary obligations to the Company's affairs. The Company has no retirement, pension or profit sharing plans for its officers and Directors.

Compliance with Section 16(a) of the Exchange Act

Under the securities laws of the United States, the Company's Directors, its Executive (and certain other) Officers, and any persons holding more than ten percent (10%) of the Company's common stock are required to report their ownership of the Company's common stock and any changes in that ownership to the Securities and Exchange Commission. Specific due dates for these reports have been established and the Company is required to report in this Report any failure to file by these dates. All of these filing requirements were satisfied by its Officers, Directors, and ten-percent holders except for Mr. Brogdon, who failed to file six reports covering six transactions in a timely fashion, Mr. Bathgate who failed to file three reports covering three transactions in a timely fashion, Mr. Scates who failed to file two reports covering two transactions in a timely fashion, Mr. Sheehan who failed to file four reports covering four transactions in a timely fashion and Mr. Scarborough who failed to file six reports covering six transactions in a timely fashion. In making these statements, the Company has relied on the written representation of its Directors and Officers or copies of the reports that they have filed with the Commission.

ITEM 11. EXECUTIVE COMPENSATION

Components of Compensation. For the year ended December 31, 2014, the CFO was paid a fixed hourly rate on all time devoted to his services to the Company. The CEO does not receive a base salary. We did not provide additional compensation in the form of annual incentive bonus, long term incentives, retirement benefits, or perquisites.

The following table and discussion set forth information with respect to all plan and non-plan compensation awarded to, earned by or paid to the Chief Executive Officer ("CEO"), and the Company's four (4) most highly compensated executive officers other than the CEO, for all services rendered in all capacities to the Company and its subsidiaries for each of the Company's last three (3) completed fiscal years; provided, however, that no disclosure has been made for any executive officer, other than the CEO, whose total annual salary and bonus does not exceed $100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus	Stock Awards	Options Awards	Non equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Christopher	2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Brogdon	2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Director Compensation

There were no fees or other compensation paid to outside directors of the Company during 2014.

Directors were reimbursed their expenses incurred in attending meetings. During 2014, the Board adopted the Director Compensation Plan, as described above, but there were no grants under the Plan during 2014.

Company Stock Incentive Plans

In 1993, the Board of Directors and the Shareholders of the Company adopted the Global Casinos, Inc., Stock Incentive Plan (the "Incentive Plan"). An aggregate of 100,000 shares of the Company's Common Stock is reserved for issuance under the Incentive Plan. As of December 31, 2014, no options were outstanding under the Plan and all options to purchase shares of Common Stock have expired. The Plan has terminated in accordance with its terms, and as a result no shares are available for future option grants.

Equity Awards at Year End

There were no unexercised options, unvested stock awards or equity incentive plan awards for any named executive officer outstanding as of the end of the most recently completed fiscal year.

Stock Based Compensation

In March 2015, the Board of Directors appointed Ryan Scates to the office of Executive Vice President. In consideration of his services, Mr. Scates will receive $10,000 per quarter, payable in arrears in restricted shares of common stock valued at the closing price of the common stock on the last day of each quarter.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 25, 2015 the stock ownership of (i) each person known by the Company to be the beneficial owner of five (5%) percent or more of the Company's Common Stock, (ii) all Directors individually, (iii) all Officers individually, and (iv) all Directors and Officers as a group. Each person has sole voting and investment power with respect to the shares shown, except as noted. In presenting the information contained in this Item 12, the Company has relied upon publicly available reports of beneficial ownership filed by persons required to do so pursuant to Section 13 of the Exchange Act.

Title Of Class	Name & Address of Beneficial Owner	Shares Beneficially Owned Number	Percent[1][8]
Common Stock	Christopher & Connie Brogdon[2] Two Buckhead Plaza 3050 Peachtree Rd., Suite 355 Atlanta, GA 30305	1,168,751	5.32%
	Clifford L. Neuman (3) 1507 Pine Street Boulder, CO 80302	785,606	3.60%
	John Joseph Sheehan, Jr.[4] Two Buckhead Plaza 3050 Peachtree Rd., Suite 355 Atlanta, GA 30305	191,004	0.87%
	Steven M. Bathgate (5) 5250 S. Roslyn # 400 Greenwood Village, CO 80111	1,214,558	5.46%
	Andrew L. Sink 420 North 20th. St. Birmingham, AL 35203	43,262	0.2%
	Philip S. Scarborough [6] 3050 Peachtree Rd., Suite 355	171,436	0.79%

Atlanta, GA 30305		
Ryan Scates (7) 3050 Peachtree Rd., Suite 355 Atlanta, GA 30305	66,201	0.08%
Park City Capital Offshore Master, Ltd. (8) 20 Crescent Coast, Suite 1575 Dallas, TX 75201	1,333,334	6.11%
All Officers and Directors as a Group (7 Persons)	3,640,818	16.68%

(1) Shares not outstanding but beneficially owned by virtue of the individuals' right to acquire them as of the date of this annual report or within sixty days of such date, are treated as outstanding when determining the percent of the class owned by such individual.

(2) Includes warrants exercisable to purchase 50,000 shares at $0.50 per share and warrants exercisable to purchase an additional 100,000 shares at $0.75 per share.

(3) Includes 735,606 shares owned individually; and 50,000 shares owned of record by Ratna Foundation, of which Mr. Neuman is a Director, as to which Mr. Neuman disclaims beneficial ownership for purposes of Section 16 under the Securities Exchange Act of 1934, as amended (the Exchange Act).

(4) Includes warrants exercisable to purchase 25,000 shares at $0.50 per share and warrants exercisable to purchase an additional 50,000 shares at $0.75 per share.

(5) Includes 748,154 shares owned by Steven M. Bathgate IRA; 40,000 shares owned by Mr. Bathgate s spouse; and, 25,000 shares owned by Viva Co, LLC of which Mr. Bathgate s spouse is a 50% owner and as to which Mr. Bathgate disclaims beneficial ownership. Also includes warrants exercisable to purchase 80,000 shares at $0.50 per share and warrants exercisable to purchase an additional 287,404 shares at $0.75 per share. Also includes warrants exercisable to purchase 34,000 warrants at $0.75 per share owned of record by GVC Partners, LLC, of which Mr. Bathgate is a Managing Member, but as to which Mr. Bathgate disclaims beneficial ownership for purposes of Section 16 under the Exchange Act.

(6) Includes 35,300 shares owned by Phillip Scarborough IRA.

(7) Includes 2,867 shares of common stock owned by Mr. Scates spouse, as to which Mr. Scates disclaims beneficial ownership for purposes of Section 16 under the Exchange Act.

(8) Park City Capital, LLC is the investment advisor to Park City Capital Offshore Master, Ltd. Michael J. Fox is the managing member of Park City Capital, LLC.

(9) Based on 21,831,716 shares issued and outstanding on March 25, 2015.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon loans from affiliates to meet immediate cash demands. There can be no assurance that these affiliates or other related parties will continue to provide funds to the Company in the future, as there is no legal obligation to provide such loans.

Equity Compensation

In June, 2013, Messrs. Neuman, Nacht and Bloomquist were granted restricted stock awards consisting of 25,000 shares each for services as officers and directors.

Related Party Transactions

Christopher Brogdon is a member of the Company s board of directors and also the Chief Executive Officer and President of the Company.

The Company has an unsecured, interest free receivable due from Christopher Brogdon totaling $500,000 which it acquired from Georgia REIT in connection with its acquisition of Dodge. This amount has been netted in the consolidation against an advance owed back to Mr. Brogdon by Dodge totaling $50,000. Additionally, Christopher Brogdon committed to advance funds totaling $100 to WPF used to purchase the 65% interest in Dodge on March 15, 2013. In addition to the stockholder advance above, Christopher Brogdon is affiliated with other companies to which advances have been made or received. As of December 31, 2014, the Company has unsecured and interest-free, net amounts due from companies affiliated with Christopher Brogdon totaling $353,211. These affiliates are related to the Company through common control and ownership of Christopher Brogdon.

