

		FOR BHF USE			

LL2

Supportive Living Facility

2016

STATE OF ILLINOIS

DEPARTMENT OF HEALTHCARE & FAMILY SERVICES

COST REPORT FOR

SUPPORTIVE LIVING FACILITIES

(FISCAL YEAR 2016)

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: 1000075

Facility Name: Hawthorne Inn of Clinton

Address: 1 Park Lane West Clinton 61727

Number City Zip Code

County: Dewitt

Telephone Number: (217) 935-8500 Fax # ()

Federal Employer ID Number:

Date Current Owners were Certified: 01/02/2007

Type of Ownership:

☐ VOLUNTARY, NON-PROFIT

☒ Charitable Corp.

☐ Trust

IRS Exemption Code 501 (C) 3

☐ PROPRIETARY

☐ Individual

☐ Partnership

☐ Corporation

☐ "Sub-S" Corp.

☐ Limited Liability Co.

☐ Trust

☐ Other

☐ GOVERNMENTAL

☐ State

☐ County

☐ 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 4/1/15 to 3/31/16 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 ACCOUNTANTS' COMPILATION REPORT (Date)

(Print Name and Title) Larry Templin Partner

(Firm Name & Address) Templin Healthcare Accounting Services, LLP P.O. Box 9, Dunlap, IL 61525

(Telephone) (630) 361-2868 Fax # ()

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

III. STATISTICAL DATA

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

Date of change in certified units N/A

	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	2,196	2
3		Other		1,949	3
4	21	TOTALS	21	9,635	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	2,191	1,766		3,957	5
6	Double Unit	1,640	3,822		5,462	6
7	Other					7
8	TOTALS	3,831	5,588		9,419	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 97.76%

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.)

SEE ACCOUNTANTS' COMPILATION REPORT

E. Does page 3 include expenses for services or investments not directly related to SLF services?

YES ☒ NO ☐

All Non-SLF Expenses have been adjusted out in Column 5

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

YES ☒ NO ☐

See Attachment IV

G. List all services provided by your facility for non-residents.

(E.g., day care, "meals on wheels", outpatient therapy)

None

H. ACCOUNTING BASIS

ACCRAUAL ☒ MODIFIED CASH* ☐ CASH* ☐

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

Tax Year: 3/31/16 Fiscal Year: 3/31/16

* 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? N/A

If no, explain. N/A

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? N/A

If no, explain. N/A

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? N/A

If no, explain. N/A

STATE OF ILLINOIS

Page 3

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning:

4/1/15

Ending:

3/31/16

IV. COST CENTER EXPENSES (please round to the nearest dollar)

SEE ACCOUNTANTS' COMPILATION REPORT

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	385,456	540,744	8,876	935,076	(769,469)	165,607	1
2	Housekeeping, Laundry and Maintenance	366,687	118,973	85,904	571,564	(518,867)	52,697	2
3	Heat and Other Utilities			192,379	192,379	(160,218)	32,161	3
4	Other (specify):							4
5	TOTAL General Services	752,143	659,717	287,159	1,699,019	(1,448,554)	250,465	5
	B. Health Care and Programs							
6	Health Care/ Personal Care	3,079,602	446,148	1,410,998	4,936,748	(4,710,231)	226,517	6
7	Activities and Social Services	170,070	5,252		175,322	(174,789)	533	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	3,249,672	451,400	1,410,998	5,112,070	(4,885,020)	227,050	9
	C. General Administration							
10	Administrative and Clerical	258,741	25,910	1,302,952	1,587,603	(1,521,736)	65,867	10
11	Marketing Materials, Promotions and Advertising	67,082		46,513	113,595	(113,401)	194	11
12	Employee Benefits and Payroll Taxes			627,180	627,180	(574,200)	52,980	12
13	Insurance-Property, Liability and Malpractice			86,612	86,612	(75,598)	11,014	13
14	Other (specify):							14
15	TOTAL General Administration	325,823	25,910	2,063,257	2,414,990	(2,284,935)	130,055	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	4,327,638	1,137,027	3,761,414	9,226,079	(8,618,509)	607,570	16
	Capital Expenses							
	D. Ownership							
17	Depreciation			75,584	75,584	(75,584)		17
18	Interest			50	50	(50)		18
19	Real Estate Taxes			217,200	217,200	(180,276)	36,924	19
20	Rent -- Facility and Grounds			1,367,376	1,367,376	(1,134,922)	232,454	20
21	Rent -- Equipment			9,171	9,171	(9,171)		21
22	Other (specify):							22
23	TOTAL Ownership			1,669,381	1,669,381	(1,400,003)	269,378	23
24	GRAND TOTAL (Sum of lines 16 and 23)	4,327,638	1,137,027	5,430,795	10,895,460	(10,018,512)	876,948	24

