

		FOR BHF USE			

LL2

Supportive Living Facility

2012
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2012)

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 4/1/2011 to 3/31/2012 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 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: 4/1/2011 Ending: 3/31/2012

III. STATISTICAL DATA

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

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	5,490	1		
2	6	Double Unit Apartment	6	4,392	2		
3		Other			3		
4	21	TOTALS	21	9,882	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	2,181	3,146		5,327	5
6	Double Unit	2,154	1,588		3,742	6
7	Other					7
8	TOTALS	4,335	4,734		9,069	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 91.77%

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*	

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

Tax Year: 3/31/2012 **Fiscal Year:** 3/31/2012

*** 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

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, details:

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:

4/1/2011

Ending:

3/31/2012

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	295,948	365,097	7,149	668,194	(524,776)	143,418	1
2	Housekeeping, Laundry and Maintenance	258,251	105,867	35,903	400,021	(348,216)	51,805	2
3	Heat and Other Utilities			168,723	168,723	(133,643)	35,080	3
4	Other (specify):							4
5	TOTAL General Services	554,199	470,964	211,775	1,236,938	(1,006,635)	230,303	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	1,974,632	268,661	553,761	2,797,054	(2,490,466)	306,588	6
7	Activities and Social Services	107,067	1,348	143	108,558	(108,382)	176	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	2,081,699	270,009	553,904	2,905,612	(2,598,848)	306,764	9
	C. General Administration							
10	Administrative and Clerical	200,690	34,888	310,827	546,405	(476,335)	70,070	10
11	Marketing Materials, Promotions and Advertising	37,823		98,914	136,737	(136,722)	15	11
12	Employee Benefits and Payroll Taxes			510,085	510,085	(433,761)	76,324	12
13	Insurance-Property, Liability and Malpractice			82,690	82,690	(70,816)	11,874	13
14	Other (specify):			286,328	286,328	(286,328)		14
15	TOTAL General Administration	238,513	34,888	1,288,844	1,562,245	(1,403,962)	158,283	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	2,874,411	775,861	2,054,523	5,704,795	(5,009,445)	695,350	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			51,365	51,365	49,354	100,719	17
18	Interest					59,250	59,250	18
19	Real Estate Taxes			106,700	106,700	(83,226)	23,474	19
20	Rent -- Facility and Grounds			821,628	821,628	(821,628)		20
21	Rent -- Equipment			4,047	4,047	(4,047)		21
22	Other (specify): See Att Sch VII					1,317	1,317	22
23	TOTAL Ownership			983,740	983,740	(798,980)	184,760	23
24	GRAND TOTAL (Sum of lines 16 and 23)	2,874,411	775,861	3,038,263	6,688,535	(5,808,425)	880,110	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning 4/1/2011 Ending: 3/31/2012

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	17	8.68	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	4	8.48	7
8	Dishwashers			8
9	Maintenance Workers	1	10.16	9
10	Housekeepers	1	8.96	10
11	Laundry	1	8.83	11
12	Managers	1	18.00	12
13	Other Administrative			13
14	Clerical	1	8.55	14
15	Marketing	1	15.38	15
16	Other			16
17	Total (lines 1 thru 16)	27	\$	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	

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			\$ 280	1
2					2
3					3
4					4
5					5
Total				\$ 280	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: Hawthorne Inn of Princeton

Report Period Beginning:

4/1/2011

Ending:

3/31/2012

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	\$ 72,978	25	\$ 72,978	\$	\$ 160,439	1
2											2
3											3
4											4
5											5
	Improvement Type										
6	Site fence & landscaping			2009	85,359	5,691	15	5,691		13,278	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	\$ 78,669		\$ 78,669	\$	\$ 173,717	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	\$ 41,944	18
19	Vehicles	58,025	4,074	4,074		4	48,518	19
20	TOTAL (lines 18 and 19)	\$ 237,785	\$ 22,050	\$ 22,050	\$		\$ 90,462	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	\$ 261,380	\$ \$ 26,921	\$ \$ 135,827	21
22	SNF Leasehold Impr - Various	207,593	20,370	70,117	22
23	SNF Ford E350 Van - 2005	46,919	-	46,919	23
24	TOTALS (lines 21, 22 and 23)	\$ 515,892	\$ 47,291	\$ 252,863	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2011

Ending: 3/31/2012

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	\$ 938,117	10/2/12	5.7500	\$ 59,250	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	\$ 938,117			\$ 59,250	7
	B. Non-Facility Related										
8	Midland States Bank		X	facility purchase	10/2/09	3,992,931	3,326,049	10/2/12	5.7500	210,068	8
9				SNF portion	/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$ 5,119,142	\$ 4,264,166			\$ 269,318	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: 4/1/2011