Christopher Brogdon is the managing member of GWH Investors, LLC, Redeemer Investors, LLC, Providence HR Investors, LLC, 1321 Investors, LLC, GLN Investors, LLC and Dodge Investors, LLC. As described elsewhere in this Report and the Notes to Consolidated Financial Statements, the Company has or had notes payable to these entities.

The Company determined that certain advances by the Company to affiliates were no longer collectible based on their ability to repay. Accordingly, the Company has recorded bad debt expense in the Consolidated Statements of Operations of $440,219 for the year ended December 31, 2014 and $108,182 for the period from March 13, 2013 (date of inception) through December 31, 2013.

The Company has also determined that an advance receivable from Gemini Gaming, LLC in the amount of $350,000 is no longer collectible and has, as a result, recorded a bad debt expense on the Consolidated Statement of Operations during the period from March 13, 2013 (date of inception) through December 31, 2013. Clifford Neuman, director of the Company, is the managing partner of Gemini Gaming, LLC.

In connection with its private placement of common stock described elsewhere in this report, the Company engaged the services of GVC Capital, LLC, (GVC) a registered broker-dealer and FINRA

---

member to serve as Placement Agent. GVC was paid a Placement Agent fee in the offering in the aggregate amount of $415,627, a non-accountable expense allowance in the aggregate amount of $134,392 and expense reimbursement in the aggregate amount of $17,088. Steven Bathgate, a director, is the senior managing member of GVC and as a result had a financial interest in the payments made to GVC. In addition, GVC was issued warrants to purchase shares of common stock equal to 10% of the shares sold in the offering. Mr. Bathgate s share of those warrants are set forth in this Report in the section heading Security Ownership of Management and Principal Shareholders.

Conflicts of Interest

The Company has acquired the following interests in properties either directly from Mr. Brogdon or entities controlled or under the common control of Mr. Brogdon:

<u>Property</u>

Percentage

Consideration

Middle Georgia

65%

nominal

Warrenton

95%

nominal

Limestone

25%

nominal

Scottsburg

67.5%

nominal

Goodwill

59.7%

$800,000

Edwards Redeemer

62.5%

$491,488

Golden Years

44.5%

192,767 shares

Sparta

65%

61,930 shares

Greene Point

62.145%

73,253 shares

The Company may in the future acquire properties from entities either controlled by Mr. Brogdon or in which he has a direct or indirect financial interest. In each instance where we have or will acquire a property which is controlled by or in which Mr. Brogdon has an interest, he is required to disclose the terms of those interests to the Board of Directors as a Conflicting Interest Transaction within the meaning of Utah Revised Statutes §§16-10a-850 through 853. Mr. Brogdon also abstains from any participation in the approval of the terms of a Conflicting Interest Transaction, which must be approved by a majority of Qualified Directors , as defined in the provisions of the Utah Revised Statutes cited above, who have no direct or indirect financial interest in the property involved. These procedures will be followed in every Conflicting Interest Transaction, regardless of the related party having the conflict.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table details the aggregate fees billed to Global Casinos by Schumacher & Associates, Inc., its previous independent registered public accounting firm, since their dismissal in 2013:

	2014	2013
Audit Fees	$ -0-	$ 59,700
Tax Fees	-0-	-0-
All Other Fees	-0-	-0-
Total	$ -0-	$ 59,700

The following table details the aggregate fees billed to the Company by Frazier & Deeter (FD), its current registered independent public accounting firm, since their appointment in 2013:

	2014	2013
Audit Fees	$ 88,352	$ 84,000
Tax Fees	-0-	-0-
All Other Fees	-0-	-0-
Total	$ 88,352	$ 84,000

The caption "Audit Fees" includes professional services rendered for the audit of the annual consolidated financial statements and the review of the quarterly interim consolidated financial statements.

It is the policy of the Board of Directors, acting as the audit committee, to pre-approve all services to be performed by the independent registered public accounting firm.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Annual Report:

(a) Financial Statement Schedules

See the Index to Consolidated Financial Statements at page F-1 of this report.

The following financial statement schedule is included herein at page F-38 of this report:

Schedule III Real Estate Assets and Accumulated Depreciation

(b)	**Exhibits** **Exhibit No.**	**Title**
(1)	1.0	Articles of Amendment to the Articles of Incorporation dated June 22, 1994
(1)	3.1	Amended and Restated Articles of Incorporation
(35)	3.1	Amended and Restated Articles of Incorporation
(1)	3.2	Bylaws
(1)	3.3	Certificate of Designations, Preferences, and Rights of Series A Convertible Preferred Stock
(5)	3.4	Certificate of Designations, Preferences, and Rights of Series B Convertible Preferred Stock
(5)	3.5	Certificate of Designations, Preferences, and Rights of Series C Convertible Preferred Stock
(5)	3.6	Agreement Respecting Rights of Holders of Series C Convertible Preferred Stock
(17)	3.7	Certificate of Designations, Preferences, and Rights of Series E Convertible Preferred Stock
(18)	3.8	Form of Registration Rights Agreement
(1)	4.1	Specimen Certificate of Common Stock
(1)	4.2	Specimen Class A Common Stock Purchase Warrant
(1)	4.3	Specimen Class B Common Stock Purchase Warrant
(1)	4.4	Specimen Class C Common Stock Purchase Warrant
(1)	4.5	Warrant Agreement

(19)	4.6	Form of Series 2010 5% Convertible Debenture
(20)	4.7	Form of Common Stock and Warrant Purchase Agreement
(1)	5.0	Opinion of Neuman & Drennen, LLC regarding the legality of the securities being registered
(1)	10.1	Selling Agent Agreement
(1)	10.2	The Casino-Global Venture I Joint Venture Agreement
(1)	10.3	Assignment of Casino-Global Joint Venture Agreement dated January 31, 1994

(1)	10.4	Nonresidential Lease Agreement between Russian-Turkish Joint Venture Partnership with Hotel Lazurnaya and Global Casino Group, Inc. dated September 22, 1993
(1)	10.5	Contract by and between Aztec-Talas-Four Star, Inc. and Global Casinos Group, Inc. dated April 12, 1993, and Addendum to Agreement by and between Aztec-Talas-Four Star, Inc., Global Casinos Group, Inc. and Restaurant "Naryn" dated June 29, 1993.
(1)	10.6	Agreement and Plan of Reorganization among Silver State Casinos, Inc., Colorado Gaming Properties, Inc. and Morgro Chemical Company, dated September 8, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated September 20, 1993
(1)	10.7	Agreement and Plan of Reorganization among Casinos USA., Lincoln Corporation, Woodbine Corporation and Morgro Chemical Company, dated October 15, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
(1)	10.8	Stock Pooling and Voting Agreement, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
(1)	10.9	Employment Agreement, dated September 28, 1993, between Morgro Chemical Company and Nathan Katz, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
(1)	10.10	Employment Agreement, dated October 15, 1993, between Morgro Chemical Company and William P. Martindale, incorporated by reference from the Company's Current Report on Form 8-K, dated November 19, 1993
(1)	10.11	Asset Acquisition Agreement by and among Global Casinos, Inc., Morgro, Inc. and MDO, L.L.C., dated as of February 18, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated February 18, 1994
(1)	10.12	Stock Purchase Agreement, dated March 25, 1994, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
(1)	10.13	Articles of Incorporation of BPJ Holding N.V., incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
(1)	10.14	Aruba Caribbean Resort and Casino Lease Agreement, dated January 18, 1993, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
(1)	10.15	Aruba Gaming Permit issued to Dutch Hotel and Casino Development Corporation, incorporated by reference from the Company's Current Report on Form 8-K, dated April 29, 1994
(1)	10.16	Letter Agreement between Astraea Investment Management, L.P. and Global Casinos, Inc. dated May 11, 1994

