

		FOR BHF USE			

LL2

Supportive Living Facility

2010

STATE OF ILLINOIS

DEPARTMENT OF HEALTHCARE & FAMILY SERVICES

COST REPORT FOR

SUPPORTIVE LIVING FACILITIES

(FISCAL YEAR 2010)

IMPORTANT NOTICE

THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN SECTION 146.265 OF THE 89 IL ADMIN CODE. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS.

I. Facility ID Number: 1000076

Facility Name: Hawthorne Inn of Princeton

Address: 136 North 6th Street Princeton 61356

Number City Zip Code

County: Bureau

Telephone Number: (815) 875-6600 Fax # ()

Federal Employer ID Number:

Date Current Owners were Certified: 01/29/2007

Type of Ownership:

☐	VOLUNTARY, NON-PROFIT	☐	PROPRIETARY	☐	GOVERNMENTAL
☒	Charitable Corp.	☐	Individual	☐	State
☐	Trust	☐	Partnership	☐	County
IRS Exemption Code 501 (C) 3		☐	Corporation	☐	Other
		☐	"Sub-S" Corp.		
		☐	Limited Liability Co.		
		☐	Trust		
		☐	Other		

In the event there are further questions about this report, please contact:

Name: Ron Wilson Telephone Number: (309) 343-1550

Email Address:

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 4/1/2009 to 3/31/2010 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed)		(Date)
	(Type or Print Name)	Darcee Fanning	
	(Title)	Regional Director	
Paid Preparer	(Signed)	See Attached Independent Accountant's Report	(Date)
	(Print Name and Title)	McGladrey & Pullen, LLP	117 E Main Street, Suite 210
	(Firm Name & Address)	P.O. Box 1070	Galesburg, IL 61401
	(Telephone)	(309) 342-1175	Fax (309) 342-7816
	MAIL TO: BUREAU OF HEALTH FINANCE IL DEPT OF HEALTHCARE AND FAMILY SERVICES 201 S. Grand Avenue East Springfield, IL 62763-0001 Phone # (217) 782-1630		

Facility Name Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2009 Ending: 3/31/2010

III. STATISTICAL DATA

A. Certified units; enter number of units and unit days

Date of change in certified units / /

1		2		3		4	
	Units at Beginning of Report Period	Type of Apartment	Units at End of Report Period	Unit Days During Report Period			
1	15	Single Unit Apartment	15	5,475	1		
2	6	Double Unit Apartment	6	4,380	2		
3		Other			3		
4	21	TOTALS	21	9,855	4		

B. Census-For the entire report period.

	1 Type of Unit	2 3 4 5 Resident Days by Unit and Primary Source of Payment				
		Medicaid Recipient	Private Pay	Other	Total	
5	Single Unit	1,152	4,215		5,367	5
6	Double Unit	2,086	1,052		3,138	6
7	Other					7
8	TOTALS	3,238	5,267		8,505	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.)	86.30%
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D. Indicate the number of paid bed-hold days the SLF had during this year
None Also, indicate the number of unpaid bed-hold days the SLF
 had during this year. None **(Do not include bed-hold days in Section B.)**

E. Does page 3 include expenses for services or investments not directly related to SLF services?

YES ☐ NO ☒

F. Does the BALANCE SHEET reflect any non-SLF assets?

YES ☒ NO ☐

G. List all services provided by your facility for non-residents.

(E.g., day care, "meals on wheels", outpatient therapy)

None

H. ACCOUNTING BASIS

ACCUAL		MODIFIED	
		CASH*	CASH*
	X		

I. Is your fiscal year identical to your tax year? ☒ YES ☐ NO

Tax Year: 3/31/2010 **Fiscal Year:** 3/31/10

*** All facilities other than governmental must report on the accrual basis.**

J. Does the facility have any Illinois Housing Development Authority Loans outstanding? No If yes, did the facility make all of the

required payments of interest and principle?

If no, explain. _____

K. Does the facility have any loans from the Federal Home Loan Bank outstanding? No If yes, did the facility make all of the

required payments of interest and principle?

If no, explain.

L. Does the facility have any loans from the IL Dept of Commerce and Economic Opportunity outstanding?	No	If yes, did
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make all of the required payments of interest and principle?

If no, explain.

