

		FOR BHF USE			

LL2

Supportive Living Facility

2015

STATE OF ILLINOIS

DEPARTMENT OF HEALTHCARE & FAMILY SERVICES

COST REPORT FOR

SUPPORTIVE LIVING FACILITIES

(FISCAL YEAR 2015)

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 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:

<input type="checkbox"/>	VOLUNTARY, NON-PROFIT	<input type="checkbox"/>	PROPRIETARY	<input type="checkbox"/>	GOVERNMENTAL
<input type="checkbox"/>	Charitable Corp.	<input type="checkbox"/>	Individual	<input type="checkbox"/>	State
<input type="checkbox"/>	Trust	<input type="checkbox"/>	Partnership	<input type="checkbox"/>	County
IRS Exemption Code		<input type="checkbox"/>	Corporation	<input type="checkbox"/>	Other
		<input checked="" type="checkbox"/>	"Sub-S" Corp.		
		<input type="checkbox"/>	Limited Liability Co.		
		<input type="checkbox"/>	Trust		
		<input type="checkbox"/>	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 01/01/2015 to 12/31/2015 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) RSM US 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 The Kensington

Report Period Beginning: 01/01/2015 Ending: 12/31/2015

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	<u>51</u>	Single Unit Apartment	<u>51</u>	<u>18,615</u>	1
2	<u>23</u>	Double Unit Apartment	<u>23</u>	<u>8,395</u>	2
3		Other		<u>1,133</u>	3
4	<u>74</u>	TOTALS	<u>74</u>	<u>28,143</u>	4

B. Census-For the entire report period.

	1	2	3	4	5	
	Type of Unit	Resident Days by Unit and Primary Source of Payment				
		Medicaid Recipient	Private Pay	Other	Total	
5	Single Unit	<u>9,629</u>	<u>10,752</u>		<u>20,381</u>	5
6	Double Unit	<u>2,898</u>	<u>2,205</u>		<u>5,103</u>	6
7	Other					7
8	TOTALS	<u>12,527</u>	<u>12,957</u>		<u>25,484</u>	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified
bed days on line 4, column 4.) 90.55%

D. Indicate the number of paid bed-hold days the SLF had during this year
52 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 ☒

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)

H. ACCOUNTING BASIS

ACCRUAL ☒ MODIFIED
CASH* ☐ CASH* ☐

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

Tax Year: 12/31/15 Fiscal Year: 12/31/15

* 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: The Kensington

Report Period Beginning:

01/01/2015

Ending:

12/31/2015

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	230,946	279,647	1,610	512,203	(15,842)	496,361	1
2	Housekeeping, Laundry and Maintenance	117,921	54,755	90,919	263,595		263,595	2
3	Heat and Other Utilities			150,858	150,858		150,858	3
4	Other (specify):							4
5	TOTAL General Services	348,867	334,402	243,387	926,656	(15,842)	910,814	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	302,022	127	26,900	329,049		329,049	6
7	Activities and Social Services	22,056	2,024		24,080		24,080	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	324,078	2,151	26,900	353,129		353,129	9
	C. General Administration							
10	Administrative and Clerical	138,808	20,225	67,288	226,321	(18,000)	208,321	10
11	Marketing Materials, Promotions and Advertising			52,875	52,875	(52,690)	185	11
12	Employee Benefits and Payroll Taxes			144,770	144,770		144,770	12
13	Insurance-Property, Liability and Malpractice			11,294	11,294		11,294	13
14	Other (specify):			25,893	25,893	(25,893)		14
15	TOTAL General Administration	138,808	20,225	302,120	461,153	(96,583)	364,570	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	811,753	356,778	572,407	1,740,938	(112,425)	1,628,513	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			72,245	72,245	87,988	160,233	17
18	Interest			6,101	6,101	(915)	5,186	18
19	Real Estate Taxes			70,560	70,560		70,560	19
20	Rent -- Facility and Grounds			427,680	427,680	(427,680)		20
21	Rent -- Equipment							21
22	Other (specify): Farm Expenses			3,659	3,659	(3,659)		22
23	TOTAL Ownership			580,245	580,245	(344,266)	235,979	23
24	GRAND TOTAL (Sum of lines 16 and 23)	811,753	356,778	1,152,652	2,321,183	(456,691)	1,864,492	24