(1)	10.17	Guaranty from Global Casinos, Inc. to Astraea Investment Management, L.P. dated May 19, 1994
(1)	10.18	Secured Convertible Promissory Note in favor of Global Casinos, Inc. from Astraea Investment Management, L.P. dated May 19, 1994
(1)	10.19	Registration Rights Agreement between Global Casinos, Inc. and Astraea Investment Management, L.P. dated May 11, 1994
(1)	10.20	Employment Agreement, dated July 1, 1994, between Global Casinos, Inc. and Peter Bloomquist
(2)	10.21	Letter of Agreement, dated September 16, 1994 between Astraea Management Services, L.P., Casinos USA., Inc. and Global Casinos, Inc.
(3)	10.23	Letter of Agreement dated June 27, 1995, between Global Casinos, Inc., Global Casinos International, Inc., Global Casinos Group, Inc., Broho Holding, N.V., and Kenneth D. Brown individually.
(1)	10.24	Second Amended Plan of Reorganization of Casinos USA, Inc., and Order Confirming Plan
(1)	10.25	Warrant Agreement
(4)	10.26	Stock Purchase and Sale Agreement between Alaska Bingo Supply, Inc., Global Alaska Industries, Inc. and Mark Griffin
(5)	10.27	Convertible Promissory Note in the amount of $450,000 dated March 31, 1998 in favor of Mark Griffin
(4)	10.28	General Security Agreement from Global Alaska Industries, Inc. to Mark Griffin
(4)	10.29	Stock Pledge Agreement from Global Alaska Industries, Inc. to Mark Griffin
(5)	10.30	Agreement to Convert Debt dated March 31, 1998 with Mark Griffin
(5)	10.31	Tollgate Casino Lease and Option Agreement
(5)	10.32	Equipment Lease with Plato Foufas & Co., Inc.
(5)	10.33	Employment Agreement of Eric Hartsough
(6)	10.34	Stock Purchase Agreement dated December 30, 1999 between Arufinance, N.V. and Global Casinos, Inc.
(7)	10.35	Term Sheet dated July 24, 2002 between Global Casinos, Inc., Astraea Investment Management L.P. and others.
(7)	10.36	Agreement dated September 17, 2002 among Global Casinos, Inc., Casinos, USA., Inc. and Astraea Investment Management L.P.
(7)	10.37	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos USA., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $249,418.48.
(7)	10.38	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos USA., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $750,000.

(7)	10.39	Agreement and Amendment to Promissory Note dated September 17, 2002 between Casinos USA., Inc. and Astraea Investment Management L.P. for promissory note in the original principal amount of $783,103.56.
(7)	10.40	Assumption Agreement dated September 17, 2002 among, Global Casinos, Inc., Casinos USA., Inc. and Astraea Investment Management L.P.
(7)	10.41	Bill of Sale, Assignment and Assumption dated October 30, 2002 between Global Casinos, Inc. and Casinos, USA., Inc.
(7)	10.42	Option Agreement dated September 17, 2002 by and between Astraea Investment Management L.P. and Global Casinos, Inc.
(7)	10.43	Security Agreement dated September 17, 2002 by Casinos USA., Inc. in favor of Astraea Investment Management L.P.
(7)	10.44	Service Agreement dated as of September 17, 2002 between Casinos USA., Inc. and Global Casinos, Inc.
(7)	10.45	Stock Pledge Agreement dated as of September 17, 2002 between Global Casinos, Inc. and Astraea Investment Management L.P.
(7)	10.46	Voting Agreement dated as of September 17, 2002 between Casinos USA., Inc. and Global Casinos, Inc.
(9)	10.47	Asset Purchase and Sale Agreement dated June 14, 2007.
(9)	10.48	Escrow Agreement dated June 20, 2007
(10)	10.49	Amendment No. 1 to Asset Purchase and Sale Agreement dated June 14, 2007
(8)	14.	Code of Ethics
(11)	10.50	Amendment No. 2 to Asset Purchase and Sale Agreement dated June 14, 2007.
(12)	10.51	Amendment No. 3 to Asset Purchase and Sale Agreement dated June 14, 2007.
(13)	10.52	Amendment No. 4 to Asset Purchase and Sale Agreement dated June 14, 2007.
(15))	10.53	Amendment No. 5 to Asset Purchase and Sale Agreement dated June 14, 2007.
(15)	10.54	Articles of Organization of Doc Holliday Casino II, LLC
(15)	10.55	Operating Agreement of Doc Holliday Casino II, LLC
(15)	10.56	Certificate of Series D for Global Casinos Inc
(15)	10.57	Consent to Assignment of Lease to Global Casinos
(15)	10.58	Consent to Assignment of Lease to Doc Holliday Casino II
(15)	10.59	Assignment & Assumption of Lease by Doc Holliday II
(15)	10.60	Promissory Note $550,000
(15)	10.61	Promissory Note $400,000
(15)	10.62	Promissory Note $155,000
(15)	10.63	Bill of Sale
(15)	10.64	Noncompetition and Confidentiality Agreement
(15)	10.65	Consultation Agreement
(16)	10.66	Lease Agreement
(16)	10.67	Addendum to Lease Agreement

(16)	10.68	Addendum No. 2 to Lease Agreement
(16)	10.69	Loan Agreement with Astraea Investment Management
(16)	10.70	Assignment of Note
(16)	10.71	Assignment and Assumption Agreement
(16)	10.72	Second Amendment to Promissory Note
(21)	10.73	Astraea Loan Document Purchase and Assignment Agreement
(22)	10.74	Martindale Allonge and Loan Participation Agreement
(23)	10.75	Montrose Allonge and Modification Agreement
(24)	10.76	Bloomquist Allonge and Loan Participation Agreement
(25)	10.77	Shupp Allonge and Modification Agreement
(26)	10.78	Amendment to Lease Agreement dated December 28, 2010
(27)	10.79	Class A Stock Purchase Warrant
(27)	10.79	Series 2011 8% unsecured convertible note
(28)	10.80	Split-Off Agreement
(28)	10.81	Stock Purchase Agreement
(29)	10.82	Promissory Note
(29)	10.83	Stock Pledge Agreement
(30)	10.84	Amended and Restated Allonge and Loan Participation Agreement
(30)	10.85	Form of Warrant
(31)	10.86	Second Allonge and Modification Agreement
(31)	10.87	Modification to Second Deed of Trust
(32)	10.88	Amendment No. 2 to Loan Participation Agreement
(33)	10.89	Termination and Mutual Release
(33)	10.90	Amendment No. 1 to Split-Off Agreement
(33)	10.91	Stock Purchase Agreement
(34)	10.92	Amended and Restated Split-Off Agreement
(35)	10.93	Loan Purchase Agreement
(35)	10.94	Assignment of Deed of Trust
(35)	10.95	Assignment of Note
(35)	10.96	Assignment, Assumption and Indemnity Agreement
(35)	10.97	Security and Hypothecation Agreement
(35)	10.98	Intercompany Agreement
(35)	10.99	Promissory Note
(36)	10.100	Scottsburg Membership Purchase Agreement
(37)	10.101	Purchase Agreement dated October 8, 2008
(37)	10.102	Amendment No. 1 to Purchase Agreement dated October 8, 2008
(37)	10.103	Amendment No. 2 to Purchase Agreement dated October 8, 2008
(37)	10.104	Amendment No. 3 to Purchase Agreement dated October 8, 2008
(37)	10.105	Amendment No. 4 to Purchase Agreement dated October 8, 2008
(37)	10.106	Amendment No. 5 to Purchase Agreement dated October 8, 2008
(38)	10.107	Membership Interest Purchase Agreement - Goodwill
(39)	10.108	Purchase and Sale Agreement Meadowview
(40)	10.109	Purchase and Sale Agreements Longview, Mountainview, Corpus Christi and Grand Prairie
(41)	10.110	Amendments to Purchase and Sale Agreements Longview, Corpus Christi and Grand Prairie

(41)	10.111	Assignment of Purchase and Sale Agreements Longview, Mountainview, Corpus Christi and Grand Prairie
(42)	10.112	Letters Terminating Purchase Agreements - Longview, Mountainview, Corpus Christi and Grand Prairie
*	21.0	Subsidiaries of the Company
*	31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
**	101.INS	XBRL Instance
**	101.SCH	XBRL Taxonomy Extension Schema
**	101.CAL	XBRL Taxonomy Extension Calculation
**	101.DEF	XBRL Taxonomy Extension Definition
**	101.LAB	XBRL Taxonomy Extension Labels
**	101.PRE	XBRL Taxonomy Extension Presentation

---

(1) Incorporated by reference to the Registrant's Registration Statement on Form SB-2, Registration No. 33-76204, on file with the Commission on August 11, 1994.

