

		FOR BHF USE			

LL2

Supportive Living Facility

2011
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2011)

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: 1000059

Facility Name: Eastgate Manor of Algonquin, LLC

Address: 101 Eastgate Court Algonquin 60102
Number City Zip Code

County: McHenry

Telephone Number: (847) 458-2800 Fax # (847) 458-0017

Federal Employer ID Number:

Date Current Owners were Certified: 2/27/06

Type of Ownership:

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

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

Name: Michael W. Martin Telephone Number: (217) 258-8888
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 01/01/2011 to 12/31/2011 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)

(Title)

Paid
Preparer

(Signed) (Date)

(Print Name and Title) See Accountants' Preparation Report

(Firm Name & Address) McGladrey & Pullen, LLP
20 North Martingale, Suite 500 Schaumburg, IL 60173

(Telephone) (847) 514-7070 Fax (847) 517-7067

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 Eastgate Manor of Algonquin, LLC

Report Period Beginning: 01/01/2011 Ending: 12/31/2011

III. STATISTICAL DATA

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

Date of change in certified units N/A

	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	<u>101</u>	Single Unit Apartment	<u>110</u>	<u>38,917</u>	1
2	<u>13</u>	Double Unit Apartment	<u>8</u>	<u>3,673</u>	2
3		Other		<u>3,982</u>	3
4	<u>114</u>	TOTALS	<u>118</u>	<u>46,572</u>	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	<u>23,116</u>	<u>12,876</u>		<u>35,992</u>	5
6	Double Unit	<u>5,058</u>	<u>1,932</u>		<u>6,990</u>	6
7	Other					7
8	TOTALS	<u>28,174</u>	<u>14,808</u>		<u>42,982</u>	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified
bed days on line 4, column 4.) 92.29%

D. Indicate the number of paid bed-hold days the SLF had during this year
569 Also, indicate the number of unpaid bed-hold days the SLF
had during this year. 495 (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? Note : Non-allowable costs have been
eliminated in Schedule IV, Column 5.
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

ACCRUAL ☒ MODIFIED CASH* ☐ CASH* ☐

I. Is your fiscal year identical to your tax year? ☒ YES ☐ NO
Tax Year: 12/31/11 Fiscal Year: 12/31/11

* 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? N/A
If no, explain. N/A

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? N/A
If no, explain. N/A

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

STATE OF ILLINOIS

Page 3

Facility Name: Eastgate Manor of Algonquin, LLC

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage 1	Supplies 2	Other 3	Total 4			
	A. General Services							
1	Dietary and Food Purchase	297,063	294,700	1,824	593,587		593,587	1
2	Housekeeping, Laundry and Maintenance	110,641	6,679	126,671	243,991		243,991	2
3	Heat and Other Utilities			159,814	159,814		159,814	3
4	Other (specify): Satellite TV			688	688	(688)		4
5	TOTAL General Services	407,704	301,379	288,997	998,080	(688)	997,392	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	585,990		131	586,121		586,121	6
7	Activities and Social Services	77,380	5,669	18,206	101,255		101,255	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	663,370	5,669	18,337	687,376		687,376	9
	C. General Administration							
10	Administrative and Clerical	284,102		396,979	681,081	22,420	703,501	10
11	Marketing Materials, Promotions and Advertising	6,667		49,108	55,775	(55,775)		11
12	Employee Benefits and Payroll Taxes			201,300	201,300		201,300	12
13	Insurance-Property, Liability and Malpractice			48,613	48,613		48,613	13
14	Other (specify): Bad Debts			1,957	1,957	(1,957)		14
15	TOTAL General Administration	290,769		697,957	988,726	(35,312)	953,414	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	1,361,843	307,048	1,005,291	2,674,182	(36,000)	2,638,182	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			39,945	39,945	271,765	311,710	17
18	Interest			13,826	13,826	522,844	536,670	18
19	Real Estate Taxes					169,453	169,453	19
20	Rent -- Facility and Grounds			1,084,894	1,084,894	(1,084,894)		20
21	Rent -- Equipment							21
22	Other (specify): Beautician & Barber			5,798	5,798		5,798	22
23	TOTAL Ownership			1,144,463	1,144,463	(120,832)	1,023,631	23
24	GRAND TOTAL (Sum of lines 16 and 23)	1,361,843	307,048	2,149,754	3,818,645	(156,832)	3,661,813	24