Facility Name: The Kensington

Report Period Beginning 01/01/2015 Ending: 12/31/2015

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	15.08	2
3	Certified Nurse Assistants	13	10.29	3
4	Activity Director & Assistants	1	10.14	4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	12	9.57	7
8	Dishwashers			8
9	Maintenance Workers	1	19.30	9
10	Housekeepers	3	9.26	10
11	Laundry	1	9.56	11
12	Managers	1	34.83	12
13	Other Administrative			13
14	Clerical	3	11.00	14
15	Marketing			15
16	Other			16
17	Total (lines 1 thru 16)	36	\$ 129.03	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 1					

B. Does your facility receive services from a parent organization or home office; the costs for which were not included on page 3?

YES ☐ NO ☒

Name of related entity: If yes, what is the value of 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:

01/01/2015

Ending:

12/31/2015

VIII. OWNERSHIP COSTSA. 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	\$ 1,267,683	1
2											2
3											3
4											4
5											5
	Improvement Type										
6	Sidewalks, parking lot and fencing			1994	50,000		20			50,000	6
7	Storm Sewer			1995	24,886	995	25	995		20,489	7
8	Pavement			1995	22,000		15			22,000	8
9	Windows			1995	4,799	100	20	100		4,799	9
10	Lighting			1995	9,147		10			9,147	10
11	Exterior Building Repair			1995	5,381	215	25	215		4,340	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				1,393,130	63,178		75,480	12,302	618,801	16
17	TOTAL (lines 1 thru 16)				\$ 3,432,627	\$ 111,713		\$ 136,917	\$ 25,204	\$ 2,031,543	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	\$ 414,559	\$ 17,838	\$ 23,316	5,478	3-15 yrs	\$ 310,346	18
19	Vehicles	9,003				4 yrs	9,003	19
20	TOTAL (lines 18 and 19)	\$ 423,562	\$ 17,838	\$ 23,316	5,478		\$ 319,349	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	560	14,047	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 560	\$ 14,047	24

Facility Name: The Kensington

Report Period Beginning: 01/01/2015 Ending: 2/31/2015

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 Year Constructed	2 Number of Units	3 Date of Lease	4 Rental Amount	5 Total Yrs. of Lease	6 Total Years Renewal Option*	
3	Original Building			/ /	\$			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	\$	1,375,541	/ /	Variable*	\$ 6,101	1
2				Due on Demand	/ /			/ /			2
3					/ /			/ /			3
	Working Capital										
4					/ /			/ /			4
5					/ /			/ /			5
6	Less Interest Income		X		/ /			/ /		(915)	6
7	TOTAL Facility Related					\$	1,375,541			\$ 5,186	7
	B. Non-Facility Related										
8				*.48 at 12/31/15	/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$	1,375,541			\$ 5,186	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: 01/01/2015

Ending:

12/31/2015

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/2015

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 1,327,952	\$ 1,327,952	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 1,499)	433,636	433,636	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	3,785	3,785	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	2,138	2,138	8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,767,511	\$ 1,767,511	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land	188,183	238,183	13
14	Buildings, at Historical Cost	14,000	1,903,000	14
15	Leasehold Improvements, at Historical Cost	1,139,804	1,547,127	15
16	Equipment, at Historical Cost	358,965	423,562	16
17	Accumulated Depreciation (book methods)	(664,421)	(1,931,890)	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): Construction in Process	19,957	19,957	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 1,056,488	\$ 2,199,939	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,823,999	\$ 3,967,450	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 134,346	\$ 134,346	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	28,619	28,619	30
31	Accrued Taxes Payable	73,670	73,670	31
32	Accrued Interest Payable	262	262	32
33	Deferred Compensation			33
34	Federal and State Income Taxes	1,132	1,132	34
	Other Current Liabilities(specify):			
35	Deferred Revenue	58,550	58,550	35
36	Event Deposits	3,618	3,618	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 300,197	\$ 300,197	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,375,541	1,375,541	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	49,310	49,310	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,424,851	\$ 1,424,851	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,725,048	\$ 1,725,048	45
46	TOTAL EQUITY	\$ 1,098,951	\$ 2,242,402	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 2,823,999	\$ 3,967,450	47

