UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **July 5, 2017**

Cross Country Healthcare, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**0-33169**	**13-4066229**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

5201 Congress Avenue, Suite 100B, Boca Raton, FL 33487
(Address of Principal Executive Office) (Zip Code)

(561) 998-2232
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR Â§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR Â§240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Introductory Note

This Amendment 1 is being filed to furnish financial statements and pro forma financial information as required by Article 3-05 and Article 11 of Regulation S-X in connection with the transaction described in Item 2 of this Current Report on Form 8-K, originally filed on July 6, 2017.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The unaudited condensed consolidated balance sheet of Advantage RN, LLC and subsidiaries as of June 30, 2017, and the related condensed consolidated statements of operations and cash flows for the six months ended June 30, 2017 and the six months ended June 30, 2016, and the notes to the condensed consolidated financial statements are filed as Exhibit 99.1 to this Amendment and are incorporated herein by reference.

The audited consolidated balance sheets of Advantage RN, LLC and subsidiaries as of December 31, 2016 and December 31, 2015 and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2016 and December 31, 2015, and the notes to the consolidated financial statements are filed as Exhibit 99.2 to this Amendment and are incorporated herein by reference.

The audited consolidated balance sheets of Advantage RN, LLC and subsidiaries as of December 31, 2015 and December 31, 2014 and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and the notes to the consolidated financial statements are filed as Exhibit 99.3 to this Amendment and are incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2017 and for the year ended December 31, 2016, and the notes to the unaudited pro forma condensed combined financial statements are filed as Exhibit 99.4 to this Amendment and are incorporated herein by reference.

(d) Exhibits

Exhibit	Description
23.1	Consent of Hammerman, Graf, Hughes & Company, Inc., Independent Auditors
99.1	Unaudited condensed consolidated balance sheet of Advantage RN, LLC and subsidiaries as of June 30, 2017, and the related condensed consolidated statements of operations and cash flows for the six months ended June 30, 2017 and the six months ended June 30, 2016, and the notes to the condensed consolidated financial statements
99.2	Audited consolidated balance sheets of Advantage RN, LLC and subsidiaries as of December 31, 2016 and December 31, 2015 and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2016 and December 31, 2015, and the notes to the consolidated financial statements
99.3	Audited consolidated balance sheets of Advantage RN, LLC and subsidiaries as of December 31, 2015 and December 31, 2014 and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and the notes to the consolidated financial statements
99.4	The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2017 and for the year ended December 31, 2016, and the notes to the unaudited pro forma condensed combined financial statements

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

CROSS COUNTRY HEALTHCARE, INC.

Date: September 15, 2017

By: /s/ William J. Burns

Name: William J. Burns

Title: Chief Financial Officer

Exhibit 23.1

CONSENT OF HAMMERMAN, GRAF, HUGHES & COMPANY, INC.

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-74862) pertaining to Cross Country Healthcare, Inc. and subsidiaries Amended and Restated 1999 Stock Option Plan and Cross Country Healthcare, Inc. and subsidiaries Amended and Restated Equity Participation Plan;

2. Registration Statement (Form S-8 No. 333-145484) pertaining to Cross Country Healthcare, Inc. and subsidiaries 2014 Omnibus Incentive Plan (f/k/a 2007 Stock Incentive Plan);

3. Registration Statement (Form S-8 No. 333-188519) pertaining to Cross Country Healthcare, Inc. and subsidiaries registration of additional shares of common stock under the 2014 Omnibus Incentive Plan (f/k/a 2007 Stock Incentive Plan);

4. Registration Statement (Form S-8 No. 333-196639) pertaining to Cross Country Healthcare, Inc. and subsidiaries registration of additional shares of common stock under the 2014 Omnibus Incentive Plan (f/k/a 2007 Stock Incentive Plan);

5. Registration Statement (Form S-8 No. 333-218557) pertaining to Cross Country Healthcare, Inc. and subsidiaries registration of additional shares of common stock under the 2014 Omnibus Incentive Plan (f/k/a 2007 Stock Incentive Plan);

of our reports dated April 19, 2017 and March 31, 2016, with respect to the accompanying consolidated financial statements of Advantage RN and subsidiaries included in this Current Report on Form 8-K of Cross Country Healthcare, Inc. and subsidiaries.

/S/ HAMMERMAN, GRAF, HUGHES & COMPANY, INC.
Certified Public Accountants

Dayton, Ohio

September 8, 2017

Exhibit 99.1

Advantage RN, LLC
and Subsidiaries

Consolidated Financial Statements

For the Periods Ended
June 30, 2017 and 2016
(unaudited)

Advantage RN, LLC and Subsidiaries
Consolidated Balance Sheets
June 30, 2017 and December 31, 2016
(unaudited)

	6/30/2017	12/31/2016
ASSETS		
CURRENT ASSETS		
Cash	$ 3,845,461	$ 652,217
Accounts receivable, trade	12,720,746	15,199,402
Unbilled accounts receivable	1,912,230	1,946,892
Employee advances	188,900	156,000
Prepaid expenses	265,926	658,706
Total current assets	18,933,263	18,613,217
PROPERTY AND EQUIPMENT, at cost		
Furniture, fixtures and equipment	863,098	801,836
Vehicles	19,216	19,216
Leasehold improvements	197,779	192,682
	1,080,093	1,013,734
Less accumulated depreciation	749,499	691,333
	330,594	322,401
	$ 19,263,857	$ 18,935,618
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 4,643,508	$ 1,878,940
Current portion, long-term debt	1,430,362	1,651,421
Accounts payable, trade	314,288	18,266
Accrued payroll, commissions and related expenses and withholdings	148,783	1,936,885
Accrued other expenses and other current liabilities	1,902,521	430,013
Total current liabilities	8,439,462	5,915,525
LONG-TERM DEBT		
Notes payable	3,247,028	4,168,087
Less current portion	1,430,362	1,651,421
	1,816,666	2,516,666
MEMBERS' EQUITY	9,007,729	10,503,427
	$ 19,263,857	$ 18,935,618

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Income
Six Months Ended June 30, 2017 and 2016
(unaudited)

	2017	%	2016	%
REVENUE FROM SERVICES	$ 52,526,334	100.0	$ 49,719,482	100.0
DIRECT COSTS OF SERVICES	41,101,819	78.2	38,406,437	77.2
Gross profit	11,424,515	21.8	11,313,045	22.8
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6,854,884	13.1	6,201,207	12.5
Income from operations	4,569,631	8.7	5,111,838	10.3
OTHER INCOME (EXPENSE)				
Interest income	1,074	-	3	-
Loss on sale of property and equipment	-	-	(11,117)	-
Other income	113	-	780	-
Interest expense	(89,587)	(0.2)	(90,786)	(0.2)
Other expenses	(59,064)	(0.1)	(33,785)	(0.1)
Legal expenses-nonoperational	(382,716)	(0.7)	(242,464)	(0.5)
Organizational costs	-	-	-	-
Settlements and prior years expenses-nonoperational	(550,876)	(1.1)	(223,123)	(0.4)
Total other income (expense)	(1,081,056)	(2.1)	(600,492)	(1.2)
Net income	$ 3,488,575	6.6	$ 4,511,346	9.1

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2017 and 2016
(unaudited)

	2017	2016
OPERATING ACTIVITIES		
Net income	$ 3,488,575	$ 4,511,346
Adjustments to reconcile net income to net		
cash provided by operating activities:		
Depreciation	58,165	57,786
Loss on sale of property and equipment	-	11,117
Bad debt expense	42,000	10,000
Changes in operating assets and liabilities:		
Accounts receivable, trade and unbilled	2,471,319	115,936
Prepaid expenses and other assets	389,780	551,878
Accounts payable and accrued expenses	(19,572)	1,380,464
Net cash provided by operating activities	6,430,267	6,638,527
INVESTING ACTIVITIES		
Employee and other advances	(29,900)	17,600
Purchase of property and equipment	(66,359)	(5,056)
Net cash (used in) provided by investing activities	(96,259)	12,544
FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	2,764,568	(3,681,339)
Principal payments on notes payable	(921,059)	(632,111)
Capital withdrawals	(4,984,273)	(1,153,029)
Net cash used in financing activities	(3,140,764)	(5,466,479)
Increase in cash during the six months	3,193,244	1,184,592
Cash, beginning of year	652,217	983,160
Cash, end of period	$ 3,845,461	$ 2,167,752

Note 1. Organization

Advantage RN, LLC (the Company) is a specialty staffing company employing healthcare professionals for travel assignments at hospitals and other medical facilities across the country. The Company was established in 2003 and is headquartered in West Chester, Ohio, with satellite offices in: Clearwater and Delray Beach, Florida; and Charlotte, North Carolina.