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning:

4/1/2009

Ending:

3/31/2010

IV. COST CENTER EXPENSES (please round to the nearest dollar)

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage	Supplies	Other	Total			
	A. General Services	1	2	3	4	5	6	
1	Dietary and Food Purchase	274,910	525,708	13,423	814,041	(490,464)	323,577	1
2	Housekeeping, Laundry and Maintenance	115,972	54,910	37,984	208,866	(334,166)	(125,300)	2
3	Heat and Other Utilities			137,875	137,875	(114,781)	23,094	3
4	Other (specify):							4
5	TOTAL General Services	390,882	580,618	189,282	1,160,782	(939,411)	221,371	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	1,832,637	238,793	760,585	2,832,015	(2,443,060)	388,955	6
7	Activities and Social Services	102,939	2,846	288	106,073	(105,697)	376	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	1,935,576	241,639	760,873	2,938,088	(2,548,757)	389,331	9
	C. General Administration							
10	Administrative and Clerical	116,706	29,063	372,335	518,104	(453,190)	64,914	10
11	Marketing Materials, Promotions and Advertising	38,013		98,433	136,446	(135,998)	448	11
12	Employee Benefits and Payroll Taxes			474,055	474,055	(383,407)	90,648	12
13	Insurance-Property, Liability and Malpractice			66,802	66,802	(56,954)	9,848	13
14	Other (specify):			121,947	121,947	(120,315)	1,632	14
15	TOTAL General Administration	154,719	29,063	1,133,572	1,317,354	(1,149,864)	167,490	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	2,481,177	851,320	2,083,727	5,416,224	(4,638,032)	778,192	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			39,400	39,400	(33,569)	5,831	17
18	Interest					121	121	18
19	Real Estate Taxes			103,200	103,200	(80,496)	22,704	19
20	Rent -- Facility and Grounds			758,154	758,154	(591,360)	166,794	20
21	Rent -- Equipment			4,209	4,209	(4,209)		21
22	Other (specify):							22
23	TOTAL Ownership			904,963	904,963	(709,513)	195,450	23
24	GRAND TOTAL (Sum of lines 16 and 23)	2,481,177	851,320	2,988,690	6,321,187	(5,347,545)	973,642	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning 4/1/2009 Ending: 3/31/2010

V. STAFFING AND SALARY COSTS (Please report each line separately.)

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses		\$	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants	19	9.69	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	4	8.33	7
8	Dishwashers			8
9	Maintenance Workers	0	9.35	9
10	Housekeepers	1	8.76	10
11	Laundry	0	8.51	11
12	Managers	1	11.53	12
13	Other Administrative			13
14	Clerical	1	8.28	14
15	Marketing	0	14.90	15
16	Other			16
17	Total (lines 1 thru 16)	26	\$	17

VII. RELATED ORGANIZATIONS

A. Enter below the names of all related organizations. Attach an additional schedule if necessary.

RELATED SLF's & HEALTH CARE BUSINESSES

Name 1	City 2
See Attached Schedule 1	

OTHER RELATED BUSINESS ENTITIES

Name 3	City 4	Type of Business 5
See Attached Schedule 1		

B. Does your facility receive services from a parent organization or home office; the costs for which were not included on page 3? YES ☐ NO ☒
Name of related entity: _____ If yes, what is the value of those services? \$ _____
(Please attach a separate schedule itemizing those services.)

C. Does page 3 include any costs derived from transactions (including rent) with related parties? YES ☒ NO ☐
If so, please attach a separate schedule detailing the nature of those services, their costs as they appear on your books and the underlying cost to the related party (i.e., not including markup).

VI. (A) STATEMENT OF COMPENSATION AND OTHER PAYMENTS TO OWNERS, RELATIVES AND MEMBERS OF THE BOARD OF DIRECTORS.

	NAME and FUNCTION	Ownership Interest	Average Hours Per Work Week Devoted to this Business	Amount of Compensation for this Reporting Period	
1	See Att Sch Va for Directors Fees			\$ 256	1
2					2
3					3
4					4
5					5
Total				\$ 256	6

VI. (B) Management fees paid to unrelated parties Amount of Fee

1		\$	1
2			2
Total		\$	3

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning:

4/1/2009

Ending:

3/31/2010

VIII. OWNERSHIP COSTS

A. Purchase price of land _____ Year land was acquired _____

B. Building Depreciation -- Including Fixed Equipment. Round all numbers to the nearest dollar. *Total units on this schedule must agree with page 2.

