

		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: 1000076

Facility Name: Hawthorne Inn of Princeton

Address: 140 North 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 4/1/2010 to 3/31/2011 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) 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
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Report Period Beginning: 4/1/2010 Ending: 3/31/2011

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	1,773	3,535		5,308	5
6	Double Unit	2,523	1,220		3,743	6
7	Other					7
8	TOTALS	4,296	4,755		9,051	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 91.84%

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

		MODIFIED	
ACCRUAL	X	CASH*	
		CASH*	

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

Tax Year: 3/31/2011 **Fiscal Year:** 3/31/2011

* 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 t

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

make all of the required payments of interest and principle?

If no, explain.

STATE OF ILLINOIS

Page 3

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning:

4/1/2010

Ending:

3/31/2011

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	287,327	379,351	6,497	673,175	(526,130)	147,045	1
2	Housekeeping, Laundry and Maintenance	252,930	81,356	38,770	373,056	(321,924)	51,132	2
3	Heat and Other Utilities			149,298	149,298	(118,541)	30,757	3
4	Other (specify):							4
5	TOTAL General Services	540,257	460,707	194,565	1,195,529	(966,595)	228,934	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	1,950,240	278,772	671,602	2,900,614	(2,499,651)	400,963	6
7	Activities and Social Services	98,911	2,499	323	101,733	(101,389)	344	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	2,049,151	281,271	671,925	3,002,347	(2,601,040)	401,307	9
	C. General Administration							
10	Administrative and Clerical	176,707	37,204	301,279	515,190	(445,256)	69,934	10
11	Marketing Materials, Promotions and Advertising	36,059		88,984	125,043	(124,623)	420	11
12	Employee Benefits and Payroll Taxes			482,643	482,643	(392,786)	89,857	12
13	Insurance-Property, Liability and Malpractice			76,971	76,971	(65,474)	11,497	13
14	Other (specify):			115,159	115,159	(115,159)		14
15	TOTAL General Administration	212,766	37,204	1,065,036	1,315,006	(1,143,298)	171,708	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	2,802,174	779,182	1,931,526	5,512,882	(4,710,933)	801,949	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			40,078	40,078	56,127	96,205	17
18	Interest					59,514	59,514	18
19	Real Estate Taxes			107,600	107,600	(83,928)	23,672	19
20	Rent -- Facility and Grounds			821,627	821,627	(821,627)		20
21	Rent -- Equipment			730	730	(730)		21
22	Other (specify): See Att Sch VII					1,414	1,414	22
23	TOTAL Ownership			970,035	970,035	(789,230)	180,805	23
24	GRAND TOTAL (Sum of lines 16 and 23)	2,802,174	779,182	2,901,561	6,482,917	(5,500,163)	982,754	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning 4/1/2010 Ending: 3/31/2011

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	21	9.40	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	4	8.13	7
8	Dishwashers			8
9	Maintenance Workers	1	8.57	9
10	Housekeepers	1	8.74	10
11	Laundry	0	8.94	11
12	Managers	0	19.50	12
13	Other Administrative			13
14	Clerical	1	8.60	14
15	Marketing	0	14.12	15
16	Other			16
17	Total (lines 1 thru 16)	28	\$	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 I			

OTHER RELATED BUSINESS ENTITIES

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

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			\$ 325	1
2					2
3					3
4					4
5					5
Total				\$ 325	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:

4/1/2010

Ending:

3/31/2011

VIII. OWNERSHIP COSTS

A. Purchase price of land 14,300 Year land was acquired 2009

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	21		2009		\$ 1,663,532	\$ 67,818	25	\$ 67,818		\$ 87,461	1
2											2
3											3
4											4
5											5
	Improvement Type										
6	Site fence & landscaping			2009	85,359	5,691	15	5,691		7,587	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)				\$ 1,748,891	\$ 73,509		\$ 73,509		\$ 95,048	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	\$ 179,760	\$ 17,976	\$ 17,976		10	\$ 23,968	18
19	Vehicles	58,025	4,720	4,720		4	44,444	19
20	TOTAL (lines 18 and 19)	\$ 237,785	\$ 22,696	\$ 22,696			\$ 68,412	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	\$ 249,413	\$ 18,259	\$ 108,906	21
22	SNF Leasehold Impr - Various	203,193	17,099	49,747	22
23	SNF Ford E350 Van - 2005	46,919	-	46,919	23
24	TOTALS (lines 21, 22 and 23)	\$ 499,525	\$ 35,358	\$ 205,572	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2010

Ending: 3/31/2011

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: See Attached Schedule I

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				\$			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 \$