In 2013 the Company established Advantage RN Local Staffing, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage RN Local Staffing, LLC is a specialty staffing company employing healthcare professionals for local assignments at hospitals and other medical facilities across the country.

In 2011 the Company established Advantage On Call, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage On Call, LLC is a specialty staffing company employing healthcare professionals for per diem nurses, therapy and government assignments at hospitals and other medical facilities across the country and operates out of various satellite offices in: San Diego, California; Las Vegas, Nevada; Centerville, Ohio; Tustin, California; and Sacramento, California. Advantage On Call, LLC is an expansion of the Company's nurse staffing business line.

In 2009 the Company established Advantage Locums, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage Locums, LLC operates out of Salt Lake City, Utah and provides locum tenens (temporary physician substitute) for hospitals, clinics and medical practices.

The accompanying consolidated financial statements include the accounts of Advantage RN, LLC, Advantage Locums, LLC, Advantage On Call, LLC and Advantage RN Local Staffing, LLC. Intercompany transactions and balances have been eliminated in the consolidation.

The Company is organized under the limited liability company laws of the State of Ohio. The rights and obligations of the equity holders of the Company (the Members) are governed by an Operating Agreement (the Agreement) as amended and restated on September 30, 2008. The Company does not have a termination date. Profits of the Company are allocated among all of the Members, in accordance with their percentage interests, based upon the number of total units (Class A and B) of the Company each Member owns. Losses are allocated to the Class A Member. The management of the Company and all decisions concerning the business affairs of the Company are specified to be made by the Class A Member (the Manager). Cash, when available, is distributed to the Members, as determined by the Manager, at his sole discretion. The Agreement provides for mandatory annual distributions to each Member equal to the state and federal income tax owed by each Member, as a result of the Member's ownership interest in the Company, to the extent the Company has cash available.

The Agreement also provides that no Member shall be bound by, or be personally liable for the expenses, liabilities or obligations of the Company. The liability of each Member shall be limited solely to the Member's investment in the Company. No Member shall be obligated to restore any negative capital account balance.

Note 2. Summary of Significant Accounting Policies

<u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Cash</u>

For the purposes of the consolidated statements of cash flows, cash consists of cash on deposit that can be redeemed on demand. The Company maintains its cash balances, which at times may exceed federally insured limits, with a high credit quality financial institution.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Concentration of Risk

Accounts receivable potentially subject the Company to concentrations of credit risk. The Company's customers are primarily hospitals and medical centers throughout the United States. Accounts receivable represent amounts due from these institutions. The Company performs ongoing credit evaluations of customers' financial condition and generally does not require collateral. The Company has elected to record bad debts using the direct write-off method. GAAP require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. The Company writes off specific accounts based on an on-going review of collectibility as well as management's past experience with the customer. If amounts become uncollectible they will be charged to operations when that determination is made. The Company had bad debt expense of $42,000 and $10,000 for the six months ended June 30, 2017 and 2016, respectively. The Company's contract terms generally specify payment in seven to forty-five days. Receivables are considered past due based on the particular negotiated contract terms. Overall, based on the large number of customers in differing geographic areas throughout the United States, the Company believes the concentration of credit risk is limited.

The Company's accounts receivable have been pledged as collateral under terms of the Company's various credit agreements.

Unbilled Receivables

Unbilled receivables represent revenues earned in the current period but not yet billed to the customer.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Expenditures for major additions and improvements which substantially increase the life of property and equipment are capitalized. Routine maintenance and repairs are charged to expense as incurred. At retirement or sale, the costs of the assets and the related accumulated depreciation are removed from the accounts and resulting gains and losses are included in income. Depreciation is provided over the estimated useful lives of the related assets using accelerated and straight-line methods for financial statement purposes. The estimated useful lives are: five years for vehicles; three to seven years for furniture, fixtures and equipment; and three to ten years for leasehold improvements. Depreciation expense was $58,165 and $57,786 for the six months ended June 30, 2017 and 2016, respectively.

Revenue Recognition

Revenue consists of temporary staffing revenue. Revenue is recognized when services are rendered.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled $123,467 and $135,866 for the six months ended June 30, 2017 and 2016, respectively.

Subsequent Events

Management has evaluated subsequent events through September 15, 2017, the date which the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

As a limited liability company, the Company's federal taxable income or loss is allocated to Members in accordance with their respective ownership interests. Therefore, the financial statements do not include a provision for federal income taxes.

Management is not aware of any tax positions taken by the Company on its tax returns that they consider to be uncertain. Tax returns for the years ended 2014, 2015 and 2016 are still open and subject to examination by the Internal Revenue Service.

The company records penalties and interest related to uncertain tax positions, if any, in operating expenses. No such penalties or interest were recognized at June 30, 2017 or 2016.

Note 3. Lease Agreements

The Company leases operating and office facilities for various terms under non-cancellable operating lease agreements that expire at various dates. Rent expense totaled $212,954 and $186,746 for the six months ended June 30, 2017 and 2016, respectively. Future minimum lease payments are: 2017 - $159,405; 2018 - $190,251; 2019 - $145,171; 2020 - $148,097; and 2021 - $49,691.

In February 2016, the Financial Accounting Standards Board issued new guidance on accounting for leases, which generally requires all leases to be recognized by the Company in the statement of financial position by recording an asset representing its right to use the underlying asset and recording a liability, which represents the Company's obligation to make lease payments. The provisions of this guidance are effective for reporting periods beginning after December 15, 2019; early adoption is permitted. These provisions are to be applied using a modified retrospective approach. The Company is currently evaluating the effect that this new guidance will have on the Company's financial statements.

Note 4. Employee Benefit Plans

The Company offers a 401(k) plan that covers substantially all employees and allows for discretionary matching contributions from the Company. Employer contributions totaled $161,577 and $120,761 for the six months ended June 30, 2017 and 2016, respectively.

The Company is partially self-insured for medical benefits provided to employees. The Company uses a third-party administrator to process claims and handle other duties of the plan. The Company maintains stop-loss insurance policies that generally limit total medical claims to $150,000 per individual and $1,000,000 maximum aggregate payments for the Company. The Company has established a liability for outstanding claims as well as incurred but unreported claims. While management uses what it believes are pertinent factors in estimating the plan liability, the actual liability is subject to change based upon unexpected claims experience and fluctuations in enrollment during the plan year. At June 30, 2017, and December 31, 2016, the Company recognized a liability for self-insured medical expenses of approximately $140,000 and $240,000, respectively.

