

		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: 1000062

Facility Name: Kensington of Galesburg, Inc.

Address: 311 East Simmons St. Galesburg 61401

Number City Zip Code

County: Knox

Telephone Number: (309) 342-2577 Fax # (309) 342-6343

Federal Employer ID Number:

Date Current Owners were Certified: 4/14/06

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: 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 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)	Ronald Wilson	
	(Title)	Secretary	
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)	PO 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 **Kensington of Galesburg, Inc.**

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

NA

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	51	Single Unit Apartment	51	18,615	1		
2	23	Double Unit Apartment	23	8,395	2		
3		Other		365	3		
4	74	TOTALS	74	27,375	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	11,448	6,412		17,860	5
6	Double Unit	2,338	6,065		8,403	6
7	Other					7
8	TOTALS	13,786	12,477		26,263	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 95.94%

D. Indicate the number of paid bed-hold days the SLF had during this year

18 Also, indicate the number of unpaid bed-hold days the SLF had during this year. **(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

X

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

YES

NO

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**G. List all services provided by your facility for non-residents.
(E.g., day care, "meals on wheels", outpatient therapy)**

H. ACCOUNTING BASIS

ACCRUAL

X

MODIFIED

CASH*

CASH*

11

I. Is your fiscal year identical to your tax year?

X

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? _____
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 the facility make all of the required payments of interest and principle? _____
If no, explain.

STATE OF ILLINOIS

Page 3

Facility Name: Kensington of Galesburg, Inc.

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	221,126	257,846	1,351	480,323	(32,254)	448,069	1
2	Housekeeping, Laundry and Maintenance	95,598	43,165	69,450	208,213		208,213	2
3	Heat and Other Utilities			152,807	152,807		152,807	3
4	Other (specify):							4
5	TOTAL General Services	316,724	301,011	223,608	841,343	(32,254)	809,089	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	299,318	964	26,812	327,094		327,094	6
7	Activities and Social Services	16,989	2,552		19,541		19,541	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	316,307	3,516	26,812	346,635		346,635	9
	C. General Administration							
10	Administrative and Clerical	131,342	18,918	62,342	212,602	(18,000)	194,602	10
11	Marketing Materials, Promotions and Advertising			40,029	40,029	(39,455)	574	11
12	Employee Benefits and Payroll Taxes			117,139	117,139		117,139	12
13	Insurance-Property, Liability and Malpractice			15,880	15,880		15,880	13
14	Other (specify): State Replacement Tax			184	184	(184)		14
15	TOTAL General Administration	131,342	18,918	235,574	385,834	(57,639)	328,195	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	764,373	323,445	485,994	1,573,812	(89,893)	1,483,919	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			51,001	51,001	84,180	135,181	17
18	Interest			5,633	5,633		5,633	18
19	Real Estate Taxes			58,300	58,300		58,300	19
20	Rent -- Facility and Grounds			399,360	399,360	(399,360)		20
21	Rent -- Equipment							21
22	Other (specify): Farm Expenses			2,050	2,050	(2,050)		22
23	TOTAL Ownership			516,344	516,344	(317,230)	199,114	23
24	GRAND TOTAL (Sum of lines 16 and 23)	764,373	323,445	1,002,338	2,090,156	(407,123)	1,683,033	24

Facility Name: Kensington of Galesburg, Inc.

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		\$	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants	14	8.90	3
4	Activity Director & Assistants	1	9.50	4
5	Social Service Workers	1	17.14	5
6	Head Cook			6
7	Cook Helpers/Assistants	12	8.77	7
8	Dishwashers			8
9	Maintenance Workers	1	17.57	9
10	Housekeepers	2	8.68	10
11	Laundry	1	8.51	11
12	Managers	1	32.41	12
13	Other Administrative			13
14	Clerical	3	9.75	14
15	Marketing			15
16	Other			16
17	Total (lines 1 thru 16)	36	\$ 121.23	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
None			

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				\$	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

	Amount of Fee	
1	\$	1
2		2
Total		\$ 3

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).