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	Midland States Bank		X	facility purchase	10/2/09	\$ 1,126,211	\$ 1,013,197	10/2/12	5.7500	\$ 59,514	1
2				SLF portion	/ /			/ /			2
3					/ /			/ /			3
	Working Capital										
4					/ /			/ /			4
5	Home Office Allocation	X			/ /			/ /			5
6	Less: Interest Income		X		/ /			/ /			6
7	TOTAL Facility Related					\$ 1,126,211	\$ 1,013,197			\$ 59,514	7
	B. Non-Facility Related										
8	Midland States Bank		X	facility purchase	10/2/09	3,992,931	3,592,245	10/2/12	5.7500	211,002	8
9				SNF portion	/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$ 5,119,142	\$ 4,605,442			\$ 270,516	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: 4/1/2010

Ending:

3/31/2011

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 3/31/2011

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 33,975	\$ 33,975	1
2	Cash-Patient Deposits	12,840	12,840	2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	644,171	644,171	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	44,055	44,055	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)	\$ 735,041	\$ 735,041	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land		65,000	13
14	Buildings, at Historical Cost		7,561,510	14
15	Leasehold Improvements, at Historical Cost	203,193	463,331	15
16	Equipment, at Historical Cost	354,357	1,029,744	16
17	Accumulated Depreciation (book methods)	(250,016)	(760,738)	17
18	Deferred Charges		18,498	18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs		(9,219)	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)	\$ 307,534	\$ 8,368,126	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,042,575	\$ 9,103,167	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 95,325	\$ 95,325	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	12,840	12,840	28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	72,566	72,566	30
31	Accrued Taxes Payable	147,868	147,868	31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	Interdivision Payable	232,562	3,463,959	35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 561,161	\$ 3,792,558	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable			38
39	Mortgage Payable		4,605,442	39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	89,263	89,263	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 89,263	\$ 4,694,705	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 650,424	\$ 8,487,263	45
46	TOTAL EQUITY	\$ 392,151	\$ 615,904	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,042,575	\$ 9,103,167	47

*(See instructions.)

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2010

Ending:

3/31/2011

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

	Revenue	Amount	
	A. SLF Resident Care		
1	Gross SLF Resident Revenue	\$ 964,798	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 964,798	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
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$	11
	C. Non-Operating Revenue		
12	Contributions		12
13	Interest and Other Investment Income		13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$	14
	D. Other Revenue (specify):		
15	SNF Related Revenue	6,058,849	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 6,058,849	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 7,023,647	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	1,195,529	19
20	Health Care/ Personal Care	3,002,347	20
21	General Administration	1,315,006	21
	B. Capital Expense		
22	Ownership	970,035	22
	C. Other Expenses		
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
28	TOTAL EXPENSES (sum of lines 19 thru 27)	\$ 6,482,917	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 540,730	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 540,730	31

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

BEGINNING: 4/1/2010
ENDING: 3/31/2011

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	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:		
Cantebury 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	
Hawthorne Inn of Princeton, 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: \$ 13,040

Entity	Services	Expense pg. 3 col. 4	Cost to Related Party
Hawthorne Inn of Princeton, LLC	Rent	\$ 821,627	See Att. Sch. VII

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

BEGINNING: 4/1/2010
ENDING: 3/31/2011

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	223,954	295,679	6,497	526,130
2	Hskp, Laundry, Main	218,137	70,331	33,456	321,924
3	Heat & Other Utilities			118,541	118,541
4	Other				-
6	Health Care/personal	1,549,276	278,773	671,602	2,499,651
7	Activities & Soc Serv	98,911	2,155	323	101,389
8	Other				-
10	Admin/Clerical	152,399	32,176	261,399	445,974
11	Mkt, Promo, Adv	31,099		88,564	119,663
12	Emp Ben & PR taxes			392,786	392,786
13	Insurance			65,618	65,618
14	Other			115,159	115,159
17	Depreciation			35,358	35,358
18	Interest				-
19	Real Estate Taxes			83,928	83,928
20	Rent			640,869	640,869
21	Rent Equip			730	730
TOTALS		2,273,776	679,114	2,514,830	5,467,720

