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## EDGAR Submission Header Summary

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Submission Contact	Colleen Daniel
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### Documents

8-K	corecare8k9-21.htm Corecare 8K
EX-99.1	ex99-1.htm Exhibit 99.1

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### Module and Segment References

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **September 21, 2007**

**CORECARE SYSTEMS, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**000-24807**  
(Commission  
File Number)

**22-2840367**  
(IRS Employer  
Identification Number)

**111 N. 49<sup>TH</sup> ST., Philadelphia, PA**  
(Address of Principal Executive Offices)

**19139**  
(Zip Code)

Registrant's telephone number, including area code: **(215) 471-2358**

**N/A**  
(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 (*see* General Instruction A.2. below):

- 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 240.13 e 4 ( c ))
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ITEM 101: ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT  
ITEM 203: CREATION OF A DIRECT FINANCIAL OBLIGATION

The involuntary bankruptcy of the Company's wholly owned subsidiary Kirkbride Realty Corporation ("Realty") has been dismissed, and Realty has refinanced its first mortgage.

Realty owns the 21 acre Campus known as the Blackwell Human Services Campus. The Campus of approximately 420,000 square feet leases space to its major tenant Kirkbride Center, a behavioral health care provider as well as other third party tenants. Both Realty and Kirkbride Center are wholly owned subsidiaries of CoreCare Systems, Inc.

Kirkbride Realty Corporation took ownership of the property in July 2004 as a result of Kirkbride Center's approved Plan of Reorganization. This Plan called for transfer of the property to a newly formed corporation to separate real estate activities from the health care operations. At the time of the transfer the first mortgage was extended to May, 2007. The first mortgage was held by Kirkbride Holdings LLC, which is not affiliated with the Company. As of July 9, 2007 the first mortgage balance was \$14,450,000. The property also has a second mortgage for the benefit of the Unsecured Creditor's Trust of \$4,450,000. Other secondary liens from the Internal Revenue Service, Commonwealth of Pennsylvania and City of Philadelphia on the property total approximate \$4,800,000.

Realty had entered into an agreement for the sale of the property scheduled to close on July 7, 2007; however the Buyer was unable to secure timely financing. At that time the mortgage was past due. To avoid foreclosure the Company was preparing for bridge financing of its first mortgage while simultaneously negotiating a transition agreement with its current mortgage holder.

On July 9, 2007 certain of Realty's creditors concerned about the possible mortgage foreclosure petitioned for involuntary bankruptcy of Realty. The bankruptcy affected only Realty, none of the other CoreCare subsidiaries were directly effected.

On September 20, 2007 the United States Bankruptcy Court for the Eastern District of Pennsylvania, Chapter 7, Bankruptcy No 07-13911 (SR) dismissed the Involuntary Petition. The terms of the dismissal provided that Realty would resume ordinary course payments to its Creditors; and that Realty would have five business days to pay-off its existing first mortgage holder. This refinancing was successfully completed on September 21, 2007 with Kennedy Funding, Inc.

Kennedy Funding, Inc., provided \$15,100,000 in financing secured by a first priority mortgage lien in The Blackwell Human Services Campus. The term of the mortgage is for two years with a 12% interest rate in year one and an 18% interest rate in year two. Interest is payable monthly, together with monthly principal payments of \$50,000. The mortgage contains customary events of default or acceleration. The refinancing provided for the same security interest priorities established by the Kirkbride Center Reorganization Plan and did not change the security position of any of the Realty subordinated lien holders. As Kirkbride Center is the major tenant of the Campus it provided a guaranty of this debt, as did Thomas T. Fleming, Chairman and CEO of the Company. In addition a member of Mr. Fleming's family provided a \$1,000,000 Letter of Credit from U.S. Trust, as supplemental collateral to Kennedy Funding. The Kirkbride Center has agreed to repay the Fleming family member for any amounts drawn on the letter of credit, and Corecare Systems, Inc. has pledged the common stock of Westmeade Healthcare, Inc., a sister company to Realty to the member of the Fleming family to secure this obligation. In addition, Mr. Fleming has pledged certain of his personal assets to his family member providing the letter of credit.

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The Realty mortgage default and subsequent Kennedy refinancing has generated substantial penalties, legal expenses and financing fees totaling approximately \$3.2M. Management believes however that the intrinsic value of the Campus supports the actions taken. In July, 2007 the Company obtained an independent appraisal of the property which substantially exceeds the current amount of the first mortgage and subordinate liens. Despite changes in the capital market it is the Company's intentions to continue to seek interested buyers for its real estate holdings.