Facility Name: Kensington of Galesburg, Inc.

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

VIII. OWNERSHIP COSTS

A. Purchase price of land 50,000 Year land was acquired 1994

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	74		1994		\$ 1,889,000	\$ 47,225	32	\$ 60,127	\$ 12,902	\$ 1,027,175	1
2											2
3											3
4											4
5											5
	Improvement Type										
6	Sidewalks, parking lot and fencing			1994	50,000	2,500	20	2,500		42,708	6
7	Storm Sewer			1995	24,886	996	25	996		16,508	7
8	Pavement			1995	22,000		15			22,000	8
9	Windows			1995	4,799	240	20	240		3,980	9
10	Lighting			1995	9,147		10			9,147	10
11	Exterior Building Repair			1995	5,381	216	25	216		3,480	11
12	Paint and Carpet			1995	17,429	96	5		(96)	17,429	12
13	Heat Pumps			1995	8,618	526	10		(526)	8,618	13
14	Water Heater			1997	3,101		10			3,101	14
15	Heat Pumps			1999	5,136		10			5,136	15
16	See Attached Schedule III				836,734	36,183		51,401	15,218	375,801	16
17	TOTAL (lines 1 thru 16)				\$ 2,876,231	\$ 87,982		\$ 115,480	\$ 27,498	\$ 1,535,083	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	\$ 335,277	\$ 22,725	\$ 19,701	(3,024)	3-15 yrs	\$ 220,099	18
19	Vehicles	9,003				4 yrs	9,003	19
20	TOTAL (lines 18 and 19)	\$ 344,280	\$ 22,725	\$ 19,701	(3,024)		\$ 229,102	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	Land	\$ 188,183	\$ \$ -	\$ \$ -	21
22	Building and Improvements 1997	17,500	660	11,790	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 660	\$ 11,790	24

Facility Name: Kensington of Galesburg, Inc.

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

IX. RENTAL COSTS

A. Building and Fixed Equipment

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

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	RFMS	X		Fund working capital	6/2/02	\$	1,359,690	12/1/13	variable*	\$	5,422	1
2					/ /			/ /				2
3					/ /			/ /				3
	Working Capital											
4	Miscellaneous		X	Security Deposits	/ /			/ /			211	4
5					/ /			/ /				5
6					/ /			/ /				6
7	TOTAL Facility Related					\$	1,359,690			\$	5,633	7
	B. Non-Facility Related											
8				*.37% at 12/31/11	/ /			/ /				8
9					/ /			/ /				9
10	TOTALS (lines 7, 8 and 9)					\$	1,359,690			\$	5,633	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: Kensington of Galesburg, Inc.

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	\$ 820,582	\$ 820,582	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	315,425	315,425	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	38,442	38,442	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)	\$ 1,174,449	\$ 1,174,449	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land	188,183	238,193	13
14	Buildings, at Historical Cost	14,000	1,903,000	14
15	Leasehold Improvements, at Historical Cost	583,408	990,731	15
16	Equipment, at Historical Cost	279,683	344,280	16
17	Accumulated Depreciation (book methods)	(423,649)	(1,452,364)	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)	\$ 641,625	\$ 2,023,840	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,816,074	\$ 3,198,289	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 64,528	\$ 64,528	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	51,059	51,059	30
31	Accrued Taxes Payable	63,513	63,513	31
32	Accrued Interest Payable	262	262	32
33	Deferred Compensation			33
34	Federal and State Income Taxes	184	184	34
	Other Current Liabilities(specify):			
35	Deferred Revenue	23,831	23,831	35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 203,377	\$ 203,377	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,359,690	1,359,690	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	49,455	49,455	42
43	Event Deposits	1,750	1,750	43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,410,895	\$ 1,410,895	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,614,272	\$ 1,614,272	45
46	TOTAL EQUITY	\$ 201,802	\$ 1,584,017	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,816,074	\$ 3,198,289	47

*(See instructions.)