(2) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for year ended June 30, 1994.

(3) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 15, 1995.

(4) Incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1997, as filed with the Commission on August 14, 1997.

(5) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 1999.

(6) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 30, 1999, as filed with the Commission on January 14, 2000.

(7) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2002.

(8) Incorporated by reference to the Registrant's Annual Report on Form 10KSB for the year ended June 30, 2004.

(9) Incorporated by reference to the Registrant s Current Report on Form 8-K dated June 14, 2007 as filed with the Commission on June 19, 2007

(10)

Incorporated by reference to the Registrant s Current Report on Form 8-K/A dated September 28, 2007 as filed with the Commission on October 2, 2007.

(11) Incorporated by reference to the Registrant s Current Report on Form 8-K dated November 30, 2007 as filed with the Commission on December 3, 2007.

(12) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 5, 2007 as filed with the Commission on December 6, 2007.

(13) Incorporated by reference to the Registrant s Current Report on Form 8-K dated January 30, 2008 as filed with the Commission on February 4, 2008.
(14) Incorporated by reference to the Registrant s Current Report on Form 8-K dated March 6, 2008 as filed with the Commission on March 6, 2008.
(15) Incorporated by reference to the Registrant s Current Report on Form 8-K dated March 18, 2008 as filed with the Commission on March 24, 2008.
(16) Incorporated by reference to the Registrant s Current Report on Form 8-K/A dated March 18, 2008 as filed with the Commission on May 29, 2008.
(17) Incorporated by reference to the Registrant s Current Report on Form 8-K dated July 12, 2010 as filed with the Commission on July 14, 2010.
(18) Incorporated by reference to the Registrant s Current Report on Form 8-K dated July 19, 2010 as filed with the Commission on July 20, 2010.
(19) Incorporated by reference to the Registrant s Current Report on Form 8-K dated July 16, 2010 as filed with the Commission on July 20, 2010.
(20) Incorporated by reference to the Registrant s Current Report on Form 8-K dated July 16, 2010 as filed with the Commission on July 20, 2010.
(21) Incorporated by reference to the Registrant s Current Report on Form 8-K dated November 30, 2009 as filed with the Commission on December 3, 2009.
(22) Incorporated by reference to the Registrant s Current Report on Form 8-K dated November 30, 2009 as filed with the Commission on December 3, 2009.
(23) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 30, 2009 as filed with the Commission on December 31, 2009.
(24) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 30, 2009 as filed with the Commission on January 5, 2010.
(25) Incorporated by reference to the Registrant s Current Report on Form 8-K dated March 25, 2010 as filed with the Commission on March 25, 2010.
(26) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 28, 2010 as filed with the Commission on December 29, 2010 as amended by Form 8-K/A filed with the Commission on February 10, 2011.
(27) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 20, 2011 as filed with the Commission on December 20, 2011
(28) Incorporated by reference to the Registrant s Current Report on Form 8-K dated June 1, 2012 as filed with the Commission on June 6, 2012.
(29) Incorporated by reference to the Registrant s Current Report on Form 8-K dated June 25, 2012 as filed with the Commission on June 28, 2012.
(30) Incorporated by reference to the Registrant s Current Report on Form 8-K dated October 11, 2012 as filed with the Commission on October 16, 2012.
(31) Incorporated by reference to the Registrant s Current Report on Form 8-K dated November 9, 2012 as filed with the Commission on November 13, 2012.
(32) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 20, 2012 as filed with the Commission on December 20, 2012.
(33) Incorporated by reference to the Registrant s Current Report on Form 8-K dated April 8, 2013 as filed with the Commission on April 12, 2013.
(34)

Incorporated by reference to the Registrant s Current Report on Form 8-K dated May 4, 2013 as filed with the Commission on May 6, 2013.

(35) Incorporated by reference to the Registrant s Current Report on Form 8-K dated September 30, 2013 as filed with the Commission on October 4, 2013.

(36) Incorporated by reference to the Registrant s Current Report on Form 8-K dated January 27, 2014 as filed with the Commission on January 30, 2014.

(37) Incorporated by reference to the Registrant s Current Report on Form 8-K dated March 10, 2014 as filed with the Commission on March 14, 2014.
(38) Incorporated by reference to the Registrant s Current Report on Form 8-K dated May 23, 2014 as filed with the Commission on May 19, 2014.
(38) Incorporated by reference to the Registrant s Current Report on Form 8-K/A dated May 23, 2014 as filed with the Commission on May 19, 2014.
(39) Incorporated by reference to the Registrant s Current Report on Form 8-K dated September 26, 2014 as filed with the Commission on October 2, 2014.
(40) Incorporated by reference to the Registrant s Current Report on Form 8-K dated December 16, 2014 as filed with the Commission on December 17, 2014.
(41) Incorporated by reference to the Registrant s Current Report on Form 8-K dated January 22, 2015 as filed with the Commission on January 27, 2015
(42) Incorporated by reference to the Registrant s Current Report on Form 8-K dated January 28, 2015 as filed with the Commission on February 4, 2015.

*

Filed herewith

**

furnished, not filed.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of

Global Healthcare REIT, Inc.

We have audited the accompanying consolidated balance sheets of Global Healthcare REIT, Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in equity, and cash flows for the year ended December 31, 2014 and for the period from March 13, 2013 (date of inception) through December 31, 2013. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule III as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included 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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated 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 Global Healthcare REIT, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the year ended December 31, 2014 and for the period from March 13, 2013 (date of inception) through December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Frazier & Deeter, LLC

Atlanta, Georgia

April 15, 2015

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Property and Equipment, net	$ 40,259,357	$ 8,088,600
Cash and Cash Equivalents	533,597	1,180,192
Advances to Related Parties	353,211	485,300
Restricted Cash	904,157	307,638
Notes Receivable - Related Parties, net of discount	1,186,822	600,148
Prepaid Expenses, Deferred Loan Costs, and Other	1,490,634	139,673
Goodwill	1,750,454	1,750,454
Total Assets	$ 46,478,232	$ 12,552,005
LIABILITIES AND EQUITY		
Liabilities		
Debt, net	$ 37,610,874	$ 7,332,756
Accounts Payable and Accrued Liabilities	268,942	295,432
Advances from Related Parties	-	7,345
Lease Security Deposit	176,667	25,000
Total Liabilities	38,056,483	7,660,533
Commitments and Contingencies		
Equity		
Stockholders Equity		
Preferred Stock:		
Series A - No Dividends, $2.00 Stated Value, Non-Voting; 2,000,000 Shares Authorized, 200,500 Shares Issued and Outstanding at December 31, 2014 and 2013	401,000	401,000
Series D - 8% Cumulative, Convertible, $1.00 Stated Value, Non-Voting; 1,000,000 Shares Authorized, 375,000 and 700,000 Shares Issued	375,000	700,000

and December 31, 2013, respectively		
Common Stock - $0.05 Par Value; 50,000,000 Shares Authorized, 21,640,051 and 14,556,115 Shares Issued and Outstanding at December 31, 014 and December 31, 2013, respectively	1,082,003	727,807
Common Stock Subscribed but Not Issued	-	106,500
Additional Paid-In Capital	8,540,520	3,768,764
Retained Earnings (Accumulated Deficit)	212,573	(687,057)
Total Global Healthcare REIT, Inc. Stockholders' Equity	10,611,096	5,017,014
Noncontrolling Interests	(2,189,347)	(125,542)
Total Equity	8,421,749	4,891,472
Total Liabilities and Equity	$ 46,748,232	$ 12,552,005

