

		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: 1000062

Facility Name: The Kensington

Address: 311 East Simmons Street 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 01/01/2012 to 12/31/2012 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) Ronald Wilson

(Title) Secretary

Paid Preparer (Signed) See Preparation Report (Date)

(Print Name and Title) McGladrey 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 **The Kensington**

Report Period Beginning: 01/01/2012 Ending: 12/31/2012

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	18,666	1		
2	23	Double Unit Apartment	23	8,418	2		
3		Other		748	3		
4	74	TOTALS	74	27,832	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	10,110	6,142		16,252	5
6	Double Unit	3,664	5,364		9,028	6
7	Other					7
8	TOTALS	13,774	11,506		25,280	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 90.83%

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

17 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

X

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

ACCUAL	X	MODIFIED		
CASH*		CASH*		

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

Tax Year: 12/31/12 **Fiscal Year:** 12/31/12

* 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.

Facility Name: The Kensington

Report Period Beginning:

01/01/2012

Ending:

12/31/2012

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	210,282	243,990	1,179	455,451	(18,431)	437,020	1
2	Housekeeping, Laundry and Maintenance	91,889	66,293	64,474	222,656		222,656	2
3	Heat and Other Utilities			131,450	131,450		131,450	3
4	Other (specify):							4
5	TOTAL General Services	302,171	310,283	197,103	809,557	(18,431)	791,126	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	278,872	1,008	26,644	306,524		306,524	6
7	Activities and Social Services	18,141	2,056		20,197		20,197	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	297,013	3,064	26,644	326,721		326,721	9
	C. General Administration							
10	Administrative and Clerical	129,561	18,710	56,665	204,936	(18,000)	186,936	10
11	Marketing Materials, Promotions and Advertising			21,138	21,138	(20,785)	353	11
12	Employee Benefits and Payroll Taxes			132,119	132,119		132,119	12
13	Insurance-Property, Liability and Malpractice			15,946	15,946		15,946	13
14	Other (specify): See Attached Schedule IV			14,306	14,306	(14,306)		14
15	TOTAL General Administration	129,561	18,710	240,174	388,445	(53,091)	335,354	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	728,745	332,057	463,921	1,524,723	(71,522)	1,453,201	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			56,365	56,365	86,272	142,637	17
18	Interest			4,574	4,574	(4,574)		18
19	Real Estate Taxes			72,765	72,765		72,765	19
20	Rent -- Facility and Grounds			399,360	399,360	(399,360)		20
21	Rent -- Equipment							21
22	Other (specify): Farm Expenses			2,890	2,890	(2,890)		22
23	TOTAL Ownership			535,954	535,954	(320,552)	215,402	23
24	GRAND TOTAL (Sum of lines 16 and 23)	728,745	332,057	999,875	2,060,677	(392,074)	1,668,603	24

Facility Name: The Kensington

Report Period Beginning 01/01/2012 Ending: 12/31/2012

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	1	9.89	2
3	Certified Nurse Assistants	12	9.36	3
4	Activity Director & Assistants	2	13.91	4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	11	9.29	7
8	Dishwashers			8
9	Maintenance Workers	1	19.94	9
10	Housekeepers	2	9.50	10
11	Laundry	1	9.13	11
12	Managers	1	36.28	12
13	Other Administrative			13
14	Clerical	3	10.59	14
15	Marketing			15
16	Other			16
17	Total (lines 1 thru 16)	34	\$ 127.89	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			

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				\$	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

Facility Name: The Kensington

Report Period Beginning:

01/01/2012

Ending:

12/31/2012

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	\$ 1,087,302	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		45,208	6
7	Storm Sewer			1995	24,886	995	25	995		17,503	7
8	Pavement			1995	22,000		15			22,000	8
9	Windows			1995	4,799	239	20	239		4,219	9
10	Lighting			1995	9,147		10			9,147	10
11	Exterior Building Repair			1995	5,381	215	25	215		3,695	11
12	Paint and Carpet			1995	17,429		5			17,429	12
13	Heat Pumps			1995	8,618		10			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				863,566	41,452		58,591	17,139	434,392	16
17	TOTAL (lines 1 thru 16)				\$ 2,903,063	\$ 92,626		\$ 122,667	\$ 30,041	\$ 1,657,750	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	\$ 338,194	\$ 23,528	\$ 19,970	(3,558)	3-15 yrs	\$ 240,069	18
19	Vehicles	9,003				4 yrs	9,003	19
20	TOTAL (lines 18 and 19)	\$ 347,197	\$ 23,528	\$ 19,970	(3,558)		\$ 249,072	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 Improvements 1997	17,500	577	12,367	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 577	\$ 12,367	24