Net adjustment required

5,467,720

BEGINNING: 4/1/2010
ENDING: 3/31/2011

IV. Cost Center Expenses

Reclassifications and Adjustments

Adjustments
Col 5

Weighted beds @ 03/31/11							
	Nursing Home	Sheltered	SLF	ALC	Estate	Weighted	All Homes
Facility	Beds	Care Beds	Beds	Beds	Units	Average	Percentage
	100%	50%	50%	50%	10%	Total	of Total
Liberty Estates of Danville	0	0	0	0	8	8	0.97%
Liberty Estates of Freeport	0	0	0	0	7	7	0.85%
Liberty Estates of Peoria	0	0	0	0	8	8	0.97%
Liberty Estates of Geneseo	0	0	0	7	3	10	1.21%
Liberty Estates of Peru	0	0	0	0	7	7	0.85%
Liberty Estates of Streator	0	0	0	8	3	11	1.33%
Hawthorne Inn of Danville	70	34	0	0	0	104	12.58%
Manor Court of Princeton	76	11	10	0	0	97	11.73%
Manor Court of Clinton	134	0	11	0	0	145	17.53%
Manor Court of Peoria	50	0	0	0	0	50	6.05%
Manor Court of Peru	85	22	0	0	0	107	12.94%
Manor Court of Freeport	64	12	0	12	0	88	10.64%
Hawthorne Inn of Peoria	0	0	0	34	0	34	4.11%
Hawthorne Inn of Peru	0	0	0	34	0	34	4.11%
Hawthorne Inn of Freeport	0	0	15	0	0	15	1.81%
Freeport Rehab & Healthcare	102	0	0	0	0	102	12.33%
						827	100%

SLF Percentage of Total
0.00%
0.00%
0.00%
0.00%
0.00%
0.00%
0.00%
1.21%
1.33%
0.00%
0.00%
0.00%
0.00%
0.00%
1.81%
0.00%
4.35%

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

BEGINNING: 4/1/2010
ENDING: 3/31/2011

ATTACHED SCHEDULE V

ALLOCATION OF HOME OFFICE INDIRECT COSTS

SUMMARY SCHEDULE

Sch. V

(See attached detail schedule)

Line #		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	718	718
11	Mkt, Promo, Adv	0	0	-
12	Emp Ben & PR taxes	0	0	-
13	Insurance	0	144	144
14	Other	0	0	-
17	Depreciation	0	0	-
18	Interest	0	0	-
19	Real Estate Taxes	0	0	-
		0	0	-
		0	0	-
TOTALS		0	862	862

Net adjustment required

862

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

BEGINNING: 4/1/2010
ENDING: 3/31/2011

ATTACHED SCHEDULE Va

**ALLOCATION OF INDIRECT COSTS
(Detail Schedule)**

Allocation Factors:

SLF Home Office Factor

0.0121

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	26,858	0	26,858	325	
V-10-3	Legal Fees	5,892	5,892	0	0	
V-10-3	Professional Services	32,384	0	32,384	392	
V-10-3	Licenses/Fees/Misc	45		45	1	
V-10-3	Inservice Training	0		0	0	
V-10-3	Travel	0		0	0	
V-10-3	Vehicle Expense	0		0	0	718
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	3,977	0	3,977	48	
V-18-3	Investment Income	-60,696	-56,719	-3,977	-48	0
V-26-3	Liability Ins	11,874		11,874	144	144
TOTALS		20,334	(50,827)	71,161	862	862

BOARD OF DIRECTORS:

Alan Litwiller	4,000.00
Irwin Jann	4,500.00
Jack Biddison	1,500.00
Jeff Shaw	4,500.00
Doug Biederstedt	4,000.00
William Kempiners	5,500.00
Meeting expenses	2,190.00
Travel costs	668.00
Total	26,858.00

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

BEGINNING: 4/1/2010
ENDING: 3/31/2011

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	73,509
VIII	20-3	Total equipment and transportation	22,696
Attached schedule V		Home office allocation adj depreciation	-
		Subtotal	96,205
IV	17-6	Total cost center depreciation	96,205
		Difference	-

ATTACHED SCHEDULE VII

Related Cost to Related Party Lessor:

On November 30, 2009 Frances House Inc. became the sole member of the lessor. Amounts below relate to SLF expenses from December 1, 2009 through year end.

Property Insurance	0	IV-22
Mortgage Insurance	0	IV-22
Depreciation Total	393,145	IV-17
Depreciation Non-SLF	(301,660)	Att Sch VIII
Mortgage Interest	270,516	IV-18
Mortgage Interest Non-SLF	(211,002)	IV-18
Loan Fee Amortization	6,427	IV-22
Loan Fee Amortization Non-SLF	(5,013)	IV-22
Total Lessor Cost	152,413	
Cost Per General Ledger - Facility Rent	821,627	IV-20
SNF Portion, See Att Sch II Line 20	(640,869)	
SLF Portion	180,758	
Grand Total	333,171	

ATTACHED SCHEDULE VIII

Current Book

	Cost	Depr.	Accum Depr
Facility SNF - 2009	5,897,978	240,445	310,087
Equip SNF - 2009	495,627	49,563	66,083
Land SNF - 2009	50,700	-	-
Land Imp SNF - 2009	174,779	11,652	15,536
	6,619,084	301,660	391,706