*(See instructions.)

Facility Name: The Kensington

Report Period Beginning: 01/01/2015

Ending:

12/31/2015

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	\$ 2,554,129	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 2,554,129	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	3,000	8
9	Non-Resident Meals	4,708	9
10	Laundry	250	10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 7,958	11
	C. Non-Operating Revenue		
12	Contributions	2,245	12
13	Interest and Other Investment Income	915	13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 3,160	14
	D. Other Revenue (specify):		
15	See attched Schedule VII	191,739	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 191,739	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 2,756,986	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	926,656	19
20	Health Care/ Personal Care	353,129	20
21	General Administration	461,153	21
	B. Capital Expense		
22	Ownership	580,245	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)	\$ 2,321,183	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 435,803	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 435,803	31

FACILITY NAME: Kensington of Galesburg, Inc.

ID#: 37-1337014

BEGINNING: 1/1/2015

ENDING: 12/31/2015

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 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
19 Morgan County Homes, LLC	Galesburg, Illinois	Real estate
20 Galesburg CILA, LLC	Galesburg, Illinois	Real estate
21 Galesburg CILA #2, LLC	Galesburg, Illinois	Real estate

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	427,680	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.

01/01/2015

Report Period Beginning:

01/01/2015

Ending:

12/31/2015

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	13,184
16c	Awning		2000		4,718	0	10	0	0	4,718
16d	Roofing		2000		5,638	219	10	0	(219)	5,638
16e	Parapet		2000		282,813	8,318	20	14,141	5,823	214,467
16f	Parapet		2001		3,191	94	20	160	66	2,341
16g	Carpet		2001		844	0	5	0	0	844
16h	Lounge remodel		2002		71,319	2,229	10	0	(2,229)	71,319
16i	Hot water line replacement		2004		4,202	168	25	168	0	1,891
16j	Carpet		2005		10,808	0	5	0	0	10,808
16k	Quarry Tile		2005		19,824	991	20	991	0	10,407
16l	4X4 Tables		2005		2,701	180	15	180	0	1,831
16m	Heat pumps		2005		41,918	3,493	10	3,493	0	41,918
16n	Flower pot accessories		2005		366	0	10	0	0	366
16o	4X4 Tables		2005		2,701	180	15	180	0	1,816
16p	Flooring, lighting, and wall coverings		2006		85,021	4,251	20	4,251	0	42,510
16q	Remodel		2006		39,485	1,974	15	2,632	658	25,664
16r	Carpet		2007		2,896	0	5	0	0	2,896
16s	Tuck Pointing		2007		7,225	723	10	723	0	6,142
16t	Painting		2007		3,750	375	5	0	(375)	3,750
16u	Ballroom Repair		2007		11,895	1,190	10	793	(397)	6,674
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	404	10	404	0	3,400
16w	Wallpaper		2007		4,298	0	5	0	0	4,298
16x	Heat pump system		2008		25,270	2,527	10	2,527	0	19,374
16y	Roof repair		2009		3,250	325	10	325	0	2,194
16z	Carpet		2009		5,542	0	5	0	0	5,542
16aa	Façade Improvements		2011		166,674	8,334	10	16,667	8,333	75,002
16ab	Roof Replacement		2011		4,974	497	10	497	0	2,154
16ac	Heat Pump		2012		2,520	252	10	252	0	882
17	TOTAL (to next page)				\$ 839,254	\$ 37,531		\$ 49,191	\$ 11,660	\$ 583,220