Note 5. Line of Credit

The Company has a line of credit agreement with a bank that allows borrowings up to $10,000,000, bears interest at the Daily LIBOR Rate plus 2.125% (3.35% and 2.90% at June 30, 2017 and December 31, 2016, respectively), is collateralized by substantially all of the Company's assets, and is guaranteed by the managing member of the Company. The balances due on the note were $4,643,508 and $1,878,940 at June 30, 2017 and December 31, 2016, respectively. The line matures in July 2018.

Note 6. Long-Term Debt

Long-term debt consists of the following:

	June 30, 2017	December 31, 2016
Term note to a bank; payable in monthly principal payments of $83,333 plus interest at LIBOR plus 3.00% (4.04% at June 30, 2017 and 3.60% at December 31, 2016, respectively) through July 2019, and is collateralized by all business assets and guaranteed by the managing member.	$ 2,083,333	$ 2,583,333
Promissory note to a bank; payable in monthly principal payments of $33,333 plus interest at LIBOR plus 3.00% (4.04% at June 30, 2017 and 3.59% at December 31, 2016, respectively) through April 2020, and is collateralized by substantially all assets and guaranteed by the managing member.	1,133,333	1,333,333
Promissory note to a bank; payable in monthly principal payments of $38,889 plus interest at LIBOR plus 2.50% (3.15% at June 30, 2017 and December 31, 2016), through January 2017.	-	38,889
Installment loan agreements with finance companies; payable in monthly principal and interest payments of $30,312 with interest at 4.45% to 5.06%, matures July 2017, and are uncollateralized.	30,362	212,532
Total long-term debt	3,247,028	4,168,087
Less current portion	1,430,362	1,651,421
	$ 1,816,666	$ 2,516,666

The aggregate maturities of long-term debt are as follows: for the years ending 2017 - $730,362; 2018 - $1,400,000; 2019 - $983,333; and 2020 - $133,333.

Note 7. Standby Letter of Credit

The Company has a standby letter of credit of $810,000 outstanding at June 30, 2017. The letter is maintained to back the Company’s self-insured workers’ compensation program and matures in October 2017.

Note 8. Organizational Costs

Organizational costs are costs associated with establishing new office locations, and closing old offices.

Note 9. Legal Expenses-Nonoperational

The Company has various legal costs that have arisen outside the ordinary course of business. Legal expenses are included in other income (expense) on the consolidated statements of income and totaled $382,716 and $242,464 for the six months ended June 30, 2017 and 2016, respectively.

Note 10. Settlements and Prior Years Expenses-Nonoperational

Settlements and prior years expenses represent nonrecurring and prior years expenses to resolve various customer billing and payroll issues and differences with certain members and employees of the Company, insurance claims, and audits in certain states. Settlements totaled $550,876 and $223,123 for the six months ended June 30, 2017 and 2016, respectively.

Note 11. Contingencies

The Company is self-insured for its workers' compensation claims in certain states. The Company carries excess workers' compensation and employers' liability insurance that requires a $250,000 Company retention per incident. The policy also provided excess employer liability insurance of $1,000,000 per incident or in aggregate per policy year. The Company has established a liability for outstanding claims as well as incurred but unreported claims. While management uses what it believes are pertinent factors in estimating the liability, the actual liability is subject to change based upon unexpected claims experience and fluctuations in enrollment during the plan year. At June 30, 2017, and December 31, 2016, the Company recognized a liability for self-insured workers' compensation expenses of approximately $115,000 and $117,000, respectively.

Periodically the Company is a party to various claims and legal proceedings that have arisen in the ordinary course of business, the aggregate effects of which, in management's and legal counsel's opinion, would not be material to the financial condition or results of operations of the Company.

The Internal Revenue Service (IRS) has examined the Company's treatment of travel expenses paid to nurses in the form of per diem reimbursements. As part of this examination, the IRS has proposed a recharacterization of these reimbursements to gross wages for certain tax periods in 2009 and 2010. The Company disagrees with this proposal and intends to vigorously defend its original characterization. If the Company is unsuccessful in defending its position it could be liable for certain payroll taxes and federal income tax withholding on the amount recharacterized. The Company believes that it will be able to prevail and that an unfavorable outcome is not likely. However, if an unfavorable outcome were to occur, the Company could potentially experience a loss that could have an adverse effect on the Company's financial position, cash flows, and results of operations. The Company is unable to estimate a potential loss or range of potential losses in the unlikely event of an unfavorable outcome.

Exhibit 99.2

Advantage RN, LLC
and Subsidiaries

Consolidated Financial Statements

For the Years Ended
December 31, 2016 and 2015

INDEPENDENT AUDITOR'S REPORT

To The Members
Advantage RN, LLC and Subsidiaries

We have audited the accompanying consolidated balance sheets of Advantage RN, LLC and Subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, members' equity and cash flows for the years then ended and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Advantage RN, LLC and Subsidiaries as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hammerman, Graf, Hughes + Co.
Dayton, Ohio
April 19, 2017

Advantage RN, LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	$ 652,217	$ 983,160
Accounts receivable, trade	15,199,402	14,477,624
Unbilled accounts receivable	1,946,892	1,325,565
Employee advances	156,000	189,200
Prepaid expenses	658,706	786,335
Total current assets	18,613,217	17,761,884
PROPERTY AND EQUIPMENT, at cost		
Furniture, fixtures and equipment	801,836	1,038,267
Vehicles	19,216	111,087
Leasehold improvements	192,682	296,921
	1,013,734	1,446,275
Less accumulated depreciation	691,333	1,021,342
	322,401	424,933
	$ 18,935,618	$ 18,186,817
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 1,878,940	$ 5,567,117
Current portion, long-term debt	1,651,421	1,098,575
Accounts payable, trade	18,266	473,931
Accrued payroll, commissions and related expenses and withholdings	1,936,885	1,437,307
Accrued other expenses and other current liabilities	430,013	110,675
Total current liabilities	5,915,525	8,687,605
LONG-TERM DEBT		
Notes payable	4,168,087	2,470,797
Less current portion	1,651,421	1,098,575
	2,516,666	1,372,222
MEMBERS' EQUITY	10,503,427	8,126,990
	$ 18,935,618	$ 18,186,817

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2016 and 2015

	2016	%	2015	%
REVENUE FROM SERVICES	$ 103,692,486	100.0	$ 83,440,209	100.0
DIRECT COSTS OF SERVICES	80,238,741	77.4	64,738,365	77.6
Gross profit	23,453,745	22.6	18,701,844	22.4
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	13,313,143	12.8	11,699,605	14.0
Income from operations	10,140,602	9.8	7,002,239	8.4
OTHER INCOME (EXPENSE)				
Interest income	431	-	108	-
Loss on sale of property and equipment	(11,229)	-	-	-
Other income	2,666	-	6,490	-
Interest expense	(191,580)	(0.2)	(217,111)	(0.3)
Other expenses	(392,453)	(0.4)	(105,101)	(0.1)
Legal expenses-nonoperational	(461,731)	(0.4)	(54,870)	(0.1)
Organizational costs	(79,398)	(0.1)	(116,036)	(0.1)
Settlements and prior years expenses-nonoperational	(472,555)	(0.5)	(488,659)	(0.6)
Total other income (expense)	(1,605,849)	(1.5)	(975,179)	(1.2)
Net income	$ 8,534,753	8.3	$ 6,027,060	7.2

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Members' Equity
Years Ended December 31, 2016 and 2015

	2016	2015
BEGINNING BALANCE	$ 8,126,990	$ 5,080,694
Net income	8,534,753	6,027,060
Capital withdrawals	(6,158,316)	(2,980,764)
ENDING BALANCE	$ 10,503,427	$ 8,126,990