Facility Name: Eastgate Manor of Algonquin, LLC

Report Period Beginning 01/01/2011 Ending: 12/31/2011

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses	4.42	\$ 30.93	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants			3
4	Activity Director & Assistants	2.60	14.44	4
5	Social Service Workers			5
6	Head Cook	4.78	14.18	6
7	Cook Helpers/Assistants	10.64	8.55	7
8	Dishwashers			8
9	Maintenance Workers	1.24	19.52	9
10	Housekeepers	3.29	9.16	10
11	Laundry			11
12	Managers Administrator	1.08	49.36	12
13	Other Administrative	5.74	17.04	13
14	Clerical			14
15	Marketing			15
16	Other Caregivers	14.43	10.59	16
17	Total (lines 1 thru 16)	48.22	\$ 14.06	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 Attachment 1			

OTHER RELATED BUSINESS ENTITIES

Name	3	City	4	Type of Business	5
See Attachment 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: N/A If yes, what is the value of those services? \$ N/A
(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 Attachment 1		See Attachment 5	\$ Attachment 5	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

Amount of Fee

1	N/A	\$	1
2			2
Total		\$	3

Facility Name: Eastgate Manor of Algonquin, LLC

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

VIII. OWNERSHIP COSTS

A. Purchase price of land 311,565 Year land was acquired 2000

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	114			2000	\$ 4,679,221	\$	40	\$ 116,981	\$ 116,981	\$ 1,314,931	1
2				2001	3,852,173		40	96,304	96,304	1,035,272	2
3											3
4											4
5											5
	Improvement Type										
6	Flagpoles			2001	2,637	176	10	176		1,846	6
7	Tub Conversion			2001	1,185	59	10	59		1,185	7
8	Nurses Station			2001	6,183	309	20	309		3,246	8
9	2nd Floor Carpet			2001	1,339	67	10	67		1,339	9
10	Fire Alarm Doors			2001	835	42	10	42		835	10
11	2 Exterior Signs			2001	2,432	122	10	122		2,432	11
12	Nurse Call Station			2004	21,485	1,074	20	1,074		7,699	12
13	Asphalt Paving			2005	19,397	1,940	10	1,940		12,123	13
14	Apartments			2005	18,224	911	20	911		5,467	14
15	Nurse Call Station			2006	2,761	138	20	138		794	15
16	See Attachment 2				1,372,420	14,814		64,020	49,206	315,946	16
17	TOTAL (lines 1 thru 16)				\$ 9,980,292	\$ 19,652		\$ 282,143	\$ 262,491	\$ 2,703,115	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	\$ 1,097,292	\$ 20,293	\$ 29,567	9,274	10	\$ 831,084	18
19	Vehicles							19
20	TOTAL (lines 18 and 19)		\$ 20,293	\$ 29,567	9,274		\$ 831,084	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		\$	\$	\$	21
22			N/A		22
23					23
24	TOTALS (lines 21, 22 and 23)		\$	\$	24

Facility Name: Eastgate Manor of Algonquin, LLC

Report Period Beginning: 01/01/2011 Ending: 2/31/2011

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: N/A

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

		1 Year Constructed	2 Number of Units	3 Date of Lease	4 Rental Amount	5 Total Yrs. of Lease	6 Total Years Renewal Option*	
3	Original Building	N/A		/ /	\$			3
4	Additions			/ /				4
5				/ /				5
6				/ /				6
7	TOTAL				\$			7

8. Is movable equipment rental included in building rental?

☐ YES ☐ NO

9. Rental amount for movable equipment \$ N/A

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	Lexington Financial Services	X		Mortgage	5/22/08	\$ 9,395,000	\$ 8,701,157	1/1/33	Variable	\$ 529,738	1
2					/ /	Security Deposits and other		/ /		1,480	2
3					/ /	Amortization of Mortgage Costs		/ /		3,237	3
	Working Capital										
4	Members loans-East Gate	X		Working Capital	Various	1,792,483	617,852	/ /	Variable	10,051	4
5	Bank of America		X	Line of Credit	4/6/02	400,000	600,000	6/30/12	Variable	2,295	5
6					/ /			/ /			6
7	TOTAL Facility Related					\$ 11,587,483	\$ 9,919,009			\$ 546,801	7
	B. Non-Facility Related										
8					/ /	Less interest income		/ /		-80	8
9					/ /	Related party interest		/ /		(10,051)	9
10	TOTALS (lines 7, 8 and 9)					\$ 11,587,483	\$ 9,919,009			\$ 536,670	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: Eastgate Manor of Algonquin, LLC