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2014	March 13, 2013 (date of inception) through December 31, 2013
Revenue		
Rental Revenue	$ 1,853,809	$ 443,333
Expenses		
General and Administrative	809,356	330,747
Acquisition Costs	250,909	173,743
Bad Debt	440,219	108,182
Loss on Sale of Property and Equipment	381,395	-
Depreciation	624,311	153,847
Total Expenses	2,506,190	766,519
Loss from Operations	(652,381)	(323,186)
Other (Income) Expense		
Bargain Purchase Gain	(3,000,000)	-
Interest Income	(91,373)	-
Interest Expense	968,613	423,302
Total Other (Income) Expense	(2,122,760)	423,302
Equity in Loss from Unconsolidated Partnership	(23,292)	-
Net Income (Loss)	1,447,087	(746,488)
Net (Income) Loss Attributable to Noncontrolling Interests	(89,940)	102,403
Net Income (Loss) Attributable to Global Healthcare REIT, Inc.	1,357,147	(644,085)
Series D Preferred Dividends	(42,904)	(60,089)
Net Income (Loss) Attributable to Common Stockholders	$ 1,314,243	$ (704,174)
Per Share Data:		
Net Income (Loss) per Share Attributable to Common Stockholders:		
Basic	$ 0.07	$ (0.09)
Diluted	$	$

	0.06	(0.09)
Weighted Average Common Shares Outstanding:		
Basic	19,456,590	8,240,492
Diluted	22,002,036	8,240,492

See accompanying notes to these consolidated financial statements

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Series A Preferred Stock		Series D Preferred Stock		Common Stock					
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Subscriptions Receivable	Additional Paid-In Capital	Common Stock Subscribed but Not Issued	(Ac
Balance, March 13, 2013 (Date of Inception)	-		-		-	$ -	$ -	$ -	$ -	
Acquisition of Controlling Interest in Dodge NH, LLC	-	-	-	-	-	-	-	-	-	
Issuance of Common Stock for Subscriptions Receivable	-	-	-	-	1,000	100	(100)	-	-	
Effect of Reverse Acquisition	200,500	401,000	700,000	700,000	10,364,553	518,179	100	1,168,417	-	
Common Stock Sold in Private Placement, Net of Offering Costs	-	-	-	-	3,563,411	178,171	-	2,221,379	106,500	
Conversion of Notes Payable and Accrued Interest into Common Stock in Private Placement	-	-	-	-	627,151	31,357	-	439,057	-	
Series D Preferred	-	-	-	-	-	-	-	(60,089)	-	

Dividends										
Net Loss	-	-	-	-	-	-	-	-	-	
Balance, December 31, 2013	200,500	$ 401,000	700,000	$ 700,000	14,556,115	$ 727,807	$ -	$ 3,768,764	$ 106,500	$

See accompanying notes to these consolidated financial statements

F-5

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Continued)

	Series A Preferred Stock		Series D Preferred Stock		Common Stock					
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Subscriptions Receivable	Additional Paid-In Capital	Common Stock Subscribed but Not Issued	Retair Earnir (Accumu Defic
		$		$		$	$	$	$	$
Balance, December 31, 2013	200,500	401,000	700,000	700,000	14,556,115	727,807	-	3,768,764	106,500	(687
Common Stock Sold in Private Placement, Net of Offering Costs of $285,501	-	-	-	-	4,421,540	221,077	-	2,790,639	(106,500)	
Exchange of Common Stock for Membership Interests	-	-	-	-	508,965	25,448	-	446,017	-	
Conversion of Notes Payable and Accrued Interest into Common Stock in Private Placement	-	-	-	-	204,575	10,229	-	143,204	-	
Conversion of Series D Preferred Stock to Common Stock	-	-	(325,000)	(325,000)	325,000	16,250	-	308,750	-	
Acquisition of Noncontrolling Interests	-	-	-	-	-	-	-	-	-	
Exchange of Common Stock for Noncontrolling Interests	-	-	-	-	636,070	31,803	-	547,355	-	

Exercise of Common Stock Warrants	-	-	-	- 8	879,270	43,963	-	397,949	-	
Common Stock Warrants Issued to Convertible Debt Placement Agent	-	-	-	-	-	-	-	56,065	-	
Cashless Exercise of Common Stock	-	-	-	-	23,993	1,200	-	(1,200)	-	
Common Stock Issued for Compensation	-	-	-	-	44,668	2,233	-	45,115	-	
Series D Preferred Dividends	-	-	-	-	-	-	-	-	-	(42
Common Stock Dividends	-	-	-	-	-	-	-	-	-	(414
Distributions to Noncontrolling Interests	-	-	-	-	-	-	-	-	-	

See accompanying notes to these consolidated financial statements

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(Continued)

	Series A Preferred Stock	Series D Preferred Stock	Common Stock							
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Subscriptions Receivable	Additional Paid-In Capital	Common Stock Subscribed but Not Issued	Accun Def
Distributions of Common Stock to Noncontrolling Interests	-	-	-	-	39,855	1,993	-	37,862	-	
Distribution of Note Receivable to Noncontrolling Interest	-	-	-	-	-	-	-	-	-	
Net Income	-	-	-	-	-	-	-	-	-	1,3
Balance, December 31, 2014	200,500	$ 401,000	375,000	$ 375,000	21,640,051	$ 1,082,003	$ -	$ 8,540,520	$ -	$ 2

See accompanying notes to these consolidated financial statements

GLOBAL HEALTHCARE REIT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2014	Period from March 13, 2013 (Date of Inception) through December 31, 2013
Cash Flows from Operating Activities	$	$
Net Income (Loss)	1,447,087	(746,488)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation	624,311	153,847
Amortization and Accretion	28,645	48,384
Increase in Straight Line Rent Receivable	(102,037)	(13,000)
Bad Debt Expense	440,219	108,182
Bargain Purchase Gain	(3,000,000)	-
Loss on Sale of Property and Equipment	381,395	-
Stock Based Compensation	47,348	-
Equity in Loss from Unconsolidated Partnership	23,292	-
Changes in Operating Assets and Liabilities, net of assets and liabilities acquired:		
Accounts Payable and Accrued Liabilities	(473,572)	258,766
Lease Security Deposit	(28,000)	-
Other	(15,471)	(22,500)
Net Cash Used in Operating Activities	(626,783)	(212,809)
Cash Flows from Investing Activities		
Issuance of Notes Receivable - Related Parties	(650,000)	-
Collections on Notes Receivable Related Parties	31,724	-
Net Advances from/to Related Parties	(812,074)	(4,555)
Change In Restricted Cash	(205,710)	-

Deposit for Business Acquisition	(500,000)	-
Acquisition of Dodge NH, LLC Controlling Interest, net of Cash Acquired in Reverse Acquisition	-	265,968
Acquisitions of Property and Equipment, net of cash acquired	(5,709,776)	(3,500,000)
Capital Expenditures for Property and Equipment	(2,716,287)	-
Proceeds from Sale of Property and Equipment	3,414,000	-
Net Cash Used in Investing Activities	(7,148,123)	(3,238,587)
Cash Flows from Financing Activities		
Proceeds from Issuance of Debt	11,379,175	2,720,000
Payments on Debt	(5,764,703)	(441,714)
Change in Restricted Cash	(345,901)	(107,638)
Deferred Loan Costs Paid	(690,784)	(30,799)
Proceeds from Common Stock Offering	3,190,717	2,778,901
Offering Costs Paid	(285,501)	(272,851)
Exercise of Common Stock Warrants	441,912	-
Dividends Paid on Preferred Stock	(42,904)	(14,311)
Dividends Paid on Common Stock	(414,613)	-
Distributions to Noncontrolling Interests	(339,087)	-
Net Cash Provided by Financing Activities	7,128,311	4,631,588
Net Increase (Decrease) in Cash and Cash Equivalents	(646,595)	1,180,192
Cash and Cash Equivalents, Beginning of Period	1,180,192	-
Cash and Cash Equivalents, End of Period	$ 533,597	$ 1,180,192
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest, net of capitalized interest of $188,589 and $0, respectively	$ 784,869	$ 367,513

F-8

See accompanying notes to these consolidated financial statements.

GLOBAL HEALTHCARE REIT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the Business

Global Healthcare REIT, Inc. (the Company or Global) was organized with the intent of operating as a real estate investment trust (REIT) for the purpose of investing in real estate and other assets related to the healthcare industry. Prior to the Company changing its name to Global Healthcare REIT, Inc. on September 30, 2013, the Company was known as Global Casinos, Inc. Global Casinos, Inc. operated two gaming casinos which were split-off and sold on September 30, 2013. Simultaneous with the split-off and sale of the gaming operations, the Company acquired West Paces Ferry Healthcare REIT, Inc. (WPF).