	1 Units*	FOR BHF USE ONLY	2 Year Acquired	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
1					\$	\$		\$	\$	\$	1
2											2
3											3
4											4
5											5
6	Improvement Type										6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$	\$		\$	\$	\$	17

C. Equipment Depreciation -- Including Transportation.

	Type	1 Cost	2 Current Book Depreciation	3 Straight Line Depreciation	4 Adjustments	5 Life in Years	6 Accumulated Depreciation	
18	Movable Equipment	\$	\$	\$	\$		\$	18
19	Vehicles	56,625	5,831	5,831		4	54,600	19
20	TOTAL (lines 18 and 19)	\$ 56,625	\$ 5,831	\$ 5,831	\$		\$ 54,600	20

D. Depreciable Non-Care Assets Included in General Ledger.

	1 Description and Year Acquired	2 Cost	3 Current Book Depreciation	4 Accumulated Depreciation	
21	SNF Equipment-Various	\$ 159,972	\$ \$ 17,532	\$ \$ 90,647	21
22	SNF Leasehold Impr- Various	163,413	16,037	32,648	22
23	SNF Ford E350 Van -2005	46,919	-	46,919	23
24	TOTALS (lines 21, 22 and 23)	\$ 370,304	\$ 33,569	\$ 170,214	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2009

Ending: 3/31/2010

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: Hawthorne Inn of Princeton, LLC

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? ☒ YES ☐ NO

		1	2	3	4	5	6	
		Year Constructed	Number of Units	Date of Lease	Rental Amount	Total Yrs. of Lease	Total Years Renewal Option*	
3	Original Building	2004	21	01/01/05	\$ 758,154	10	5	3
4	Additions			/ /				4
5	See Att Sch II			/ /				5
6				/ /				6
7	TOTAL		21		\$ 758,154			7

8. Is movable equipment rental included in building rental?

☒ YES ☐ NO

9. Rental amount for movable equipment \$ Not Determined

10. If the facility rents any vehicles which are used for care-related purposes, please attach a schedule detailing the model year and make, the rental expense for this period and the use of the vehicle.

X. INTEREST EXPENSE

1		2		3	4	6		7	8	9	
	Name of Lender	Related**		Purpose of Loan	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense	
		YES	NO			Original	Balance				
	A. Directly Facility Related										
	Long-Term										
1					/ /	\$		/ /		\$	1
2					/ /			/ /			2
3					/ /			/ /			3
	Working Capital										
4					/ /			/ /			4
5	Home Office Allocation	X			/ /			/ /		121	5
6	Less: Interest Income		X		/ /			/ /			6
7	TOTAL Facility Related					\$				\$ 121	7
	B. Non-Facility Related										
8					/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$				\$ 121	10

* If there is an option to buy the building, please provide complete details on an attached schedule.
** If there is any overlap in ownership between the facility and the lender, this must be indicated in column 2.

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2009

Ending:

3/31/2010

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 3/31/2010

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 59,889	\$	1
2	Cash-Patient Deposits	12,138		2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 18,481)	1,029,513		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	36,108		6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,137,648	\$	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land			13
14	Buildings, at Historical Cost			14
15	Leasehold Improvements, at Historical Cost	163,413		15
16	Equipment, at Historical Cost	263,516		16
17	Accumulated Depreciation (book methods)	(224,814)		17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify):			23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 202,115	\$	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,339,763	\$	25

*(See instructions.)

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 23,982	\$	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	12,138		28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable			30
31	Accrued Taxes Payable	226,803		31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	Interdivision Payable	1,123,495		35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 1,386,418	\$	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable			38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	101,924		42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 101,924	\$	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,488,342	\$	45
46	TOTAL EQUITY	\$ (148,579)	\$	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,339,763	\$	47

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2009

Ending:

3/31/2010

XII. INCOME STATEMENT (attach any explanatory footnotes necessary to reconcile this Schedule to Schedule IV.)

		1	
	Revenue	Amount	
	A. SLF Resident Care		
1	Gross SLF Resident Revenue	\$ 878,438	1
2	Discounts and Allowances		2
	SUBTOTAL Resident Care		
3	(line 1 minus line 2)	\$ 878,438	3
	B. Other Operating Revenue		
4	Special Services		4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care		8
9	Non-Resident Meals		9
10	Laundry		10
	SUBTOTAL OTHER OPERATING REVENUE		
11	(sum of lines 4 thru 10)	\$	11
	C. Non-Operating Revenue		
12	Contributions		12
13	Interest and Other Investment Income		13
	SUBTOTAL Non-Operating Revenue		
14	(sum of lines 12 and 13)	\$	14
	D. Other Revenue (specify):		
15	SNF Related Revenue	5,761,184	15
16			16
	SUBTOTAL Other Revenue		
17	(sum of lines 15 and 16)	\$ 5,761,184	17
	TOTAL REVENUE		
18	(sum of lines 3, 11, 14 and 17)	\$ 6,639,622	18