Facility Name: The Kensington

Report Period Beginning: 01/01/2012 Ending: 2/31/2012

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, Inc.	X		Fund working capital	6/2/02	\$	1,362,614	12/1/13	variable*	\$ 2,925	1
2					/ /			/ /			2
3					/ /			/ /			3
	Working Capital										
4	Miscellaneous		X	Security Deposits	/ /			/ /		1,649	4
5					/ /			/ /			5
6	Less Interest Income		X		/ /			/ /		(4,574)	6
7	TOTAL Facility Related					\$	1,362,614			\$ -	7
	B. Non-Facility Related										
8				*.24 at 12/31/12	/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$	1,362,614			\$	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: The Kensington

Report Period Beginning: 01/01/2012

Ending: 12/31/2012

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/2012

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 1,224,997	\$ 1,224,997	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance 1,499)	382,579	382,579	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	27,725	27,725	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)	\$ 1,635,301	\$ 1,635,301	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	610,240	1,017,563	15
16	Equipment, at Historical Cost	282,600	347,197	16
17	Accumulated Depreciation (book methods)	(480,014)	(1,569,095)	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)	\$ 615,009	\$ 1,936,858	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,250,310	\$ 3,572,159	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 55,924	\$ 55,924	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	23,813	23,813	30
31	Accrued Taxes Payable	70,722	70,722	31
32	Accrued Interest Payable	262	262	32
33	Deferred Compensation			33
34	Federal and State Income Taxes	7,546	7,546	34
	Other Current Liabilities(specify):			
35	Deferred Revenue	17,423	17,423	35
36	Event Deposits	3,954	3,954	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 179,644	\$ 179,644	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,362,614	1,362,614	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	38,835	38,835	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,401,449	\$ 1,401,449	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,581,093	\$ 1,581,093	45
46	TOTAL EQUITY	\$ 669,217	\$ 1,991,066	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 2,250,310	\$ 3,572,159	47

*(See instructions.)

Facility Name: The Kensington

Report Period Beginning: 01/01/2012 Ending: 12/31/2012

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	\$ 2,327,476	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 2,327,476	3
	B. Other Operating Revenue		
4	Special Services		4
5	Other Health Care Services	1,770	5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	3,000	8
9	Non-Resident Meals	4,187	9
10	Laundry	614	10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 9,571	11
	C. Non-Operating Revenue		
12	Contributions	115	12
13	Interest and Other Investment Income	8,859	13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 8,974	14
	D. Other Revenue (specify):		
15	See Attached Schedule VII	182,071	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 182,071	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 2,528,092	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	809,557	19
20	Health Care/ Personal Care	326,721	20
21	General Administration	388,445	21
	B. Capital Expense		
22	Ownership	535,954	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)	\$ 2,060,677	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 467,415	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 467,415	31

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

BEGINNING: 1/1/2012
ENDING: 12/31/2012

ATTACHED SCHEDULE I

VII. Related Organizations
A. Other Related Business Entities

<u>Name</u>	<u>City and State</u>	<u>Type of Business</u>
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 Estancia Ranch Properties, LLC	Scottsdale, Arizona	Real estate
9 AIRFMS, Inc.	Galesburg, Illinois	Owner/operator of air transportation
10 Mid-Illini Healthcare, Inc.	Galesburg, Illinois	Real estate
11 Midwest Healthcare, Inc. and Sub	Galesburg, Illinois	Administrative services
12 DF Partnership	Galesburg, Illinois	Real estate
13 Jacksonville Home Partnership	Galesburg, Illinois	Real estate
14 Freemont, LLC	Galesburg, Illinois	Real estate
15 LeRoy Development, Inc	Galesburg, Illinois	Real estate
16 Poseidon, Inc.	Galesburg, Illinois	Real estate
17 Valleyview, LLC	Galesburg, Illinois	Real estate
18 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.