The Company intends to make a REIT election under sections 856 through 859 of the Internal Revenue Code of 1986, as amended. Such election will be made by the Board of Directors at such time as the Board determines that we qualify as a REIT under applicable provisions of the Internal Revenue Code.

On September 30, 2013, Global acquired all of the outstanding common stock of WPF in consideration of $100. WPF owned a 65% membership interest in Dodge NH, LLC, which owned a skilled nursing facility located in Eastman, Georgia. Upon acquisition of WPF, a new board of directors and executive officers were installed who have the ability to exercise control over the combined entity. WPF s total assets and revenues were the largest of each of the combined entities. The acquisition was accounted for as a reverse acquisition whereby WPF was deemed to be the accounting acquirer. The results of operations of Global have been included in the consolidated financial statements since the date of the reverse acquisition. The historical financial statements of WPF are presented as the historical financial statements of the Company.

WPF acquired a 65% controlling interest in Dodge NH, LLC (Dodge) on March 15, 2013, from Georgia Healthcare REIT, Inc. (Ga. REIT). Ga. REIT is related to WPF through common ownership and control. Dodge was formed for the purpose of acquiring Middle Georgia Nursing Home, a 100 bed nursing home located in Eastman, Georgia. The nursing home acquisition was completed by Dodge effective July 1, 2012. From inception, Dodge has leased the facility to an unrelated third party nursing home operator described more fully in Note 12. The remaining 35% of

Dodge was owned by Dodge Investors, LLC (Dodge Investors). Dodge Investors loaned funds totaling $1,100,000 to Dodge that were used in conjunction with a loan from Colony Bank (Note 8) to acquire the facility on July 1, 2012. Dodge Investors represents a portion of the noncontrolling interests presented in these consolidated financial statements.

Basis of Presentation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and variable interest entities (VIE s) for which the Company has determined itself to be the primary beneficiary. Third party equity interests in subsidiaries and VIE s are recognized as noncontrolling interests in the consolidated financial statements. All significant inter-company balances and transactions have been eliminated in consolidation.

The Company is the primary beneficiary of a VIE if the Company has the power to direct the activities of the VIE that most significantly impact its economic performance and the obligation to absorb losses or receive benefits from the VIE that could be significant to the Company. If the interest in the entity is determined not to be a VIE, then the entity is evaluated for consolidation based on legal form, economic substance, and the extent to which the Company has control and/or substantive participating rights under the respective ownership agreement.

There are judgments and estimates involved in determining if an entity in which the Company has an investment is a VIE. The entity is evaluated to determine if it is a VIE by, among other things, determining if the equity investors as a group have a controlling financial interest in the entity and if the entity has sufficient equity at risk to finance its activities without additional subordinated financial support.

The Company receives the services of consultants and affiliates for which the service providers are not compensated either through cash or equity, and such costs are not currently recorded in the consolidated financial statements but are necessary for the operation of the Company. If the Company had to pay for such services, operating expenses of the Company would have increased and operating cash flows of the Company would have decreased.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates included herein relate to the recoverability of assets and the purchase price allocation for properties acquired. Actual results may differ from estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consisted of the following as of December 31, 2014 and 2013:

	2014	2013
	$	$
Funds held in escrow related to construction projects	205,710	-
Funds held in escrow related to private placement of common stock	-	106,500
Funds held in escrow under the terms of notes or bonds payable for purposes of paying future debt service costs	698,447	201,138
	$	$
	904,157	307,638

Concentration of Credit Risk

The Company maintains deposits in financial institutions that at times exceed the insured amount of $250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The excess amounts at December 31, 2014 and 2013 were $968,117 and $908,281, respectively. The Company believes the financial institutions it uses are credit worthy and stable. The Company does not believe that it is exposed to any significant credit risk in cash and cash equivalents or restricted cash.

Property and Equipment

In accordance with purchase accounting guidance established for entities under common control, the property and equipment acquired from entities under common control are stated at their carrying value on the date of acquisition. Property and equipment not owned by entities under common control is recorded at its estimated fair value. Estimated fair value is determined with the assistance from independent valuation specialists using recent sales of similar assets, market conditions or projected cash flows of properties using standard industry valuation techniques.

Upon acquisition of real estate properties, the Company determines the total purchase price of each property and allocates this price based on the fair value of tangible assets and intangible assets, if any, acquired and any liabilities assumed. Information used to determine fair value includes comparable sales values, discount rates, capitalization rates, and lease-up assumptions from a third party appraisal or other market sources.

Acquisition-related costs such as due diligence, legal and accounting fees are expensed as incurred.

Any subsequent betterments and improvements are stated at historical cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Useful lives of the assets are summarized as follows:

Land Improvements	15 years
Buildings and Improvements	30 years
Furniture, Fixtures and Equipment	10 years

Impairment of Long Lived Assets

When circumstances indicate the carrying value of property and equipment may not be recoverable, the Company reviews the property for impairment. This review is based on an estimate of the future undiscounted cash flows, excluding interest charges, expected to result from the property s use and eventual disposition. This estimate considers factors such as expected future operating income, market and other applicable trends and residual value, as well as the effects of leasing demand, competition and other factors. If impairment exists, due to the inability to recover the carrying amount of the property, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property and equipment. Estimated fair value is determined with the assistance from independent valuation specialists using recent sales of similar assets, market conditions or projected cash flows of the property using standard industry valuation techniques.

Advances Due To and From Related Parties

The Company will periodically advance cash to and receive cash from various related parties as a part of the normal course of business. We will not make any advances to related parties that would violate the provisions of the Sarbanes-Oxley Act. The Company plans to monitor these non-interest bearing advances on a continual basis, evaluating the creditworthiness of the related party and its ability to repay the advance, generally using the strength and projected cash flows of the underlying related party operations as a basis for extending credit. The Company records allowances for collection against the advances or writes off the account directly, when factors are present that indicate the related party may not be able to repay the advance.

Notes Receivable Related Parties

The Company evaluates its notes receivable for impairment when it is probable the payment of interest and principal will not be made in accordance with the contractual terms of the note agreements. Once a note has been determined to be impaired, it is measured to establish the amount of the impairment, if any, based on the fair value of the note using present value of expected future cash flows discounted at the note s effective interest rate. If the fair value of the impaired note receivable is less than the recorded investment in the note, a valuation allowance is recognized.

Deferred Loan Costs

Deferred loan costs are amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. Amortization expense for the year ended December 31, 2014 and for the period from March 13, 2013 (date of inception) through December 31, 2013, totaled $47,455 and $33,710, respectively. Accumulated amortization totaled $111,329 and $63,874 as of December 31, 2014 and December 31, 2013, respectively. Deferred loan cost amortization is included as a component of interest expense in the consolidated statements of operations.

Goodwill

Goodwill represents the excess of purchase price over the fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill resulting from acquisitions is not amortized, but is tested for impairment annually or whenever events change and circumstances indicate that it is more likely than not that an impairment loss has occurred. Management initially performs a qualitative analysis of goodwill using qualitative factors to determine if it is more likely than not that the fair value of the Company is less than its carrying amount including goodwill. Such qualitative factors include macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events. If after assessing the totality of events or circumstances, the Company determines through the qualitative assessment that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary, and performing the two-step impairment test is not required. There were no triggering events that required a test of impairment of goodwill during the year ended December 31, 2014.

Revenue Recognition

The Company s leases may be subject to annual escalations of the minimum monthly rent required under each lease. The accompanying consolidated financial statements reflect rental income on a straight-line basis over the term of each lease. Cumulative adjustments associated with the straight-line rent requirement are reflected in Prepaid Expenses, Deferred Loan Costs, and Other in the consolidated balance sheets and totaled $136,037 and $30,000 as of December 31, 2014 and December 31, 2013, respectively. Adjustments to reflect rental income on a straight-line basis totaled $102,037 for year ended December 31, 2014 and $13,000 for the period from March 13, 2013 (date of inception) through December 31, 2013.

Income Taxes

The Company will elect to be taxed as a REIT at such a time as the Board of Directors, with the consultation of professional advisors, determines the Company qualifies as a REIT under applicable provisions of the Internal Revenue Code. The Company cannot predict for which tax year that election will be made. Therefore, applicable taxes have been recorded in the accompanying consolidated financial statements.