The Corporate Office of CoreCare Systems, Inc is located at the Blackwell Human Services Campus, 111 North 49<sup>th</sup> Street, Philadelphia, PA 19139. The Corporate Office can be reached at 215-471-2358. Information on the Company can be accessed at its web site, [www.kirkbridecenter.com](http://www.kirkbridecenter.com).

ITEM 9.01: FINANCIAL STATEMENTS AND EXHIBITS

[Exhibit 99.](#)

[Press Release Dated September 26, 2007.](#)

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**SIGNATURE**

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

**CORECARE SYSTEMS, INC.**

**By: /s/ Rose S. DiOttavio  
Rose S. DiOttavio,  
President**

**Date: September 26, 2007**

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**CORECARE SYSTEMS, INC. (Symbol: CRCS)  
ANNOUNCES KIRKBRIDE REALTY CORPORATION'S MORTGAGE REFINANCING,  
DISMISSAL OF INVOLUNTARY BANKRUPTCY**

On September 21, 2007 Kirkbride Realty Corporation ("Realty") refinanced its first mortgage debt on The Blackwell Human Services Campus with Kennedy Funding, Inc. This refinancing of approximately \$15,000,000 paid off the prior first mortgage holder, Kirkbride Holding, LLC. The term of the new mortgage is two years at an annual interest rate of 12% and 18% respectively.

Kirkbride Realty Corporation, a wholly owned subsidiary of CoreCare Systems, Inc., owns the property known as the Blackwell Human Services Campus at 49<sup>th</sup> and Market Streets in Philadelphia, Pa. The Campus, comprised of 21 acres with buildings of approximately 420,000 square feet, is leased primarily by Kirkbride Center, a behavioral healthcare provider, as well as third party tenants. Both Realty and Kirkbride Center are wholly owned subsidiaries of CoreCare. Kirkbride Realty Corporation took possession of the property in July 2004 in a transfer of ownership from Kirkbride Center, pursuant to the plan of reorganization in the prior voluntary bankruptcy of the Hospital. At that time the property's first mortgage expiration was extended by 36 months to May, 2007.

The Company announced its intention to sell the property in December, 2006. Subsequently, Realty entered into an agreement for sale of the property with a closing date of July 7, 2007; however the Buyer was unable to secure timely financing. To avoid foreclosure the Company simultaneously sought bridge financing of the property's first mortgage; while negotiating a transition agreement with the first mortgage holder. On July 9, 2007 however, certain of the property's creditors petitioned for involuntary bankruptcy of the property. The bankruptcy affected only Kirkbride Realty Corporation, none of the other CoreCare subsidiaries were directly effected.

On September 20, 2007 the United States Bankruptcy Court for the Eastern District of Pennsylvania, Chapter 7, Bankruptcy No. 07-13911 (SR) dismissed the Involuntary Petition. The terms of the dismissal provided that Realty would resume ordinary course payments to its Creditors; and that Realty would have five business days to pay-off its existing first mortgage holder, Kirkbride Holdings, LLC. This refinancing was successfully completed on September 21, 2007.

While these events did incur substantial mortgage penalties from Kirkbride Holdings, LLC, substantial legal fees and substantial financing fees from Kennedy Funding, Inc; management believes that the intrinsic value of the Campus supports the actions taken. In July, 2007 Marshall and Stevens appraised the Campus for approximately \$36,000,000 without the inclusion of any healthcare operations.

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*Note: This release and oral statements made from time to time by Company representatives concerning the same subject matter may contain so-called "forward-looking statements." These statements can be identified by introductory words such as "expects," "anticipates," "plans," "will," "estimates," "forecasts," "projects," or words of similar meaning and by the fact that they do not relate strictly to historical or current facts. Forward-looking statements frequently are used in discussing new or proposed products or services, or future performance. Forward looking statements are often based upon assumptions of future facts or circumstances outside of the Company's control. Many factors may cause actual results to differ from forward-looking statements including inaccurate assumptions and a broad variety of risks and uncertainties, some of which are known and others of which are not. No forward-looking statement is a guarantee of future results or events, and one should avoid placing undue reliance on such statements. In particular, engagement of an investment banker should not be taken as a prediction that any type of transaction will occur.*

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