Ending: 3/31/2012

XI. BALANCE SHEET - Unrestricted Operating Fund

As of 3/31/2012

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 79,714	\$ 79,714	1
2	Cash-Patient Deposits	12,475	12,475	2
3	Accounts & Short-Term Notes Receivable Patients (less allowance 148,630)	1,182,352	1,182,352	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	46,986	46,986	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)	\$ 1,321,527	\$ 1,321,527	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 Cos	207,593	467,731	15
16	Equipment, at Historical Cost	366,324	1,041,711	16
17	Accumulated Depreciation (book methods)	(301,381)	(1,228,683)	17
18	Deferred Charges		18,498	18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs		(15,208)	20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify): Construction in Process	200,000	200,000	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 472,536	\$ 8,110,559	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,794,063	\$ 9,432,086	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 89,624	\$ 89,624	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	12,475	12,475	28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	74,655	74,655	30
31	Accrued Taxes Payable	284,426	284,426	31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	Interdivision Payable	235,731	3,256,094	35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 696,911	\$ 3,717,274	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable			38
39	Mortgage Payable		4,264,166	39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	105,688	105,688	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 105,688	\$ 4,369,854	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 802,599	\$ 8,087,128	45
46	TOTAL EQUITY	\$ 991,464	\$ 1,344,958	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,794,063	\$ 9,432,086	47

*(See instructions.)

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 4/1/2011

Ending:

3/31/2012

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	\$ 952,823	1
2	Discounts and Allowances		2
	SUBTOTAL Resident Care		
3	(line 1 minus line 2)	\$ 952,823	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	6,335,025	15
16			16
	SUBTOTAL Other Revenue		
17	(sum of lines 15 and 16)	\$ 6,335,025	17
	TOTAL REVENUE		
18	(sum of lines 3, 11, 14 and 17)	\$ 7,287,848	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	1,236,938	19
20	Health Care/ Personal Care	2,905,612	20
21	General Administration	1,562,245	21
	B. Capital Expense		
22	Ownership	983,740	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)	\$ 6,688,535	28
	Income Before Income Taxes		
29	(line 18 minus line 28)	\$ 599,313	29
	Income Taxes		
30		\$	30
	NET INCOME OR LOSS FOR THE YEAR		
31	(line 29 minus line 30)	\$ 599,313	31

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

BEGINNING: 4/1/2011
ENDING: 3/31/2012

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 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

Waukegan, IL

LTC provides consulting services that include, but are not limited to: training, regulatory compliance, quality assurance programs, human resource support, marketing and maintenance.

\$ 12,324

Entity	Services	Expense pg. 3 col. 4	Cost to Related Party
Hawthorne Inn of Princeton, LLC	Rent	\$ 821,628	See Att. Sch. VII

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

BEGINNING: 4/1/2011
ENDING: 3/31/2012

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	231,740	285,887	7,149	524,776
2	Hskp, Laundry, Main	224,488	92,458	31,270	348,216
3	Heat & Other Utilities			133,667	133,667
4	Other				-
6	Health Care/personal	1,668,044	268,661	553,761	2,490,466
7	Activities & Soc Serv	107,067	1,172	143	108,382
8	Other				-
10	Admin/Clerical	174,452	30,529	271,859	476,840
11	Mkt, Promo, Adv	32,878		98,899	131,777
12	Emp Ben & PR taxes			433,761	433,761
13	Insurance			71,006	71,006
14	Other			286,328	286,328
17	Depreciation			47,291	47,291
18	Interest				-
19	Real Estate Taxes			83,226	83,226
20	Rent			640,870	640,870
21	Rent Equip			4,047	4,047
TOTALS		2,438,669	678,707	2,663,277	5,780,653

Net adjustment required

5,780,653

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

BEGINNING: 4/1/2011
ENDING: 3/31/2012

ATTACHED SCHEDULE III

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line		
Description		Adjustments Col 5
See Att Sch II	Allocation to SNF cost report	(5,780,653)
See Att Sch V	Home office allocation	719
Line 11	allocated Marketing wages to SLF	(4,945)
See Att Sch VII	SLF Portion of Facility Rent	(180,758)
See Att Sch VII	Depreciation - Cost to Related Party Lessor	96,645
See Att Sch VII	SLF Interest	59,250
See Att Sch VII	SLF Amortization	1,317
Total Adjustments on Schedule IV		(5,808,425)

ATTACHED SCHEDULE IV

Bed Listing & Home Office Allocation

Weighted beds @ 03/31/11								
Nursing Home Beds	Sheltered Care Beds	SLF Beds	ALC Beds	Estate Units	Weighted Average	All Homes Percentage	SLF Percentage	