Report Period Beginning: 01/01/2011

Ending: 12/31/2011

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/2011

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 537,028	\$ 583,654	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 163,101)	844,902	844,902	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	30,955	30,955	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	404,609	274,056	8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,817,494	\$ 1,733,567	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments	94,552	94,552	12
13	Land		311,565	13
14	Buildings, at Historical Cost		4,679,221	14
15	Leasehold Improvements, at Historical Cost	417,267	5,301,071	15
16	Equipment, at Historical Cost	253,297	1,097,292	16
17	Accumulated Depreciation (book methods)	(175,250)	(3,534,199)	17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs		69,233	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)	\$ 589,866	\$ 8,018,735	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,407,360	\$ 9,752,302	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 39,360	\$ 39,360	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable	600,000	600,000	29
30	Accrued Salaries Payable	31,650	31,650	30
31	Accrued Taxes Payable	1,508	155,508	31
32	Accrued Interest Payable		37,316	32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	See attachment 3	248,053	2,105,953	35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 920,571	\$ 2,969,787	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	617,852	617,852	38
39	Mortgage Payable		8,701,157	39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42				42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 617,852	\$ 9,319,009	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,538,423	\$ 12,288,796	45
46	TOTAL EQUITY	\$ 868,937	\$ (2,536,494)	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 2,407,360	\$ 9,752,302	47

*(See instructions.)

Facility Name: Eastgate Manor of Algonquin, LLC

Report Period Beginning: 01/01/2011

Ending:

12/31/2011

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	\$ 4,502,892	1
2	Discounts and Allowances		2
	SUBTOTAL Resident Care		
3	(line 1 minus line 2)	\$ 4,502,892	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	9,963	8
9	Non-Resident Meals	3,262	9
10	Laundry		10
	SUBTOTAL OTHER OPERATING REVENUE		
11	(sum of lines 4 thru 10)	\$ 13,225	11
	C. Non-Operating Revenue		
12	Contributions		12
13	Interest and Other Investment Income	80	13
	SUBTOTAL Non-Operating Revenue		
14	(sum of lines 12 and 13)	\$ 80	14
	D. Other Revenue (specify):		
15	See attachment 3	9,155	15
16			16
	SUBTOTAL Other Revenue		
17	(sum of lines 15 and 16)	\$ 9,155	17
	TOTAL REVENUE		
18	(sum of lines 3, 11, 14 and 17)	\$ 4,525,352	18

		2	
	Expenses	Amount	
	A. Operating Expenses		
19	General Services	998,080	19
20	Health Care/ Personal Care	687,376	20
21	General Administration	988,726	21
	B. Capital Expense		
22	Ownership	1,144,463	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)	\$ 3,818,645	28
	Income Before Income Taxes		
29	(line 18 minus line 28)	\$ 706,707	29
30	Income Taxes	\$	30
	NET INCOME OR LOSS FOR THE YEAR		
31	(line 29 minus line 30)	\$ 706,707	31

VI.A

Owners:

<u>Name</u>	<u>% Ownership</u>
Jason Samatas Discretionary Trust	8.571%
Jeremy Samatas Discretionary Trust	8.571%
Jillayne Samatas Discretionary Turst	8.571%
Collin Samatas Discretionary Trust	8.572%
Gabrielle Samatas Discretionary Trust	8.572%
Philip Thiem Discretionary Trust	8.571%
Daniel Thiem Discretionary Trust	8.571%
Chester Plodzien	20.000%
George Samatas 1998 Gamma Trust for Jason UAD 11/25/98	2.858%
George Samatas 1998 Gamma Trust for Jeremy UAD 11/25/98	2.858%
George Samatas 1998 Gamma Trust for Jillayne UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Collin UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Gabrielle UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Philip UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Daniel UAD 11/25/98	2.857%

VIII. A

<u>Related Organizations: Related SLF's and Healthcare Business</u>	<u>City</u>
Lexington Health Care Center of Lombard, Inc.	Lombard
Lexington Health Care Center of Bloomingdale, Inc.	Bloomingdale
Lexington Health Care Center of Elmhurst, Inc.	Elmhurst
Lexington Health Care Center of LaGrange, Inc.	LaGrange
Lexington Health Care Center of Lake Zurich, Inc.	Lake Zurich
Lexington Heatlh Care Center of Schaumburg, Inc.	Schaumburg
Lexington Health Care Center of Streamwood, Inc.	Stremwood
Lexington Health Care Center of Wheeling, Inc.	Wheeling
Lexington Health Care Center of Orland Park, Inc.	Orland Park
Lexington Health Care Center of Chicago Ridge, Inc.	Chicago Ridge

<u>Other Related Business Entities</u>	<u>City</u>	<u>Type</u>
Samvest of Algonquin Limited Partnership	Algonquin	Real Estate Partnership
Royal Management Company	Lombard	Management Company
Lexington Financial Services, L.L.C.	Lombard	Finance Co.
Nexgen Partners, LLC	Lombard	Management Company
Lexington Square Life Care of Lombard, LLC	Lombard	Independent and Assisted Living Facility
Lexington Square Life Care of Elmhurst, LLC	Elmhurst	Independent Living Facility
Vesta Management Group, LLC	Lombard	Management Company