The Company uses the asset and liability method of accounting for income taxes. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in 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 resulting from new legislation is recognized in income in the period of enactment. A valuation allowance is established against deferred tax assets when management concludes that the more likely than not realization criteria has not been met. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

Income (Loss) Per Common Share

Basic income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed based on the weighted average number of common shares and potentially dilutive common shares outstanding. The calculation of diluted net income (loss) per share excludes potential common shares if the effect would be anti-dilutive. Potential common shares consist of incremental common shares issuable upon the exercise of warrants and shares issuable upon the conversion of preferred stock.

The following table details the calculation of the weighted average number of common shares and dilutive potential common stock used in diluted earnings per share as of December 31:

	2014	2013
Weighted Average Number of Common Shares Used in Basic Earnings Per Share	19,456,590	8,240,492
Effect of Dilutive Securities:		
Common Stock Warrants	2,188,303	-
Convertible Preferred Stock	357,143	-
Weighted Average Number of Common Shares and Dilutive Potential Common Stock Used in Diluted Earnings Per Share	22,002,036	8,240,492

Potentially dilutive shares of 176,788 for the year ended December 31, 2014 and 3,714,250 for the period from March 13, 2013 (date of inception) through December 31, 2013 were not included in the calculations of diluted earnings per share, as their inclusion would have been anti-dilutive due to the loss recorded for the periods or due to their strike price, and represent stock purchase warrants or shares issuable upon conversion of preferred stock.

Comprehensive Income

For the periods presented, there were no differences between reported net income (loss) and comprehensive income (loss).

Recently Issued Accounting Pronouncements

During April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2014-08, "Presentation of Financial Statements and Property, Plant and Equipment; Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU 2014-08 modifies the requirements for reporting discontinued operations. Under the amendments in ASU 2014-08, the definition of discontinued operation has been modified to only include those disposals of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU 2014-08 shall be applied prospectively for periods beginning on or after December 15, 2014, with early adoption permitted. The Company adopted ASU 2014-08 as of

January 1, 2014 on a prospective basis for transactions occurring after the adoption date.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern , which requires management to assess a company s ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Before this new standard, there was minimal guidance in U.S. GAAP specific to going concern. Under the new standard, disclosures are required when conditions give rise to substantial doubt about a company s ability to continue as a going concern within one year from the financial statement issuance date. The guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with early adoption permitted. The Company has not yet determined the impact, if any, that the adoption of this guidance will have on its consolidated financial statements.

2. REVERSE ACQUISTION

On September 30, 2013, Global acquired all of the outstanding common stock of WPF for consideration of $100 plus the elimination on consolidation of a $500,000 loan from Global to WPF. Upon acquisition of WPF, a new board of directors and executive officers were appointed who have the ability to exercise control over the combined entity. WPF s total assets and revenues were the larger of the combined entities. The acquisition was accounted for as a reverse acquisition whereby WPF was deemed to be the accounting acquirer and Global the accounting acquiree.

The fair value of the consideration effectively transferred is based on what the legal subsidiary (accounting acquirer) would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition. The quoted market price of the Company s shares provided a more reliable basis for measuring the fair value of the consideration than the estimated fair value of the share in WPF, as WPF s shares were privately-held. As such, the fair value of the consideration effectively transferred was determined to be $2,741,918.

Goodwill is calculated as the consideration effectively transferred less the net recognized values of the accounting acquiree s identifiable assets and liabilities. The goodwill recorded as a result of the reverse acquisition is not deductible for tax purposes.

The following table summarizes the estimated fair values of the assets acquired, liabilities assumed and consideration effectively transferred at the acquisition date.

	$	
Cash		254,880
Advance Receivable		0
Note Receivable		1,100,148
Accrued Interest Receivable		18,750
Notes Payable		(240,752)
Accounts Payable and Accrued Liabilities		(41,562)
Fair Value of Net Assets Acquired		1,091,464
Goodwill		1,650,454
	$	
Consideration		2,741,918

3. ACQUISITION OF A CONTROLLING INTEREST IN DODGE NH, LLC

The Dodge acquisition was recorded by WPF by measuring the recognized assets and liabilities of Dodge at their carrying amount in the accounts of Ga. REIT at the date of acquisition. Ga. REIT is a private corporation solely owned by Christopher Brogdon.

WPF completed the acquisition of a controlling 65% equity interest in Dodge on March 15, 2013. The operations of Dodge are presented as if the acquisition occurred on the earliest date presented in the financial statements of the acquirer. Accordingly, the consolidated financial statements reflect rental operations of Dodge for the period from March 13, 2013 through December 31, 2013. The purchase price of this 65% controlling interest was equal to $100. The equity interest acquired is considered to be a controlling interest in Dodge.

The carrying amount of the assets and liabilities of Dodge on the date of acquisition were as follows in this condensed presentation:

Cash and Cash Equivalents	$ 11,188
Due from Affiliates	131,682
Property and Equipment, net	4,742,347
Restricted Cash - U.S.D.A Escrow	200,000
Goodwill	100,000
Other Intangible Assets, net	131,752
Total Assets	$ 5,316,969
Due to Member	$ 50,000
Deferred Revenue	22,500
Other Liabilities	44,368
Note Payable - Colony Bank	4,166,212
Note Payable - Dodge Investors, LLC	1,100,000
Total Liabilities	5,383,080
Accumulated Deficit	(42,972)
Noncontrolling Interest	(23,139)
Total Liabilities and Members' Deficit	$ 5,316,969

On December 3, 2014, the Company acquired an additional 23% interest in Dodge for 46,428 shares of the Company s common stock valued at $1 per share. The difference between the value of the shares issued and the Company s carrying amount of the noncontrolling interest of $68,576 was recorded as an adjustment to stockholders equity. As of December 31, 2014, the Company owns 88% of Dodge.

4. ACQUISITIONS OF CONSOLIDATED PROPERTIES

Warrenton Nursing Home

On December 31, 2013, the Company acquired a 95% equity interest in ATL/WARR, LLC (Warr LLC) from Christopher Brogdon, a related party, for nominal consideration of $1.00. On the same date, Warr LLC acquired a 110 bed nursing home located in Warrenton, Georgia for a purchase price of $3,500,000. The acquisition was funded with a mortgage loan in the amount of $2,720,000 and with proceeds from the private offering of common stock.

The Company has accounted for the acquisition as a business combination under U.S. GAAP with the assets and liabilities of the acquired property recorded at their respective fair values as set forth below.

Land	$ 110,000
Building and Improvements	3,320,100
Furniture, Fixtures and Equipment	69,900
	$3,500,000

Wood Moss

On January 27, 2014, the Company acquired a 67.5% membership interest in Wood Moss, LLC (Wood Moss) from Ga. REIT for nominal consideration ($10). Ga. REIT is a private corporation solely owned by Christopher Brogdon. The Company issued 150,000 shares of common stock for the remaining 32.5% membership interest in connection with the private offering of common stock. Wood Moss owned 100% of the Scottsburg Healthcare Center, a 99 bed skilled nursing facility situated on 3.58 acres in Scottsburg, Indiana. The Company has accounted for the acquisition as a business combination under U.S. GAAP with the assets and liabilities of the acquired property recorded at their respective fair values. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

Cash	$	35,002
Property and Equipment		3,795,395
Restricted Cash		44,908
Accounts Payable and Other Accrued Liabilities		(223,606)
Due To Related Parties		(31,199)
Lease Security Deposit		(28,000)
Notes Payable		(3,480,000)
Fair Value of Assets Acquired and Liabilities Assumed, net	$	112,500
Fair Value of Consideration Transferred	$	112,500

On March 10, 2014, Scottsburg Healthcare Center was sold for $3.6 million under a purchase agreement dated October 9, 2008, as amended and assigned, which resulted in a loss upon disposition of property and equipment of $381,395. The Company has also recognized a loss from operations approximating $35,000 related to Wood Moss. The Company has presented these results as a component of income from continuing operations.