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning 4/1/15 Ending: 3/31/16

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	9.1	11.89	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	3.3	10.06	7
8	Dishwashers			8
9	Maintenance Workers	0.3	15.44	9
10	Housekeepers	1.1	9.84	10
11	Laundry	0.4	8.43	11
12	Managers	0.1	62.45	12
13	Other Administrative			13
14	Clerical			14
15	Marketing	0.1	32.98	15
16	Other			16
17	Total (lines 1 thru 16)	14.4	\$	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 IVa for Directors Fees			\$ 319	1
2					2
3					3
4					4
5					5
Total				\$ 319	6

VI. (B) Management fees paid to unrelated parties

		Amount of Fee	
1	RFMS Sch IV Ln 14 C3	\$ 17,400	1
2	LTC Support Services Sch IV Ln C3	20,308	2
Total		\$ 37,708	3

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: N/A If yes, what is the value of those services? \$ N/A

(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).

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name: Hawthorne Inn of Clinton Report Period Beginning: 4/1/15 Ending: 3/31/16

VIII. OWNERSHIP COSTS

A. Purchase price of land \$ Year land was acquired

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					\$	\$		\$	\$	\$	1
2											2
3											3
4											4
5											5
	Improvement Type										
6											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)				\$	\$		\$	\$	\$	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	\$	\$	\$	\$		\$	18
19	Vehicles	50,859				4	50,859	19
20	TOTAL (lines 18 and 19)	\$ 50,859	\$	\$	\$		\$ 50,859	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	\$ 476,308	\$ \$ 39,660	\$ \$ 294,187	21
22	SNF Leasehold Improvements	260,902	23,083	84,634	22
23	SNF Ford 350 Van - 2005	98,284	12,841	84,369	23
24	TOTALS (lines 21, 22 and 23)	\$ 835,494	\$ 75,584	\$ 463,190	24

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name: Hawthorne Inn of Clinton Report Period Beginning: 4/1/15 Ending: 3/31/16

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? [X] 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	2004	21	4/15/05	\$ 232,454	10		3
4	Additions	2006		/ /				4
5				/ /				5
6				/ /				6
7	TOTAL		21		\$ 232,454			7

8. Is movable equipment rental included in building rental?

[X] YES [] NO

9. Rental amount for movable equipment \$ Not Determined

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	N/A				/ /	\$	\$	/ /		\$	1
2					/ /			/ /			2
3					/ /			/ /			3
	Working Capital										
4					/ /			/ /			4
5					/ /			/ /			5
6					/ /			/ /			6
7	TOTAL Facility Related					\$	\$			\$	7
	B. Non-Facility Related										
8					/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$	\$			\$	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.

STATE OF ILLINOIS

Page 7

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning: 4/1/15

Ending:

3/31/16

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 3/31/16

(last day of reporting year)

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 18,913	\$ 18,913	1
2	Cash-Patient Deposits	15,396	15,396	2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance <u>None</u>)	1,391,912	1,391,912	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	55,067	55,067	6
7	Other Prepaid Expenses	1,986	1,986	7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,483,274	\$ 1,483,274	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land			13
14	Buildings, at Historical Cost			14
15	Leasehold Improvements, at Historical Cost	250,761	260,902	15
16	Equipment, at Historical Cost	635,592	625,451	16
17	Accumulated Depreciation (book methods)	(514,049)	(514,049)	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)	\$ 372,304	\$ 372,304	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,855,578	\$ 1,855,578	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 146,920	\$ 146,920	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	15,396	15,396	28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	80,261	80,261	30
31	Accrued Taxes Payable	371,436	371,436	31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	<u>Inter-Company</u>	1,691,970	1,691,970	35
36	<u>Accrued Expenses</u>	16,961	16,961	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 2,322,944	\$ 2,322,944	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable			38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	<u>Security Deposit</u>	67,500	67,500	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 67,500	\$ 67,500	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 2,390,444	\$ 2,390,444	45
46	TOTAL EQUITY	\$ (534,866)	\$ (534,866)	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,855,578	\$ 1,855,578	47

SEE ACCOUNTANTS' COMPILATION REPORT

*(See instructions.)