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Net income	$ 8,534,753	$ 6,027,060
Adjustments to reconcile net income to net		
cash provided by (used in) operating activities:		
Depreciation	122,149	117,881
Loss on sale of property and equipment	11,229	-
Bad debt expense	52,548	25,387
Changes in operating assets and liabilities:		
Accounts receivable, trade and unbilled	(1,395,653)	(5,322,015)
Prepaid expenses and other assets	127,629	70,609
Accounts payable and accrued expenses	363,251	(1,491,014)
Net cash provided by (used in) operating activities	7,815,906	(572,092)
INVESTING ACTIVITIES		
Employee and other advances	33,200	-
Proceeds from sale of property and equipment	56,500	-
Purchase of property and equipment	(87,346)	(256,653)
Net cash provided by (used in) investing activities	2,354	(256,653)
FINANCING ACTIVITIES		
Net (repayments) borrowings on line of credit	(3,688,177)	2,295,774
Borrowings on note payable	3,413,275	2,000,000
Principal payments on notes payable	(1,715,985)	(862,058)
Capital withdrawals	(6,158,316)	(2,980,764)
Net cash (used in) provided by financing activities	(8,149,203)	452,952
Decrease in cash during the year	(330,943)	(375,793)
Cash, beginning of year	983,160	1,358,953
Cash, end of year	$ 652,217	$ 983,160
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 205,996	$ 218,163
Cash paid during the year for state income taxes	$ 84,228	$ 185,333

See accompanying notes.

Note 1. Organization

Advantage RN, LLC (the Company) is a specialty staffing company employing healthcare professionals for travel assignments at hospitals and other medical facilities across the country. The Company was established in 2003 and is headquartered in West Chester, Ohio, with satellite offices in: Clearwater and Delray Beach, Florida; and Charlotte, North Carolina.

In 2013 the Company established Advantage RN Local Staffing, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage RN Local Staffing, LLC is a specialty staffing company employing healthcare professionals for local assignments at hospitals and other medical facilities across the country.

In 2011 the Company established Advantage On Call, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage On Call, LLC is a specialty staffing company employing healthcare professionals for per diem nurses, therapy and government assignments at hospitals and other medical facilities across the country and operates out of various satellite offices in: San Diego, California; Las Vegas, Nevada; Centerville, Ohio; Tustin, California; and Sacramento, California. Advantage On Call, LLC is an expansion of the Company's nurse staffing business line.

In 2009 the Company established Advantage Locums, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage Locums, LLC operates out of Salt Lake City, Utah and provides locum tenens (temporary physician substitute) for hospitals, clinics and medical practices.

The accompanying consolidated financial statements include the accounts of Advantage RN, LLC, Advantage Locums, LLC, Advantage On Call, LLC and Advantage RN Local Staffing, LLC. Intercompany transactions and balances have been eliminated in the consolidation.

The Company is organized under the limited liability company laws of the State of Ohio. The rights and obligations of the equity holders of the Company (the Members) are governed by an Operating Agreement (the Agreement) as amended and restated on September 30, 2008. The Company does not have a termination date. Profits of the Company are allocated among all of the Members, in accordance with their percentage interests, based upon the number of total units (Class A and B) of the Company each Member owns. Losses are allocated to the Class A Member. The management of the Company and all decisions concerning the business affairs of the Company are specified to be made by the Class A Member (the Manager). Cash, when available, is distributed to the Members, as determined by the Manager, at his sole discretion. The Agreement provides for mandatory annual distributions to each Member equal to the state and federal income tax owed by each Member, as a result of the Member's ownership interest in the Company, to the extent the Company has cash available.

The Agreement also provides that no Member shall be bound by, or be personally liable for the expenses, liabilities or obligations of the Company. The liability of each Member shall be limited solely to the Member's investment in the Company. No Member shall be obligated to restore any negative capital account balance.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For the purposes of the consolidated statements of cash flows, cash consists of cash on deposit that can be redeemed on demand. The Company maintains its cash balances, which at times may exceed federally insured limits, with a high credit quality financial institution.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Concentration of Risk

Accounts receivable potentially subject the Company to concentrations of credit risk. The Company's customers are primarily hospitals and medical centers throughout the United States. Accounts receivable represent amounts due from these institutions. The Company performs ongoing credit evaluations of customers' financial condition and generally does not require collateral. The Company has elected to record bad debts using the direct write-off method. GAAP require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. The Company writes off specific accounts based on an on-going review of collectibility as well as management's past experience with the customer. If amounts become uncollectible they will be charged to operations when that determination is made. The Company had bad debt expense of $52,548 and $25,387 in 2016 and 2015, respectively. The Company's contract terms generally specify payment in seven to forty-five days. Receivables are considered past due based on the particular negotiated contract terms. Overall, based on the large number of customers in differing geographic areas throughout the United States, the Company believes the concentration of credit risk is limited.

The Company's accounts receivable have been pledged as collateral under terms of the Company's various credit agreements.

Unbilled Receivables

Unbilled receivables represent revenues earned in the current period but not yet billed to the customer.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Expenditures for major additions and improvements which substantially increase the life of property and equipment are capitalized. Routine maintenance and repairs are charged to expense as incurred. At retirement or sale, the costs of the assets and the related accumulated depreciation are removed from the accounts and resulting gains and losses are included in income. Depreciation is provided over the estimated useful lives of the related assets using accelerated and straight-line methods for financial statement purposes. The estimated useful lives are: five years for vehicles; three to seven years for furniture, fixtures and equipment; and three to ten years for leasehold improvements. Depreciation expense was $122,149 and $117,881 for 2016 and 2015, respectively.

Revenue Recognition

Revenue consists of temporary staffing revenue. Revenue is recognized when services are rendered.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled $253,877 and $244,439 for 2016 and 2015, respectively.

Subsequent Events

Management has evaluated subsequent events through April 19, 2017, the date which the financial statements were available to be issued.

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

As a limited liability company, the Company's federal taxable income or loss is allocated to Members in accordance with their respective ownership interests. Therefore, the financial statements do not include a provision for federal income taxes.

Management is not aware of any tax positions taken by the Company on its tax returns that they consider to be uncertain. Tax returns for the years ended 2013, 2014 and 2015 are still open and subject to examination by the Internal Revenue Service.

The company records penalties and interest related to uncertain tax positions, if any, in operating expenses. No such penalties or interest were recognized in 2016 or 2015.

Note 3. Lease Agreements

The Company leases operating and office facilities for various terms under non-cancellable operating lease agreements that expire at various dates. Rent expense totaled $406,522 and $398,907 during 2016 and 2015, respectively. Future minimum lease payments are: 2017 - $295,219; 2018 - $190,251; 2019 - $145,171; 2020 - $148,097; and 2021 - $49,691.

In February 2016, the Financial Accounting Standards Board issued new guidance on accounting for leases, which generally requires all leases to be recognized by the Company in the statement of financial position by recording an asset representing its right to use the underlying asset and recording a liability, which represents the Company's obligation to make lease payments. The provisions of this guidance are effective for reporting periods beginning after December 15, 2019; early adoption is permitted. These provisions are to be applied using a modified retrospective approach. The Company is currently evaluating the effect that this new guidance will have on the Company's financial statements.

Note 4. Employee Benefit Plans

The Company offers a 401(k) plan that covers substantially all employees and allows for discretionary matching contributions from the Company. Employer contributions totaled $273,540 and $197,789 for 2016 and 2015, respectively.