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	FOR BHF USE ONLY	2	3	4	5	6	7	8	9
	Units*		Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	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	10,763
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	172,045
16f	Parapet		2001		3,191	94	20	159	65	1,861
16g	Carpet		2001		844	0	5	0	0	844
16h	Lounge remodel		2002		71,319	2,229	10	4,755	2,526	71,319
16i	Hot water line replacement		2004		4,202	168	25	168	0	1,387
16j	Carpet		2005		10,808	0	5	0	0	10,808
16k	Quarry Tile		2005		19,824	991	20	991	0	7,434
16l	4X4 Tables		2005		2,701	181	15	181	0	1,291
16m	Heat pumps		2005		41,918	4,192	10	4,192	0	30,041
16n	Flower pot accessories		2005		366	0	10	0	0	366
16o	4X4 Tables		2005		2,701	180	15	180	0	1,275
16p	Flooring, lighting, and wall coverings		2006		85,021	4,251	20	4,251	0	29,757
16q	Remodel		2006		39,485	1,974	15	2,632	658	17,768
16r	Carpet		2007		2,896	241	5	241	0	2,896
16s	Tuck Pointing		2007		7,225	723	10	723	0	3,974
16t	Painting		2007		3,750	375	5	437	62	3,750
16u	Ballroom Repair		2007		11,895	1,190	10	793	(397)	4,295
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	404	10	404	0	2,188
16w	Wallpaper		2007		4,298	573	5	573	0	4,298
16x	Heat pump system		2008		25,270	2,527	10	2,527	0	11,793
16y	Roof repair		2009		3,250	325	10	325	0	1,219
16z	Carpet		2009		5,542	1,109	5	1,109	0	3,972
16aa	Façade Improvements		2011		166,674	8,334	10	16,667	8,333	25,001
16ab	Roof Replacement		2011		4,974	497	10	497	0	663
16ac	Heat Pump		2012		2,520	126	10	126	0	126
17	TOTAL (to next page)				\$ 839,254	\$ 40,185		\$ 56,879	\$ 16,694	\$ 432,680

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									
	Total from previous page				839,254	40,185		56,879	16,694	432,680
16ad	Condensor		2012		5,880	294	10	441	147	441
16ae	Heat pump		2012		2,520	189	10	189	0	189
16af	Water source heat pump		2012		2,520	189	10	189	0	189
16ag	Windows - 14		2012		13,392	595	10	893	298	893
									0	
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									0	
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17	TOTAL (to schedule VIII B. line 16)				\$ 863,566	\$ 41,452		\$ 58,591	\$ 17,139	\$ 434,392

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

BEGINNING: 1/1/2012
ENDING: 12/31/2012

ATTACHED SCHEDULE IV

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line	Description	Adjustments Col 5
1-1	Labor - Catering and Banquet	(4,027)
1-2	Supplies - Catering and Banquet	(10,217)
1-2	Non-Resident Meals	(4,187)
17-3	Depr Sch VIII B.17. col 8	30,041
17-3	Depr Sch VIII C.20. col 4	(3,558)
17-3	Farm Depreciation	(577)
22-3	Farm Expenses	(2,890)
11-3	Marketing & promotions materials	(20,785)
14-3	Bad debt expense	(6,402)
14-3	State replacement tax	(7,904)
See Att Sch V	Related Party lessor net	(338,994)
See Att Sch II	Related Party Mgmt fee	(18,000)
18-3	Interest Expense	(4,574)
<i>Total Adjustments on Schedule IV</i>		<u>(392,074)</u>

Summary of Interest Expense and Interest Income

Interest Income	8,859
Interest Expense	(4,574)
Cost Adjustment, the lesser of Interest Income or Interest Expense	(4,574)

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: 1/1/2012
ENDING: 12/31/2012

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	122,667
VIII	20-3	Total equipment and transportation	19,970
		<i>Subtotal</i>	142,637
IV	17-6	Total cost center depreciation	142,637
		<i>Difference</i>	<u><u>-</u></u>

ATTACHED SCHEDULE VII

Income Statement Line 15

Schedule	Line	Description	Amount
XII.	15-1	Miscellaneous Catering and Rental	122,969
XII.	15-1	LINKS Revenue	45,433
XII.	15-1	Farm Income	12,000
XII.	15-1	Resident Processing fees	1,669
XII.	15-1	Other Miscellaneous Income	-
		<i>Total</i>	<u><u>182,071</u></u>