Facility Name: Kensington of Galesburg, Inc.

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.)

	Revenue	Amount	
	A. SLF Resident Care		
1	Gross SLF Resident Revenue	\$ 2,354,980	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 2,354,980	3
	B. Other Operating Revenue		
4	Special Services		4
5	Other Health Care Services	3,650	5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	3,000	8
9	Non-Resident Meals	2,801	9
10	Laundry	509	10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 9,960	11
	C. Non-Operating Revenue		
12	Contributions	50	12
13	Interest and Other Investment Income		13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 50	14
	D. Other Revenue (specify):		
15	See Attached Schedule VII	205,272	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 205,272	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 2,570,262	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	841,343	19
20	Health Care/ Personal Care	346,635	20
21	General Administration	385,834	21
	B. Capital Expense		
22	Ownership	516,344	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)	\$ 2,090,156	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 480,106	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 480,106	31

FACILITY NAME: Kensington of Galesburg, Inc.

ID#: 37-1337014

BEGINNING: 1/1/2011

ENDING: 12/31/2011

ATTACHED SCHEDULE I

VII. Related Organizations
A. Other Related Business Entities

Name	City and State	Type of Business
1 LB Properties, Inc. and Subs	Galesburg, Illinois	Real estate
2 RFMS, Inc.	Galesburg, Illinois	Administrative services
3 Edwin Enterprises, LLC and Subs	Galesburg, Illinois	Real estate
4 RFMS Mestech, LLC	Mesquite, Nevada	Real estate
5 RFMS Mestech II, LLC	Mesquite, Nevada	Real estate
6 North Street Apartments	Galesburg, Illinois	Real estate
7 DF Ranch, LLC	Galesburg, Illinois	Real estate
8 Diamond L Ranch, LLC	Galesburg, Illinois	Ranch operator
9 Estancia Ranch Properties, LLC	Scottsdale, Arizona	Real estate
10 AIRFMS, Inc.	Galesburg, Illinois	Owner/operator of air transportation
11 Mid-Illini Healthcare, Inc.	Galesburg, Illinois	Real estate
12 Midwest Healthcare, Inc. and Sub	Galesburg, Illinois	Administrative services
13 DF Partnership	Galesburg, Illinois	Real estate
14 Jacksonville Home Partnership	Galesburg, Illinois	Real estate
15 Freemont, LLC	Galesburg, Illinois	Real estate
16 LeRoy Development, Inc	Galesburg, Illinois	Real estate
17 Poseidon, Inc.	Galesburg, Illinois	Real estate
18 Valleyview, LLC	Galesburg, Illinois	Real estate
19 ISB Bancorp, Inc.	Tonica, Illinois	Bank

ATTACHED SCHEDULE II

VII. Related Organizations
C. Costs Derived From Transactions with Related Parties

Entity	Services	Expense pg 3 col 4	Cost to Related Party
LB Properties, Inc.	Rent	399,360	See attached schedule V
RFMS	Administrative Services	18,000	Undetermined*

* These fees have been eliminated in column 5.

STATE OF ILLINOIS

Att Schedule III

Facility Name: Kensington of Galesburg, Inc.

Report Period Beginning:

01/01/2011

Ending:

12/31/2011

VIII. OWNERSHIP COSTS

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	
	Improvement Type										
16a	Carpet		1999		1,190	0	5	0	0	1,190	
16b	Exterior Painting		1999		20,181	807	25	807	0	9,956	
16c	Awning		2000		4,718	0	10	0	0	4,718	
16d	Roofing		2000		5,638	376	10	0	(376)	5,638	
16e	Parapet		2000		282,813	8,318	20	14,141	5,823	157,904	
16f	Parapet		2001		3,191	94	20	160	66	1,702	
16g	Carpet		2001		844	0	5	0	0	844	
16h	Lounge remodel		2002		71,319	2,229	10	7,131	4,902	66,564	
16i	Hot water line replacement		2004		4,202	168	25	168	0	1,219	
16j	Carpet		2005		10,808	0	5	0	0	10,808	
16k	Quarry Tile		2005		19,824	991	20	991	0	6,443	
16l	4X4 Tables		2005		2,701	180	15	180	0	1,110	
16m	Heat pumps		2005		41,918	4,191	10	4,191	0	25,849	
16n	Flower pot accessories		2005		366	0	10	0	0	366	
16o	4X4 Tables		2005		2,701	180	15	180	0	1,095	
16p	Flooring, lighting, and wall coverings		2006		85,021	4,251	20	4,251	0	25,506	
16q	Remodel		2006		39,485	1,974	15	2,632	658	15,136	
16r	Carpet		2007		2,896	580	5	580	0	2,655	
16s	Tuck Pointing		2007		7,225	722	10	722	0	3,251	
16t	Painting		2007		3,750	375	5	750	375	3,313	
16u	Ballroom Repair		2007		11,895	1,190	10	793	(397)	3,502	
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	404	10	404	0	1,784	
16w	Wallpaper		2007		4,298	860	5	860	0	3,725	
16x	Heat pump system		2008		25,270	2,527	10	2,527	0	9,266	
16y	Roof repair		2009		3,250	325	10	325	0	894	
16z	Carpet		2009		5,542	1,108	5	1,108	0	2,863	
16aa	Façade Improvements		2011		166,674	4,167	10	8,334	4,167	8,334	
16ab	Roof Replacement		2011		4,974	166	10	166	0	166	
											16
17	TOTAL (to schedule VIII B. line 16)				\$ 836,734	\$ 36,183		\$ 51,401	\$ 15,218	\$ 375,801	17

FACILITY NAME: Kensington of Galesburg, Inc.
ID#: 37-1337014

BEGINNING: 1/1/2011
ENDING: 12/31/2011

ATTACHED SCHEDULE IV

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on		Adjustments
Line	Description	Col 5
1-1	Labor - Catering and Banquet	(14,092)
1-2	Supplies - Catering and Banquet	(15,361)
1-2	Non-Resident Meals	(2,801)
17-3	Depr Sch VIII B.17. col 8	27,498
17-3	Depr Sch VIII C.20. col 4	(3,024)
17-3	Farm Depreciation	(660)
22-3	Farm Expenses	(2,050)
11-3	Marketing & promotions materials	(39,455)
14-3	Bad debt expense	0
14-3	State replacement tax	(184)
See Att Sch V	Related Party lessor net	(338,994)
See Att Sch II	Related Party Mgmt fee	(18,000)
<i>Total Adjustments on Schedule IV</i>		(407,123)

ATTACHED SCHEDULE V

Related Party Cost Adjustment		
Facility Rent		
	LB Properties, Inc.	Schedule Ref
Cost to Related Party Lessor:		
Depreciation	<u>60,366</u>	IV-17
Total lessor cost		60,366
Cost Per General Ledger - Facility Rent		(399,360) IV-20
Cost Adjustment Required	<u><u>(338,994)</u></u>	

FACILITY NAME: Kensington of Galesburg, Inc.
ID#: 37-1337014

BEGINNING: 1/1/2011
ENDING: 12/31/2011

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	115,480
VIII	20-3	Total equipment and transportation	19,701
		<i>Subtotal</i>	135,181
IV	17-6	Total cost center depreciation	135,181
		<i>Difference</i>	<u>-</u>

ATTACHED SCHEDULE VII

Income Statement Line 15

Schedule	Line	Description	Amount
XII.	15-1	Miscellaneous Catering and Rental	134,028
XII.	15-1	LINKS Revenue	42,637
XII.	15-1	Farm Income	27,000
XII.	15-1	Resident Processing fees	1,107
XII.	15-1	Other Miscellaneous Income	500
		<i>Total</i>	<u>205,272</u>