The Company is partially self-insured for medical benefits provided to employees. The Company uses a third-party administrator to process claims and handle other duties of the plan. The Company maintains stop-loss insurance policies that generally limit total medical claims to $150,000 per individual and $1,000,000 maximum aggregate payments for the Company. The Company has established a liability for outstanding claims as well as incurred but unreported claims. While management uses what it believes are pertinent factors in estimating the plan liability, the actual liability is subject to change based upon unexpected claims experience and fluctuations in enrollment during the plan year. At December 31, 2016, and December 31, 2015, the Company recognized a liability for self-insured medical expenses of approximately $240,000 and $0, respectively.

Note 5. Line of Credit

The Company has a line of credit agreement with a bank that allows borrowings up to $10,000,000, bears interest at the Daily LIBOR Rate plus 2.125% (2.90% and 2.55% at December 31, 2016 and 2015, respectively), is collateralized by substantially all of the Company's assets, and is guaranteed by the managing member of the Company. The balances due on the note were $1,878,940 and $5,567,117 at December 31, 2016 and 2015, respectively. The line matures in July 2017.

Note 6. Long-Term Debt

Long-term debt consists of the following at December 31:

	2016	2015
Term note to a bank; payable in monthly principal payments of $83,333 plus interest at LIBOR plus 3.00%, (3.60% at December 31, 2016) through July 2019, and is collateralized by all business assets and guaranteed by the managing member.	$ 2,583,333	$ -
Promissory note to a bank; payable in monthly principal payments of $33,333 plus interest at LIBOR plus 3.00% (3.59% and 3.42% a December 31, 2016 and 2015, respectively) through April 2020, and is collateralized by substantially all assets and guaranteed by the managing member.	1,333,333	1,733,333
Promissory note to a bank; payable in monthly principal payments of $38,889 plus interest at LIBOR plus 2.50% (3.15% and 2.92% at December 31, 2016 and 2015, respectively), through January 2017.	38,889	505,556
Installment loan agreements with finance companies; payable in monthly principal and interest payments of $30,312 with interest at 4.45% to 5.06%, matures July 2017, and are uncollateralized.	212,532	231,908
Total long-term debt	4,168,087	2,470,797
Less current portion	1,651,421	1,098,575
	$ 2,516,666	$ 1,372,222

The aggregate maturities of long-term debt are as follows: for the years ending 2017 - $1,651,421; 2018 - $1,400,000; 2019 - $983,333; and 2020 - $133,333.

Note 7. Standby Letter of Credit

The Company has a standby letter of credit of $810,000 outstanding at December 31, 2016. The letter is maintained to back the Company's self-insured workers' compensation program and matures in October 2017.

Note 8. Organizational Costs

Organizational costs are costs associated with establishing new office locations, and closing old offices.

Note 9. Legal Expenses-Nonoperational

The Company has various legal costs that have arisen outside the ordinary course of business. Legal expenses are included in other income (expense) on the consolidated statements of income and totaled $461,731 and $54,870 in 2016 and 2015, respectively.

Note 10. Settlements and Prior Years Expenses-Nonoperational

Settlements and prior years expenses represent nonrecurring and prior years expenses to resolve various customer billing and payroll issues and differences with certain members and employees of the Company, insurance claims, and audits in certain states. Settlements totaled $472,555 and $488,659 in 2016 and 2015, respectively.

Note 11. Contingencies

The Company is self-insured for its workers' compensation claims in certain states. The Company carries excess workers' compensation and employers' liability insurance that requires a $250,000 Company retention per incident. The policy also provided excess employer liability insurance of $1,000,000 per incident or in aggregate per policy year. The Company has established a liability for outstanding claims as well as incurred but unreported claims. While management uses what it believes are pertinent factors in estimating the liability, the actual liability is subject to change based upon unexpected claims experience and fluctuations in enrollment during the plan year. At December 31, 2016, and December 31, 2015, the Company recognized a liability for self-insured workers' compensation expenses of approximately $117,000 and $69,000, respectively.

Periodically the Company is a party to various claims and legal proceedings that have arisen in the ordinary course of business, the aggregate effects of which, in management's and legal counsel's opinion, would not be material to the financial condition or results of operations of the Company.

The Internal Revenue Service (IRS) has examined the Company's treatment of travel expenses paid to nurses in the form of per diem reimbursements. As part of this examination, the IRS has proposed a recharacterization of these reimbursements to gross wages for certain tax periods in 2009 and 2010. The Company disagrees with this proposal and intends to vigorously defend its original characterization. If the Company is unsuccessful in defending its position it could be liable for certain payroll taxes and federal income tax withholding on the amount recharacterized. The Company believes that it will be able to prevail and that an unfavorable outcome is not likely. However, if an unfavorable outcome were to occur, the Company could potentially experience a loss that could have an adverse effect on the Company's financial position, cash flows, and results of operations. The Company is unable to estimate a potential loss or range of potential losses in the unlikely event of an unfavorable outcome.

Exhibit 99.3

ADVANTAGE RN, LLC
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended
December 31, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

To The Members
Advantage RN, LLC and Subsidiaries

We have audited the accompanying consolidated balance sheets of Advantage RN, LLC and Subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of income, members' equity and cash flows for the years then ended and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Advantage RN, LLC and Subsidiaries as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hammerman, Graf, Hughes & Co.

Dayton, Ohio
March 31, 2016

Advantage RN, LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2015 and 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	$ 983,160	$ 1,358,953
Accounts receivable, trade	14,477,624	8,429,242
Unbilled accounts receivable	1,325,565	2,077,319
Employee advances	189,200	167,000
Prepaid expenses	786,335	873,572
Total current assets	17,761,884	12,906,086
PROPERTY AND EQUIPMENT, at cost		
Furniture, fixtures and equipment	1,038,267	995,933
Vehicles	111,087	72,499
Leasehold improvements	296,921	121,191
	1,446,275	1,189,623
Less accumulated depreciation	1,021,342	903,462
	424,933	286,161
Employee advances	-	5,572
	$ 18,186,817	$ 13,197,819
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 5,567,117	$ 3,271,343
Current portion, long-term debt	1,098,575	827,300
Accounts payable, trade	473,931	658,528
Accrued payroll, commissions and related expenses and withholdings	1,437,307	2,438,671
Accrued other expenses and other current liabilities	110,675	415,728
Total current liabilities	8,687,605	7,611,570
LONG-TERM DEBT		
Notes payable	2,470,797	1,332,855
Less current portion	1,098,575	827,300
	1,372,222	505,555
MEMBERS' EQUITY	8,126,990	5,080,694
	$ 18,186,817	$ 13,197,819

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 2015 and 2014

	2015	%	2014	%
REVENUE FROM SERVICES	$ 83,440,209	100.0	$ 63,720,986	100.0
DIRECT COSTS OF SERVICES	64,738,365	77.6	49,602,003	77.8
Gross profit	18,701,844	22.4	14,118,983	22.2
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	11,699,605	14.0	10,147,932	15.9
Income from operations	7,002,239	8.4	3,971,051	6.2
OTHER INCOME (EXPENSE)				
Interest income	108	-	7,607	-
Loss on sale of property and equipment	-	-	(1,027)	-
Other income	6,490	-	204,401	0.3
Interest expense	(217,111)	(0.3)	(133,716)	(0.2)
Other expenses	(105,101)	(0.1)	(91,276)	(0.1)
Legal expenses	(54,870)	(0.1)	(621,195)	(1.0)
Organizational costs	(116,036)	(0.1)	(75,208)	(0.1)
Settlements	(488,659)	(0.6)	(820,637)	(1.3)
Total other income (expense)	(975,179)	(1.2)	(1,531,051)	(2.4)
Net income	$ 6,027,060	7.2	$ 2,440,000	3.8

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Members' Equity
Years Ended December 31, 2015 and 2014

	2015	2014
BEGINNING BALANCE	$ 5,080,694	$ 5,777,250
Net income	6,027,060	2,440,000
Distributions	(2,980,764)	(3,136,556)
ENDING BALANCE	$ 8,126,990	$ 5,080,694

See accompanying notes.