Southern Hills Retirement Center

Effective February 7, 2014, the Company acquired the real property and improvements of Southern Hills Retirement Center located in Tulsa, Oklahoma. The facility is comprised of a senior living campus offering 116 nursing beds, 86 independent living units, and 32 assisted living beds. At the time of acquisition, the nursing facility was operating; however, the independent and assisted living facilities were vacant. The purchase price of $2.0 million was funded through a $1.5 million bridge loan and from proceeds of the private offering of common stock. The fair value of the real property and improvements acquired was determined to be $5.0 million based on independent appraisals. The purchase price allocation resulted in a bargain purchase gain as the seller was motivated to sell these assets since they were no longer a part of the seller s intended ongoing business. The purchase price allocation is as follows:

Property and Equipment		
Land	$	710,000
Buildings and Improvements		4,216,200
Furniture, Fixtures and Equipment		73,800
Fair Value of Assets Acquired		5,000,000
Consideration Paid		2,000,000
Bargain Purchase Gain	$	3,000,000

Acquisition costs of $180,455 were incurred and recognized in the consolidated statement of operations for the year ended December 31, 2014.

Goodwill Nursing Home

On May 19, 2014, the Company acquired from Christopher and Connie Brogdon, the President and Director of the Company and his spouse, (i) units representing an undivided 45% membership interest in Goodwill Hunting, LLC (Goodwill Hunting) and (ii) units representing an undivided 36.3% membership interest in GWH Investors, LLC (GWH Investors) for a purchase price of $800,000. Goodwill Hunting owns a 152 bed skilled nursing facility located in Macon, Georgia. GWH Investors has extended a loan in the amount of $2,180,000 to Goodwill Hunting related to the acquisition of the skilled nursing facility and has an undivided 40% membership interest in Goodwill Hunting. The Company has determined that both Goodwill Hunting and GWH Investors are variable interest entities (VIEs) and that the Company is the primary beneficiary. Accordingly, the Company has accounted for the acquisition of its membership interests as a business combination and has consolidated both Goodwill Hunting and GWH Investors. The noncontrolling interest was recorded at its fair value at the acquisition date. The following table summarizes the purchase price allocation of both Goodwill Hunting and GWH Investors.

Cash	$	3,333
Property and Equipment		6,326,651
Accounts Payable and Accrued Liabilities		(34,406)
Lease Security Deposit		(100,000)
Note Payable		(4,813,346)

Noncontrolling Interest		(582,232)
Fair Value of Net Assets Acquired, net	$	800,000
Consideration Effectively Transferred	$	800,000

Edwards Redeemer Health & Rehabilitation, Sparta Nursing Home, and Greene Point Health Care Center

On September 16, 2014, the Company acquired from Christopher Brogdon a 62.5% membership interest in Edwards Redeemer Property Holding, LLC, a 65% membership interest in Providence HR, LLC, and a 62.145% membership interest in Wash/Greene, LLC.

Edwards Redeemer Property Holding, LLC owns the real property and improvements known as Edwards Redeemer Health & Rehab, a 106 bed skilled nursing facility located in Oklahoma City, Oklahoma. The purchase price for the 62.5% membership interest was $491,487 which was paid through forgiveness of an advance owed to the Company by Christopher Brogdon.

Providence HR, LLC owns the real property and improvements known as Providence of Sparta Nursing Home, a 71 bed skilled nursing facility located in Sparta, Georgia. The purchase price for the 65% membership interest was 61,930 shares of the Company s common stock.

Wash/Greene, LLC owns the real property and improvements known as Providence of Greene Point Healthcare Center, a 71 bed skilled nursing facility located in Union Point, Georgia. The purchase price for the 62.145% membership interest was 73,253 shares of the Company s common stock.

Each of the facilities is operated under a triple-net operating lease to a third-party regional skilled professional nursing home operator.

The Company has accounted for the acquisitions as business combinations under U.S. GAAP with the assets and liabilities of the acquired properties recorded at their respective fair values. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. This preliminary purchase price allocation is subject to material change pending the completion of the valuation of the assets and liabilities assumed. The Company expects the purchase price allocation to be finalized within one year of the acquisition date.

	Edwards Redeemer Health & Rehab	Providence of Sparta Nursing Home	Providence of Greene Pointe Healthcare Center
Cash	$ 426	$ 2,180	$ 2,784
Property and Equipment	3,044,148	2,885,473	3,008,297
Accounts Payable and Other Accrued Liabilities	(20,141)	(17,376)	(18,207)
Lease Security Deposit	(16,667)	-	-
Notes Payable	(2,254,581)	(2,775,000)	(2,875,000)
Noncontrolling Interests	(261,698)	(33,347)	(44,621)
Fair Value of Assets Acquired and Liabilities Assumed	$ 491,487	$ 61,930	$ 73,253
Fair Value of Consideration Transferred	$ 491,487	$ 61,930	$ 73,253

Effective December 3, 2014, the Company acquired a 100% membership interest in Redeemer Investors, LLC which owned the remaining 37.5% membership interest in Edwards Redeemer Property Holdings, LLC. The purchase price for the 100% interest in Redeemer Investors, LLC was 269,245 shares of common stock of the Company. As a result of these transactions, the Company holds a 100% interest in Edwards Redeemer Property Holdings, LLC.

Effective December 3, 2014, the Company acquired a 43.4% membership interest in Providence HR Investors, LLC, which owns a 30% membership interest in Providence HR, LLC. The purchase price for the 43.4% interest in Providence HR Investors, LLC was 45,145 shares of common stock of the Company.

Effective December 3, 2014, The Company acquired 100% of the outstanding membership interests in 1321 Investors, LLC, which owns a 32.857% membership interest in Wash/Greene, LLC. The purchase price for the 32.857% membership interest in 1321 Investors, LLC was 115,000 shares of common stock of the Company.

Meadowview Healthcare Center

On September 30, 2014, the Company acquired the Meadowview Healthcare Center, a 100-bed skilled nursing facility located in Seville, Ohio for $3 million. The acquisition was funded with proceeds from the issuance of the Company s 6.50% convertible notes described in Note 8. The facility is operated under a triple-net operating lease to a third-party regional skilled professional nursing home operator.

The Company has accounted for the acquisition as a business combination under U.S. GAAP with the assets and liabilities of the acquired property recorded at their respective fair values. The preliminary allocation of the purchase price, which approximates fair value of the acquired property, is set forth below. This preliminary purchase price allocation is subject to material change pending the completion of the valuation to the assets and liabilities assumed. The Company expects the purchase price allocation to be finalized within one year of the acquisition date.

Land	$ 77,500
Building and Improvements	2,816,500
Furniture, Fixtures and Equipment	106,000
	$3,000,000

Acquisition costs of $70,454 were incurred and recognized in the consolidated statements of operations for the year ended December 31, 2014.

Golden Years Manor Nursing Home

Effective September 16, 2014, the Company acquired a 44.5% membership interest in GL Nursing, LLC which owned the real property and improvements known as the Golden Years Manor Nursing Home located in Lonoke, Arkansas. The purchase price for the 44.5% membership interest was 175,245 shares of the Company s common stock valued at $1.00 per share. On December 3, 2014, the Company acquired an additional ownership interest at a purchase price of 31,015 shares of common stock valued at a $1.00 per share. As of December 31, 2014, the Company owns a 78.18% interest in GL Nursing, LLC. The Company accounted for its ownership interest as an equity investment prior to December 3, 2014 and on that date began consolidating GL Nursing, LLC as a majority-owned subsidiary for which the Company has a controlling financial interest.

Upon consolidation, the fair value of the Company s initial 44.5% equity investment approximated its carrying value resulting in no gain or loss recorded. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. This preliminary purchase price allocation is subject to material change pending the completion of the valuation of the assets and liabilities assumed. The Company expects the purchase price allocation to be finalized within one year of the acquisition date.

	$	
Cash		46,499
Advance to Related Party		7,345
Property and Equipment		6,818,540

Accounts Payable and Other Accrued Liabilities		(72,583)
Advance from Related Parties		(51,000)
Lease Security Deposit		(35,000)
Notes Payable		(6,426,907)
Noncontrolling Interests		(62,457)
Fair Value of Assets Acquired and Liabilities Assumed	$	224,437
Fair Value of Consideration Transferred	$	224,437