		2	
	Expenses	Amount	
	A. Operating Expenses		
19	General Services	1,160,782	19
20	Health Care/ Personal Care	2,938,088	20
21	General Administration	1,317,354	21
	B. Capital Expense		
22	Ownership	904,963	22
	C. Other Expenses		
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
	TOTAL EXPENSES		
28	(sum of lines 19 thru 27)	\$ 6,321,187	28
	Income Before Income Taxes		
29	(line 18 minus line 28)	\$ 318,435	29
	Income Taxes		
30		\$	30
	NET INCOME OR LOSS FOR THE YEAR		
31	(line 29 minus line 30)	\$ 318,435	31

ATTACHED SCHEDULE I

VII. Related Organizations

A.Related SLF's and Health Care Businesses
and Other Related Business Entities

Name	City and State	Type of Business
1 SLF's and Health Care divisions of Residential Alternatives of Illinois, Inc.:		
Hawthorne Inn of Danville	Danville, IL	Skilled nursing facility
Manor Court of Clinton	Clinton, IL	Skilled nursing and supportive living facility
Manor Court of Freeport	Freeport, IL	Skilled nursing and assisted living facility
Manor Court of Peoria	Peoria, IL	Skilled nursing facility
Manor Court of Peru	Peru, IL	Skilled nursing facility
Manor Court of Princeton	Princeton, IL	Skilled nursing and supportive living facility
Hawthorne Inn of Freeport	Freeport, IL	Assisted and supportive living facility
Hawthorne Inn of Peoria	Peoria, IL	Assisted living facility
Hawthorne Inn of Peru	Peru, IL	Assisted living facility
Liberty Estates of Geneseo	Geneseo, IL	Assisted living and independent living facility
Liberty Estates of Streator	Streator, IL	Assisted living and independent living facility
Freeport Rehab & Healthcare	Freeport, IL	Skilled nursing facility
Other facilities operated by Residential Alternatives of Illinois, Inc.		
Liberty Estates of Danville	Danville, IL	Independent living facility
Liberty Estates of Freeport	Freeport, IL	Independent living facility
Liberty Estates of Peoria	Peoria, IL	Independent living facility
Liberty Estates of Peru	Peru, IL	Independent living facility
2 Residential Alternatives of Iowa (common Board of Directors)	Coralville, IA	Long-term care facilities
3 Frances House, Inc.(sole corporate member of Residential Alternatives of Illinois, Inc.) operates the following DD facilities		
Casa Willis	Sterling, IL	
Freeport Terrace	Freeport, IL	
Gordon Jones Terrace	Lanark, IL	
Hallam Terrace	Rockford, IL	
Hammett House	Sterling, IL	
Kanthak House	Ottawa, IL	
Olson Terrace	Rockford, IL	
Ridge Terrace	Freeport, IL	
Rockford Group Homes:		
Canterbury Place	Rockford, IL	
Glenwood Villa	Rockford, IL	
Rockton Court	Rockford, IL	
Rose House	Moline, IL	
Seborg Terrace	Rockford, IL	
Smith Square	Moline, IL	
Stern Square	Sterling, IL	
Stouffer Terrace	Oregon, IL	
Frances House, Inc. is also the sole corporate member of the following not-for-profit lessors of Residential Alternatives of Illinois, Inc.		
Peoria Manor Court, Ltd., NFP	Galesburg, IL	
Peru Becker, Ltd., NFP	Galesburg, IL	
Danville Independence, LLC	Galesburg, IL	
4 Pioneer Concepts, Inc (Frances House, Inc is the sole corporate member) operates the following DD facilities		
Broadway Terrace	Chicago Heights, IL	
Carole Lane Terrace	Sauk Village, IL	
Cook County I Group Homes:		
Flossmoor Terrace	Flossmoor, IL	
Ravisloe Terrace	Country Club Hills, IL	
Spaulding Terrace	Markham, IL	
Cook County II Group Homes:		
Calumet City Terrace	Calumet City, IL	
Dolton Terrace	Dolton, IL	
Lynwood Terrace	Lynwood, IL	
Holland Terrace	South Holland, IL	
Matteson Court	Matteson, IL	
Prairie House	Sauk Village, IL	
Torrence Place	Sauk Village, IL	
5 Pinnacle Opportunities, Inc (Frances House, Inc is the sole corporate member) operated the following DD facilities		
Chamness Square	Bourbannais, IL	
Collins Square	Bradley, IL	
Gravlin Square	Bradley, IL	
Hunt Terrace	Kankakee, IL	
Kankakee I Group Homes:		
Dearborn Court	Kankakee, IL	
River Court	Kankakee, IL	
Station Court	Kankakee, IL	
Kankakee II Group Homes:		
Eagle Court	Kankakee, IL	
Kankakee Court	Kankakee, IL	
Roy Court	Bourbannais, IL	
6 Concepts Plus, Inc. (Frances House, Inc is the sole corporate member) operated the following DD facilities		
Lake County Group Homes:		
Lewis Terrace	North Chicago, IL	
Seymour Terrace	North Chicago, IL	
Waukegan Terrace	Waukegan, IL	
Pine Terrace	Waukegan, IL	
7 LTC Support Services, LLC (RAI is one of eight corporate members)		
LTC provides consulting services that include, but are not limited to: training, regulatory compliance, quality assurance programs, human resource support, marketing and maintenance.		
Total fees expensed during the current year for SLF portion:	\$	12,514