Advantage RN, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING ACTIVITIES		
Net income	$ 6,027,060	$ 2,440,000
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	117,881	123,142
Loss on sale of property and equipment	-	1,027
Bad debt expense	25,387	151,641
Changes in operating assets and liabilities:		
Accounts receivable, trade and unbilled	(5,322,015)	(1,617,338)
Prepaid expenses and other assets	70,609	(115,475)
Accounts payable and accrued expenses	(1,491,014)	1,020,175
Net cash (used in) provided by operating activities	(572,092)	2,003,172
INVESTING ACTIVITIES		
Employee and other advances	-	18,902
Proceeds from sale of property and equipment	-	13,500
Purchase of property and equipment	(256,653)	(91,056)
Net cash used in investing activities	(256,653)	(58,654)
FINANCING ACTIVITIES		
Net borrowings on line of credit	2,295,774	2,348,434
Proceeds from note payable	2,000,000	-
Principal payments on notes payable	(862,058)	(790,379)
Distributions	(2,980,764)	(3,136,556)
Net cash provided by (used in) financing activities	452,952	(1,578,501)
(Decrease) increase in cash during the year	(375,793)	366,017
Cash, beginning of year	1,358,953	992,936
Cash, end of year	$ 983,160	$ 1,358,953
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 218,163	$ 130,164
Cash paid during the year for state income taxes	$ 100,846	$ 310,262

See accompanying notes.

Note 1. Organization

Advantage RN, LLC (the Company) is a specialty staffing company employing healthcare professionals for travel assignments at hospitals and other medical facilities across the country. The Company was established in 2003 and is headquartered in West Chester, Ohio, with satellite offices in: Clearwater and Delray Beach, Florida; and Charlotte, North Carolina.

In 2013 the Company established Advantage RN Local Staffing, LLC, a new subsidiary wholly owned by Advantage RN, LLC. Advantage RN Local Staffing, LLC is a specialty staffing company employing healthcare professionals for local assignments at hospitals and other medical facilities across the country.

In 2011 the Company established Advantage On Call, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage On Call, LLC is a specialty staffing company employing healthcare professionals for travel assignments at hospitals and other medical facilities across the country and operates out of various satellite offices in: San Diego, California; Las Vegas, Nevada; Centerville, Ohio; Los Angeles, California; Tustin, California; and Sacramento, California. Advantage On Call, LLC is an expansion of the Company's current nurse staffing business line.

In 2009 the Company established Advantage Locums, LLC, a subsidiary wholly owned by Advantage RN, LLC. Advantage Locums, LLC operates out of Salt Lake City, Utah and provides locum tenens (temporary physician substitute) for hospitals, clinics and medical practices.

The accompanying consolidated financial statements include the accounts of Advantage RN, LLC, Advantage Locums, LLC, Advantage On Call, LLC and Advantage RN Local Staffing, LLC. Intercompany transactions and balances have been eliminated in the consolidation.

The Company is organized under the limited liability company laws of the State of Ohio. The rights and obligations of the equity holders of the Company (the Members) are governed by an Operating Agreement (the Agreement) as amended and restated on September 30, 2008. The Company does not have a termination date. Profits of the Company are allocated among all of the Members, in accordance with their percentage interests, based upon the number of total units (Class A and B) of the Company each Member owns. Losses are allocated to the Class A Member. The management of the Company and all decisions concerning the business affairs of the Company are specified to be made by the Class A Member (the Manager). Cash, when available, is distributed to the Members, as determined by the Manager, at his sole discretion. The Agreement provides for mandatory annual distributions to each Member equal to the state and federal income tax owed by each Member, as a result of the Member's ownership interest in the Company, to the extent the Company has cash available.

The Agreement also provides that no Member shall be bound by, or be personally liable for the expenses, liabilities or obligations of the Company. The liability of each Member shall be limited solely to the Member's investment in the Company. No Member shall be obligated to restore any negative capital account balance.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For the purposes of the consolidated statements of cash flows, cash consists of cash on deposit that can be redeemed on demand. The Company maintains its cash balances, which at times may exceed federally insured limits, with a high quality financial institution.

Accounts Receivable and Concentration of Risk

Accounts receivable potentially subject the Company to concentrations of credit risk. The Company's customers are primarily hospitals and medical centers throughout the United States. Accounts receivable represent amounts due from these institutions. The Company performs ongoing credit evaluations of customers' financial condition and generally does not require collateral. The Company has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. The Company writes off specific accounts based on an on-going review of collectibility as well as management's past experience with the customer. If amounts become uncollectible they will be charged to operations when that determination is made. The Company had bad debt expense of $25,387 and $151,641 in 2015 and 2014, respectively. The Company's contract terms generally specify payment in seven to forty-five days. Receivables are considered past due based on the particular negotiated contract terms. Overall, based on the large number of customers in differing geographic areas throughout the United States, the Company believes the concentration of credit risk is limited.

Unbilled Receivables

Unbilled receivables represent revenues earned in the current period but not yet billed to the customer.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Expenditures for major additions and improvements which substantially increase the life of property and equipment are capitalized. Routine maintenance and repairs are charged to expense as incurred. At retirement or sale, the costs of the assets and the related accumulated depreciation are removed from the accounts and resulting gains and losses are included in income. Depreciation is provided over the estimated useful lives of the related assets using accelerated and straight-line methods for financial statement purposes. The estimated useful lives are: five years for vehicles; three to seven years for furniture, fixtures and equipment; and three to ten years for leasehold improvements. Depreciation expense was $117,881 and $90,316 for 2015 and 2014, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

<u>Revenue Recognition</u>

Revenue consists of temporary staffing revenue. Revenue is recognized when services are rendered.

<u>Advertising</u>

Advertising costs are expensed as incurred. Advertising expense totaled $244,439 and $207,137 for 2015 and 2014, respectively.

<u>Income Taxes</u>

As a limited liability company, the Company’s federal taxable income or loss is allocated to Members in accordance with their respective ownership interests. Therefore, the financial statements do not include a provision for federal income taxes. Although the Company’s federal income tax returns for the years 2012 - 2014 are subject to examination by the Internal Revenue Service, it has not indicated any intent to do so. The Company’s 2009 and 2010 payroll taxes are under examination by the Internal Revenue Service.

<u>Subsequent Events</u>

Management has evaluated subsequent events through March 31, 2016, the date which the financial statements were available to be issued, and concluded no events have occurred which should be disclosed.

Note 3. Lease Agreements

The Company leases operating and office facilities for various terms under non-cancellable operating lease agreements that expire at various dates. Rent expense totaled $398,907 and $364,481 during 2015 and 2014, respectively. Future minimum lease payments are: 2016 - $242,470; 2017 - $188,512; 2018 - $141,834; 2019 - $144,683; and 2020 - $147,609.

Note 4. Retirement Plan

The Company offers a 401(k) plan with a discretionary matching contribution from the Company. Employer contributions totaled $197,789 and $149,371 for 2015 and 2014, respectively.