Facility	100%	50%	40%	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	0.83%	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	1.18%	0.00%
Liberty Estates of Peru	0	0	0	0	7	7	0.83%	0.00%
Liberty Estates of Streator	0	0	0	10	3	13	1.53%	0.00%
Hawthorne Inn of Danville	71.5	34	0	0	0	105.5	12.46%	0.00%
Manor Court of Princeton	84	7	11	0	0	102	12.04%	1.30%
Manor Court of Clinton	134	0	11	0	0	145	17.12%	1.30%
Manor Court of Peoria	50	0	0	0	0	50	5.90%	0.00%
Manor Court of Peru	91.5	19	0	0	0	110.5	13.05%	0.00%
Manor Court of Freeport	90	6	0	0	0	96	11.33%	0.00%
Hawthorne Inn of Peoria	0	0	0	34	0	34	4.01%	0.00%
Hawthorne Inn of Peru	0	0	0	34	0	34	4.01%	0.00%
Hawthorne Inn of Freeport	0	0	15	0	0	15	1.77%	1.77%
Freeport Rehab & Healthcare	102	0	0	0	0	102	12.04%	0.00%
						847	100%	4.37%

FACILITY NAME:

Hawthorne Inn of Princeton

ID#:

37-1223846

BEGINNING:

4/1/2011

ENDING:

3/31/2012

ATTACHED SCHEDULE V

ALLOCATION OF HOME OFFICE INDIRECT COSTS

Sch. V		SUMMARY SCHEDULE		
Line #		Salaries	Other	Total
1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0	0	-
3	Heat & Other Utilities	0	24	24
4	Other	0	0	-
6	Health Care/personal	0	0	-
7	Activities & Soc Serv	0	0	-
8	Other	0	0	-
10	Admin/Clerical	0	505	505
11	Mkt, Promo, Adv	0	0	-
12	Emp Ben & PR taxes	0	0	-
13	Insurance	0	190	190
14	Other	0	0	-
17	Depreciation	0	0	-
18	Interest	0	0	-
19	Real Estate Taxes	0	0	-
		0	0	-
		0	0	-
TOTALS		0	719	719
Net adjustment required				719

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

BEGINNING: 4/1/2011
ENDING: 3/31/2012

ATTACHED SCHEDULE Va

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

Allocation Factors:

SLF Home Office Factor **0.0130**

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	1,830		1,830	24	24
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	150		150	2	
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	25,798	4,200	21,598	280	
V-10-3	Legal Fees	6,364	6,364	0	0	
V-10-3	Professional Services	16,830	0	16,830	219	
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	505
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	0	0	0	0	
V-18-3	Investment Income	-65,856	-65,856	0	0	0
V-26-3	Liability Ins	14,638		14,638	190	190
	TOTALS	79	(55,292)	55,371	719	719

Board of Directors Costs:		
	Alan Litwiller	3,000.00
	Doug Biederstedt	4,500.00
	Irwin Jann	4,500.00
	Jeff Shaw	4,500.00
	William Kempiners	4,500.00
	Meeting expenses	100.00
	Travel costs	4,698.00
	Total	25,798.00
Less:		
	Out of State Travel	4,200.00
		21,598.00

FACILITY NAME: Hawthorne Inn of Princeton
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BEGINNING: 4/1/2011
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ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	78,669
VIII	20-3	Total equipment and transportation	22,050
Attached schedule V		Home office allocation adj depreciation	-
		Subtotal	100,719
IV	17-6	Total cost center depreciation	100,719
		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 for the entire year.

Property Insurance	0	IV-22
Mortgage Insurance	0	IV-22
Depreciation Total	416,580	IV-17
Depreciation Non-SLF	(319,935)	Att Sch VIII
Mortgage Interest	269,318	IV-18
Mortgage Interest Non-SLF	(210,068)	IV-18
Loan Fee Amortization	5,988	IV-22
Loan Fee Amortization Non-SLF	(4,671)	IV-22
Total Lessor Cost	157,212	
Cost Per General Ledger - Facility Rent	821,628	IV-20
SNF Portion, See Att Sch II Line 20	(640,870)	
SLF Portion	180,758	

Grand Total	337,970
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ATTACHED SCHEDULE VIII

	Current Book		
	Cost	Depr.	Accum Depr
Facility SNF	5,897,978	258,740	568,827
Equip SNF	495,627	49,543	115,626
Land SNF	50,700	-	-
Land Imp SNF	174,779	11,652	27,188
	6,619,084	319,935	711,641