Manor Court of Princeton (skilled nursing) and Hawthorne Inn of Princeton (supportive living) are both housed in the same bldg and reported as a single division of Residential Alternatives of Illinois, Inc. Therefore, the divisional income statement and balance sheet report both operations. The SNF related costs have been adjusted out of this cost report.

Attached Schedule II

SUMMARY SCHEDULE					
Sch. IV of Allocation of Skilled Nursing Facility Costs					
Line #		Salaries	Supplies	Other	Total
1	Dietary and Food	212,845	270,937	6,682	490,464
2	Hskp, Laundry, Main	211,906	89,278	32,982	334,166
3	Heat & Other Utilities			114,781	114,781
4	Other				-
6	Health Care/personal	1,443,682	238,793	760,585	2,443,060
7	Activities & Soc Serv	102,939	2,470	288	105,697
8	Other				-
10	Admin/Clerical	157,665	39,858	256,171	453,694
11	Mkt, Promo, Adv	32,984		97,985	130,969
12	Emp Ben & PR taxes			383,407	383,407
13	Insurance			57,170	57,170
14	Other			120,315	120,315
17	Depreciation			33,569	33,569
18	Interest				-
19	Real Estate Taxes			80,496	80,496
20	Rent			591,360	591,360
21	Rent Equip			4,209	4,209
TOTALS		2,162,021	641,336	2,540,000	5,343,357
Net adjustment required					5,343,357

ATTACHED SCHEDULE III

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line		Adjustments
	Description	Col 5
See Att Sch II	Allocation to SNF cost report	(5,343,357)
See Att Sch V	Home office allocation	841
Line 11	allocated Marketing wages to SLF	(5,029)
Total Adjustments on Schedule IV		(5,347,545)

ATTACHED SCHEDULE IV

Bed Listing & Home Office Allocation

Weighted beds @ 03/31/10									
	Nursing Hom	Sheltered	SLF	ALC	Estate	Weighted	All Homes	SLF	
	Beds	Care Beds	Beds	Beds	Units	Average	Percentage	Percentage	
Facility	100%	50%	50%	50%	10%	Total	of Total	of Total	
Liberty Estates of Danville	0	0	0	0	8	8	0.94%	0.00%	
Liberty Estates of Freeport	0	0	0	0	7	7	0.82%	0.00%	
Liberty Estates of Peoria	0	0	0	0	8	8	0.94%	0.00%	
Liberty Estates of Geneseo	0	0	0	7	3	10	1.17%	0.00%	
Liberty Estates of Peru	0	0	0	0	7	7	0.82%	0.00%	
Liberty Estates of Streator	0	0	0	8	3	11	1.29%	0.00%	
Hawthorne Inn of Danville	70	34	0	0	0	104	12.18%	0.00%	
Manor Court of Princeton	76	11	10	0	0	97	11.36%	1.17%	
Manor Court of Clinton	134	0	11	0	0	145	16.98%	1.29%	
Manor Court of Peoria	50	0	0	0	0	50	5.85%	0.00%	
Manor Court of Peru	85	22	0	0	0	107	12.53%	0.00%	
Manor Court of Freeport	45	17	0	12	0	74	8.67%	0.00%	
Hawthorne Inn of Peoria	0	0	0	34	0	34	3.98%	0.00%	
Hawthorne Inn of Peru	0	0	0	34	0	34	3.98%	0.00%	
Hawthorne Inn of Freeport	0	0	15	0	0	15	1.76%	1.76%	
Freeport Rehab & Healthcare	143	0	0	0	0	143	16.74%	0.00%	
						854	100%	4.22%	