Note 5. Line of Credit

The Company has a Promissory Note with a bank. The note allows borrowings up to $8,000,000, bears interest at the daily LIBOR rate plus 2.12% (2.55% and 2.30% at December 31, 2015 and 2014, respectively), is collateralized by all of the Company’s assets, and is guaranteed by a Member of the Company for $1,250,000, and is payable on demand. The balance due on the note was $5,567,117 and $3,271,343 at December 31, 2015 and 2014, respectively.

Note 6. Long Term Debt

Long term debt consists of the following at December 31:

	2015	2014
Promissory note to a bank; payable in monthly principal payments of $33,333 with interest at LIBOR plus 3.00%, (3.422% at December 31, 2015) , matures April 2020, and is collateralized by all business assets and guaranteed by the managing member.	$ 1,733,333	$ -
Promissory note to a bank; payable in monthly principal payments of $38,889 with interest at LIBOR plus 2.50%, (2.922% at December 31, 2015 and 2.669% at December 31, 2014), matures January 2017, and is collateralized by all business assets.	505,556	972,222
Promissory note to a bank; payable in monthly principal and interest payments of $15,430 matured August 2015.	-	102,059
Installment loan agreements with finance companies; payable in monthly principal and interest payments of $33,130, with interest at 3.95% to 4.99%, matures July 2016, and are uncollateralized.	231,908	258,574
	$ 2,470,797	$ 1,332,855

The aggregate maturities of long term debt are as follows: for the years ending 2016 - $1,098,575; 2017 - $438,889; 2018 - $400,000; 2019 - $400,000; and 2020 - $133,333.

Interest expense was $217,111 and $133,716 for 2015 and 2014, respectively.

Note 7. Standby Letter of Credit

The Company has a standby letter of credit of $810,000 outstanding at December 31, 2015. The letter is maintained to back the Company's self-insured workers' compensation program and matures in October 2016.

Note 8. Reclassifications

Certain reclassifications in other income (expense) have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or members' equity.

Note 9. Legal Expenses

The Company has various legal costs that have arisen in the ordinary course of business. Legal expenses are included in other income (expense) on the statements of income and totaled $54,870 and $621,195 in 2015 and 2014, respectively.

Note 10. Organizational Costs

Organizational costs are costs associated with establishing new office locations, closing old offices, and the purchase of nurse and hospital contracts from other travel nursing companies. Organizational costs charged to operations totaled $116,036 and $75,208 for 2015 and 2014, respectively.

Note 11. **Settlements**

Settlements represent nonrecurring expenses to resolve various issues and differences with certain members and employees of the Company, insurance claims, and audits in certain states. Settlements totaled $488,659 and $820,637 in 2015 and 2014, respectively.

Note 12. Assessments, Claims and Litigation

The Company is currently a party to various claims and legal proceedings that have arisen in the ordinary course of business. If management believes that a loss arising from such claims and legal proceedings is probable and can reasonably be estimated, the Company records the amount of the loss (including estimated legal costs). As management becomes aware of additional information concerning such contingencies, any potential liability related to those matters is assessed and the estimates are revised, if necessary. Based upon currently available information and with the advice of counsel, management believes that the ultimate outcome of its current claims and legal proceedings, individually and in the aggregate, will not have a material adverse effect on the Company's financial position, cash flows or results of operations. However, claims and legal proceedings are subject to inherent uncertainties and rulings unfavorable to the Company could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse effect on the Company's financial position, cash flows or results of operations.

Cross Country Healthcare, Inc.
Unaudited Pro Forma Condensed Combined Financial Information

On July 5, 2017, Cross Country Healthcare, Inc. (the "Company" or "CCH") completed the acquisition of substantially all of the assets and business of Advantage RN, LLC and its subsidiaries (collectively, "Advantage"), effective July 1, 2017, pursuant to the terms of an Asset Purchase Agreement, dated as of June 13, 2017, among the Company, Advantage and certain of the members of Advantage (the "Acquisition"). The Company acquired Advantage for a purchase price of $88 million, subject to a final net working capital adjustment. At closing, the Company paid $86.8 million, net of cash acquired, using $19.9 million in available cash and $66.9 million in borrowings under its Credit Facility, including a $40 million incremental term loan. The amount paid at closing was subject to an initial net working capital adjustment of $0.6 million, and an additional $0.6 million was deferred and is due to the sellers within 20 months, less any COBRA and health care expenses incurred by the Company on behalf of the sellers. The Company expects to receive $0.8 million as a purchase price adjustment on its final net working capital settlement.

The acquisition has been accounted for in accordance with FASB ASC 805, *Business Combinations*, using the acquisition method. The results of Advantage's operations will be included in the consolidated statements of operations from its date of acquisition.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 and for the six months ended June 30, 2017, gives effect to the acquisition as if the transaction had occurred at January 1, 2016. The unaudited pro forma condensed combined balance sheet as of June 30, 2017 gives effect to the acquisition as if it had occurred on June 30, 2017. The historical information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results.

The unaudited pro forma combined financial information is based on the historical financial statements of Advantage and the Company, giving effect to the transaction using the acquisition method of accounting and the assumptions and adjustments described in the accompanying notes to the pro forma condensed combined financial information. A preliminary purchase price allocation has been used to prepare the pro forma balance sheet and income statements. Other identifiable intangible assets such as trade names, databases, customer relationships, and noncompete agreements were assigned useful lives ranging between 5-12 years for the purpose of estimating amortization expense used in the pro forma adjustments. The final purchase price allocation will be determined when the Company has completed its valuation analysis and may differ materially from the preliminary allocations used in the pro forma adjustments reflected herein. The final allocations may include (1) changes in the net realizable value of accounts receivable and the fair value of property and equipment, (2) changes in the allocations to intangible assets such as trade names, databases, customer relationships, and noncompete agreements, as well as goodwill, and (3) changes in the fair values of other assets and liabilities.

The unaudited pro forma information does not purport to be indicative of the combined results of operations that actually would have taken place if transactions had occurred on such dates. The unaudited pro forma information does not reflect any cost savings or operating synergies that the combined company may achieve as a result of the acquisition or the costs to integrate the operations of Advantage with the Company.

Cross Country Healthcare, Inc.
Pro Forma Condensed Statement of Operations
(unaudited, amounts in thousands)

	Year Ended December 31, 2016				
	CCH As reported	Advantage (a)	Pro Forma Adjustments		Pro Forma Combined
Revenue from services	$ 833,537	$ 103,692	$ (2,325)	(b)	$ 934,904
Operating expenses:					
Direct operating expenses	611,802	80,239	(2,378)	(b)	689,663
Selling, general and administrative expenses	179,820	13,313	(122)	(b)	193,011
Bad debt expense	593	-	53	(b)	646
Depreciation	4,168	-	122	(b)	4,290
Amortization	5,014	-	2,745	(c)	7,759
Acquistion-related contingent consideration	814	-	-		814
Acquistion and integration costs	78	-	-		78
Restructuring charges	753	-	88	(b)	841
Impairment charge	24,311	-	-		24,311
Total operating expenses	827,353	93,552	508		921,413
Income from operations	6,184	10,140	(2,833)		13,491
Other expenses:					
Gain on derivative liability	(5,805)	-	-		(5,805)
Interest expense	6,106	192	1,914	(d)	8,212
Loss on early extinguishment of debt	1,568	-	-		1,568
Other (income) expense, net	(230)	1,414	(853)	(e)	331
Income (loss) before income taxes	4,545	8,534	(3,894)		9,185
Income tax (benefit) expense	(4,186)	-	1,216	(f)	(2,970)
Consolidated net income (loss)	8,731	8,534	(5,110)		12,155
Less: Net income attributable to noncontrolling interest in subsidiary	764	-	-		764
Net income (loss) attributable to common shareholders	$ 7,967	$ 8,534	$ (5,110)		$ 11,391
Net income per share attributable to common shareholders - Basic	$ 0.25				$ 0.35
Net income per share attributable to common shareholders - Diluted	$ 0.15				$ 0.25
Weighted average shares outstanding - Basic	32,132				32,132
Weighted average shares outstanding - Diluted	36,246				36,246