Eastgate Manor of Algonquin, LLC
Leasehold Improvements (continued)
12/31/2011

Attachment 2

	Improvement Type	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation		Adjustments	Accumulated Depreciation	
18	Sealcoat parking lot	2006		3,240	324	10	324		0	1,809	18
19	Kitchen Rehab	2006		10,222	511	20	511		0	2,811	19
20	Apartments	2006		81,813	4,091	20	4,091		0	22,499	20
21	Roof Repairs	2007		3,000	150	20	150		0	663	21
22	Sheers	2007		2,877	288	10	288		0	1,223	22
23	Sheers	2008		5,001	500	10	500		0	1,702	23
24	Painting	2008		2,700	270	10	270		0	990	24
25	Land Improvements-patio,topsoil	2009		6,420	428	15	428		0	1,092	25
26	Paint doors and elevators	2009		5,990	599	10	599		0	1,298	26
27	Nurses call system	2009		36,265	3,626	10	3,626		0	7,857	27
28	Apartment conversions - Samvest Rep Prj	2009		265,855		40	9,752		(9,752)	28,444	28
29	Dining Room/Lobby/Corridor - Samvest Rep Prj	2009		524,378		15	23,360		(23,360)	50,614	29
30	HVAC Repairs	2010		3,131	313	10	313		0	365	30
31	Remodel Offices	2010		37,280	1864	20	1,864		0	2,492	31
32	Apartment conversions - East gate	2010		3,528	176	20	176		0	265	32
33	Roof Repairs	2011		5,418	0	20	-		0	-	
34	Apartment conversions - East gate	2011		133,905	1674	20	1,674		0	1,674	
35											33
36	Allocation Real Estate Entity								0		34
37	Land Improvements	2000		79,149		15	5,277		(5,277)	73,870	35
38	Land Improvements	2001		162,248		15	10,817		(10,817)	116,278	36
39											37
40	Total (Attachment 2) to Schedule VIII - Line 16			\$ 1,372,420	\$ 14,814		\$ 64,020		\$ (49,206)	\$ 315,946	38

Eastgate Manor of Algonquin, LLC
12/31/2011
Attachment 3
Supplementary Information

<u>XI.C.Line 35</u>	<u>Operating</u>	<u>After Consolidation</u>
Due from Royal	2,295	2,295
Withholding Dental Insurance	(257)	(257)
Withholding EP/CI/WI	(172)	(172)
401k Withholding	10	10
Accrued Vacation/Sick	38,855	38,855
Accrued 401K	7,094	7,094
Accrued Expenses	18,999	18,999
Accrued Management Fees Nexgen	11,339	11,339
Interest Rate Swap		1,857,900
Due to Republic Construction	12,289	12,289
Security Deposits	150,284	150,284
Resident Trust Fund Liability	7,274	7,274
Due to Resident - RFMS Funds	43	43
	<u>248,053</u>	<u>2,105,953</u>

<u>XII.D.Line 15</u>	<u>Operating</u>
Maintenance - Prorated	(467)
Carpet Proration	9,438
Miscellaneous Income	184
	<u>9,155</u>

Attachment 4

Related Party Management Company-Royal Management Corp

Total cost allocated to nursing home	\$9,918,380	78.32%
Total cost allocated to other entities	\$2,745,222	21.68%
Including Eastgate manor	12,663,602	100.00%

Basis for allocation of the \$2,745,222-accumulated costs of the other entities, including Eastgate.

Eastgate Manor of Algonquin, LLC	3,674,826
Other entities managed by Royal Management (other than ten nursing homes)	50,128,211
	<u>53,803,037</u>
Eastgate percentage of the \$2,745,222	6.83%
Eastgate Manor amount	187,503
Less Management fee in line 10, page 3	<u>141,996</u>
	<u>45,507</u>

Eastgate's allocation of management company expenses is its proportionate share of Royal Management Corp total expenses of \$12,663,602. The specific expenses to Eastgate would be calculated at 1.48% (21.68% x 6.83%) of individual expenses of Royal Management Corp as shown on the attached detail.

Attachment 5

Related Party Management Company-Nexgen

Other Entities Managed by Nexgen	9,651,603	72.42%
Eastgate	3,674,826	27.58%
	<u>13,326,429</u>	<u>100.00%</u>

Total Nexgen Expenses	401,756
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Eastgate Manor amount	110,786
Less Management fee in line 10, page 3	<u>134,114</u>
	<u>(23,328)</u>

Eastgate's allocation of management company expenses is its proportionate share of Nexgen total expenses of \$401,756

Owners' Compensation and Average Hours Worked 1/1/11 thru 12/31/11	Average Hours	Compensation
Jeremy	15.0	67,292
Phil	2.5	11,215