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									
	Total from previous page				839,254	37,531		49,191	11,660	583,220
16ad	Condensor		2012		5,880	392	10	588	196	2,205
16ae	Heat pump		2012		2,520	252	10	252	0	945
16af	Water source heat pump		2012		2,520	252	10	252	0	945
16ag	Windows - 14		2012		13,392	893	10	1,339	446	4,910
16ah	Heat pump system		2013		3,215	322	10	322	0	777
16ai	1/2 Ton heat pump		2013		3,545	355	10	355	0	828
16aj	Ceramic tile - dining room		2014		4,778	239	20	239	0	418
16ak	Reversing valve		2014		6,899	690	10	690	0	920
16al	Sprinkler system		2014		383,246	15,330	25	15,330	0	16,607
16am	Roof		2014		8,994	899	10	899	0	974
16an	Climate master unit/compressor		2014		3,427	343	10	343	0	372
16ao	HVAC Unit		2015		7,882	394	15	394	0	394
16ap	Roof		2015		15,154	884	10	884	0	884
16aq	Rmodel of Floors 1-5: Painting/Carpet/Lightir		2015		57,209	2,781	12	2,781	0	2,781
16ar	Roof repairs		2015		10,567	440	10	440	0	440
16as	Carpet		2015		8,085	674	5	674	0	674
16at	Roof-Boiler room		2015		13,832	461	10	461	0	461
16au	Carpet Apt - 613		2015		2,731	46	5	46	0	46
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
17	TOTAL (to schedule VIII B. line 16)				\$ 1,393,130	\$ 63,178		\$ 75,480	\$ 12,302	\$ 618,801

FACILITY NAME: The Kensington
ID#: 37-1337014

BEGINNING: 1/1/2015
ENDING: 12/31/2015

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	(7,237)
1-2	Supplies - Catering and Banquet	(3,897)
1-2	Non-Resident Meals	(4,708)
17-3	Depr Sch VIII B.17. col 8	25,204
17-3	Depr Sch VIII C.20. col 4	5,478
17-3	Farm Depreciation	(560)
22-3	Farm Expenses	(3,659)
11-3	Marketing & promotions materials	(52,690)
14-3	Bad debt expense	(10,599)
14-3	State replacement tax	(14,862)
14-3	Legal and Bank charges	(432)
See Att Sch V	Related Party lessor net	(369,814)
See Att Sch II	Related Party Mgmt fee	(18,000)
18-3	Interest Expense	(915)
<i>Total Adjustments on Schedule IV</i>		<u>(456,691)</u>

Summary of Interest Expense and Interest Income

Interest Income	915
Interest Expense	6,101
Cost Adjustment, the lesser of Interest Income or Interest Expense	(915)

ATTACHED SCHEDULE V

	Related Party Cost Adjustment	
	Facility Rent	
	LB Properties, Inc.	Schedule Ref
Cost to Related Party Lessor:		
Depreciation	<u>57,866</u>	IV-17
Total lessor cost		57,866
Cost Per General Ledger - Facility Rent		(427,680) IV-20
Cost Adjustment Required	<u><u>(369,814)</u></u>	

FACILITY NAME: The Kensington
ID#: 37-1337014

BEGINNING: 1/1/2015
ENDING: 12/31/2015

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	136,917
VIII	20-3	Total equipment and transportation	23,316
		<i>Subtotal</i>	160,233
IV	17-6	Total cost center depreciation	160,233
		<i>Difference</i>	-

ATTACHED SCHEDULE VII

Income Statement Line 15

Schedule	Line	Description	Amount
XII.	15-1	Miscellaneous Catering and Rental	129,223
XII.	15-1	LINKS Revenue	43,221
XII.	15-1	Farm Income	18,000
XII.	15-1	Resident Processing fees	1,295
		<i>Total</i>	191,739