Notes to the Unaudited Pro Forma Condensed Combined Financial Information
for the Year Ended December 31, 2016
(amounts in thousands)

(a) Represents the audited historical results of Advantage for the period presented.
(b) Reclassifications to conform to the Company's statement of operations presentation.
(c) Pro forma adjustment to record the estimated intangibles amortization expense.
(d) Represents adjustment to: 1) exclude interest expense on debt of Advantage not assumed - $(192); and 2) include the estimated interest expense including amortization of fees for the incremental borrowings - $2,106.
(e) Pro forma adjustment to exclude: 1) transaction-related costs - $137; 2) legal fees related to an excluded liability-$462; 3) other nonrecurring costs that will not continue post-acquisition such as stock purchase distributions and board expenses - $166; and 4) restructuring charges reclassified - $88.
(f) Tax benefit was adjusted for the impact of amortization of indefinite-lived intangible assets and state income taxes.

Cross Country Healthcare, Inc.
Pro Forma Condensed Statement of Operations
(unaudited, amounts in thousands)

	Six Months Ended June 30, 2017				
	CCH As Reported	Advantage (a)	Pro Forma Adjustments		Pro Forma Combined
Revenue from services	$ 416,886	$ 52,526	$ (1,425)	(b)	$ 467,987
Operating expenses:					
Direct operating expenses	307,083	41,102	(1,467)	(b)	346,718
Selling, general and administrative expenses	93,836	6,855	(58)	(b)	100,633
Bad debt expense	649	-	42	(b)	691
Depreciation	2,331	-	58	(b)	2,389
Amortization	2,145	-	1,373	(c)	3,518
Acquistion-related contingent consideration	551	-	-		551
Acquistion and integration costs	587	-	(587)	(d)	-
Restructuring charges	-	-	9	(b)	9
Total operating expenses	407,182	47,957	(630)		454,509
Income from operations	9,704	4,569	(795)		13,478
Other expenses:					
Gain on derivative liability	(1,581)	-	-		(1,581)
Interest expense	1,754	90	950	(e)	2,794
Loss on early extinguishment of debt	4,969	-	-		4,969
Other (income) expense, net	(59)	991	(438)	(f)	494
Income (loss) before income taxes	4,621	3,488	(1,307)		6,802
Income tax expense	1,119	-	603	(g)	1,722
Consolidated net income (loss)	3,502	3,488	(1,910)		5,080
Less: Net income attributable to noncontrolling interest in subsidiary	662	-	-		662
Net income (loss) attributable to common shareholders	$ 2,840	$ 3,488	$ (1,910)		$ 4,418
Net income per share attributable to common shareholders - Basic	$ 0.08				$ 0.13
Net income per share attributable to common shareholders - Diluted	$ 0.05				$ 0.10
Weighted average shares outstanding - Basic	34,269				34,269
Weighted average shares outstanding - Diluted	36,250				36,250

Notes to the Unaudited Pro Forma Condensed Combined Statement of Operations
for the Six Months Ended June 30, 2017
(amounts in thousands)

(a) Represents the unaudited historical results of Advantage for the period presented.
(b) Reclassifications to conform to the Company’s statement of operations presentation.
(c) Pro forma adjustment to record the estimated intangibles amortization expense.
(d) Pro forma adjustment to exclude acquisition costs of the Company directly attributable to the transaction.
(e) Represents adjustment to: 1) exclude interest expense on debt of Advantage not assumed - $(90); and 2) include the estimated interest expense including amortization of fees for the incremental borrowings - $1,040.
(f) Pro forma adjustment to exclude: 1) transaction-related costs - $50; 2) legal fees related to an excluded liability-$333; 3) other nonrecurring costs that will not continue post-acquisition such as board expenses - $46; and 4) restructuring charges reclassified - $9.
(g) Tax benefit was adjusted for the impact of amortization of indefinite-lived intangible assets and state income taxes.

Cross Country Healthcare, Inc.
Pro Forma Combined Balance Sheets as of June 30, 2017
(unaudited, amounts in thousands)

	CCH As Reported	Advantage (a)	Pro Forma Adjustments		Pro Forma Combined
Current assets:					
Cash and cash equivalents	$ 33,936	$ 3,845	$ (23,897)	(b)	$ 13,884
Accounts receivable, net	155,903	14,633	(367)	(c)	170,169
Prepaid expenses	6,230	266	(129)	(c)	6,367
Insurance recovery recceivable	3,197	-	-		3,197
Other current assets	1,249	189	882	(c)	2,320
Total current assets	200,515	18,933	(23,511)		195,937
Property and equipment, net	13,862	331	2	(c)	14,195
Trade names, net	35,402	-	4,500	(d)	39,902
Goodwill, net	79,648	-	44,889	(d)	124,537
Other Intangible assets, net	34,690	-	24,100	(d)	58,790
Debt issuance costs, net	-	-	-		-
Other assets	18,373	-	-		18,373
Total assets	$ 382,490	$ 19,264	$ 49,980		$ 451,734
Current liabilities:					
Accounts payable and accrued expenses	$ 52,435	$ 462	$ 399	(e)	$ 53,296
Accrued employee compensation and benefits	31,073	1,903	(505)	(e)	32,471
Current portion of long-term debt, capital lease, and revolver	2,258	6,074	24,426	(f)	32,758
Other current liabilities	3,839	-	707	(e)	4,546
Total current liabilities	89,605	8,439	25,027		123,071
Noncurrent deferred tax liabilities	14,353	-	-		14,353
Long-term accrued claims	29,066	-	-		29,066
Long-term debt	35,344	1,817	34,548	(f)	71,709
Contingent consideration	4,390	-	-		4,390
Convertible notes	-	-	-		-
Other long-term liabiltities	8,084	-	-		8,084
Total liabilities	180,842	10,256	59,575		250,673
Commitments and contingencies					
Stockholders' equity					
Common stock	4	-	-		4
Additional paid-in-capital	303,917	-	-		303,917
Retained earnings -Expense	(101,784)	-	(587)	(g)	(102,371)
Other stockholders' equity	(1,183)	9,008	(9,008)	(h)	(1,183)
Total Cross Country Healthcare, Inc. stockholders' equity	200,954	9,008	(9,595)		200,367
Noncontrolling interest	694	-	-		694
Total stockholders' equity	201,648	9,008	(9,595)		201,061
Total liabilities and stockholders' equity	$ 382,490	$ 19,264	$ 49,980		$ 451,734

Notes to the Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2017
(amounts in thousands)

(a) Represents the unaudited historical balance sheet of Advantage as of June 30, 2017.
(b) Pro forma adjustment to exclude cash not acquired and reflect cash used in the transaction including fees for the incremental term loan.
(c) Pro forma adjustment to remove and revalue assets and reflect estimated receivable for net working capital adjustment.
(d) Pro forma adjustment to record the estimated fair values of intangible assets.
(e) Pro forma adjustment to reflect: 1) excluded liabilities and holdback liabilities pursuant to the asset purchase agreement; and 2) accrued transaction expenses.
(f) Pro forma adjustment to remove Advantage debt, which was not assumed - $(7,891), and to add the incremental borrowings, net of fees - $66,865 to fund the acquisition.
(g) Pro forma adjustment to reflect acquisition and integration expenses.
(h) Represents the elimination of Advantage's equity.