FACILITY NAME:

Hawthorne Inn of Princeton

ID#:

37-1223846

BEGINNING:

4/1/2009

ENDING:

3/31/2010

ATTACHED SCHEDULE V

ALLOCATION OF HOME OFFICE INDIRECT COSTS

Sch. V		SUMMARY SCHEDULE		
Line #		(See attached detail schedule)		
		Salaries	Other	Total
1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0	0	-
3	Heat & Other Utilities	0	0	-
4	Other	0	0	-
6	Health Care/personal	0	0	-
7	Activities & Soc Serv	0	0	-
8	Other	0	0	-
10	Admin/Clerical	0	504	504
11	Mkt, Promo, Adv	0	0	-
12	Emp Ben & PR taxes	0	0	-
13	Insurance	0	216	216
14	Other	0	0	-
17	Depreciation	0	0	-
18	Interest	0	121	121
19	Real Estate Taxes	0	0	-
		0	0	-
		0	0	-
TOTALS		0	841	841
Net adjustment required				841

ATTACHED SCHEDULE Va

ALLOCATION OF INDIRECT COSTS
(Detail Schedule)

Allocation Factors:

SLF Home Office Factor0.0117

Schedule	Description	Total Expenses Incurred	Non- Allowable Costs	Costs To Be Allocated	Allocated Total	Adjustment Grouping
V-1-1	Labor-Dietary	0		0	0	0
V-1-2	Supplies-Dietary	0		0	0	0
V-2-1	Labor-Purchasing	0		0	0	0
V-3-3	Utilities			0	0	0
V-10-1	Labor - Administrative			0	0	
V-10-1	Labor-Clerical			0	0	0
V-10-2	Supplies			0	0	0
V-10-3	Miscellaneous			0	0	
V-10-3	Postage & Shipping			0	0	
V-10-3	Equipment			0	0	
V-10-3	Equipment Contracts			0	0	
V-10-3	Equip Maintenance & Repair			0	0	
V-10-3	Telephone			0	0	
V-10-3	Board of Directors	21,821	0	21,821	256	
V-10-3	Legal Fees	24,422	24,422	0	0	
V-10-3	Professional Services	20,820	0	20,820	244	
V-10-3	Licenses/Fees/Misc	325		325	4	
V-10-3	Inservice Training	0		0	0	
V-10-3	Travel	0		0	0	
V-10-3	Vehicle Expense	0		0	0	504
V-11-3	Advertising - Employment			0	0	
V-11-3	Subscriptions & Fees			0	0	0
V-12-3	Worker's Compensation	0		0	0	
V-12-3	Other Employee Expense	0		0	0	
V-12-3	FICA	0		0	0	
V-12-3	State Unemployment Tax			0	0	
V-12-3	Health Insurance	0		0	0	0
V-13-3	Vehicle Insurance	0		0	0	
V-13-3	Property Insurance	0		0	0	0
V-17-3	Depreciation Expense			0	0	0
V-18-3	Interest Expense	25,605	0	25,605	300	
V-18-3	Investment Income	-15,250		-15,250	-179	121
V-26-3	Liability Ins	18,431		18,431	216	216
	TOTALS	96,174	24,422	71,752	841	841

BOARD OF DIRECTORS:

Irwin Jann	3,500.00
Jack Biddison	4,500.00
Jeff Shaw	4,500.00
Doug Biederstedt	4,500.00
William Kempiners	4,500.00
Meeting expenses	321.00
Travel costs	-
Total	21,821.00

FACILITY NAME: Hawthorne Inn of Princeton
ID#: 37-1223846

BEGINNING: 4/1/2009
ENDING: 3/31/2010

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	-
VIII	20-3	Total equipment and transportation	5,831
Attached schedule V		Home office allocation adj depreciation	-
		<i>Subtotal</i>	5,831
IV	17-6	Total cost center depreciation	5,831
		<i>Difference</i>	-