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning: 4/1/15

Ending:

3/31/16

SEE ACCOUNTANTS' COMPILATION REPORT

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

		1	
	I. Revenue	Amount	
	A. SLF Resident Care		
1	Gross SLF Resident Revenue	\$ 1,100,970	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 1,100,970	3
	B. Other Operating Revenue		
4	Special Services		4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care		8
9	Non-Resident Meals		9
10	Laundry		10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$	11
	C. Non-Operating Revenue		
12	Contributions		12
13	Interest and Other Investment Income		13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$	14
	D. Other Revenue (specify):		
15	SNF Revenue	9,662,184	15
16	Processing Fee	30	16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 9,662,214	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 10,763,184	18

		2	
	II. Expenses	Amount	
	A. Operating Expenses		
19	General Services	1,699,019	19
20	Health Care/ Personal Care	5,112,070	20
21	General Administration	2,414,990	21
	B. Capital Expense		
22	Ownership	1,669,381	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)	\$ 10,895,460	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ (132,276)	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ (132,276)	31
	III. Net Resident Care Revenue detailed by Payer Source		
32	Medicaid - Net Inpatient Revenue	\$ 278,856	32
33	Private Pay - Net Inpatient Revenue	822,114	33
34	Medicare - Net Inpatient Revenue		34
35	Other-(specify)		35
36	Other-(specify)		36
37	TOTAL (This total must agree to Line 3)	\$ 1,100,970	37

FACILITYHawthorne Inn of Clinton ID#: 37-1223846		BEGINNING: 4/1/15 ENDING: 3/31/16
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
Windmill Manor	Coralville, IA	Skilled nursing 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
Windmill Pointe	Coralville, IA	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
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	
Kanhak 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	
The following facilities (formerly Concepts Plus, Inc. - FH was the sole member) merged with Frances House as of 2/25/14:		
Lake County Group Homes:		
Lewis Terrace	North Chicago, IL	
Seymour Terrace	North Chicago, IL	
Waukegan Terrace	Waukegan, IL	
Pine Terrace	Waukegan, 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 facilities		
DD facilities		
Chamness Square	Bourbannais, IL	
Collins 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	
CILA facilities		
Gravlin Square	Bradley, IL	
6 LTC Support Services, LLC (RAI is one of eight corporate members) LTC provides consulting services that include, but are not limited to: training, regulatory compliance, quality assurance programs, human resource support, marketing and maintenance.		
Total fees expended during the current year for SLF portion:		20,308
SEE ACCOUNTANTS' COMPILATION REPORT		

ATTACHED SCHEDULE II

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line	Description	Adj Col 5
Line 11	Non-allowable advertising	(6,802)
See Att Sch IV	Home office allocation	1,198
See Att Sch V	Disallowed SNF Costs	(10,012,920)
See Att Sch VII	Real Estate Entity Costs	0
Total Adjustments on Schedule IV		(10,018,524)

ATTACHED SCHEDULE III

Bed Listing & Home Office Allocation

Weighted beds @ 03/31/2016									
Facility	Nursing Home Beds 100%	Sheltered Care Beds 50%	SLF Beds 40%	ALC Beds 50%	Estate Units 10%	Weighted Average Total	All Homes Percentage of Total	SNF Percentage of Total	
Liberty Estates of Danville	-	-	-	-	8	8	0.75%	0.00%	
Liberty Estates of Freeport	-	-	-	-	7	7	0.66%	0.00%	
Liberty Estates of Peoria	-	-	-	-	8	8	0.75%	0.00%	
Windmill Pointe*	-	-	-	22	-	22	2.07%	0.00%	
Liberty Estates of Geneseo	-	-	-	7	3	10	0.94%	0.00%	
Liberty Estates of Peru	-	-	-	-	7	7	0.66%	0.00%	
Liberty Estates of Sinsator	-	-	-	10	3	13	1.22%	0.00%	
Hawthorne Inn of Danville	80	30	-	-	-	110	10.36%	10.36%	12.47%
Manor Court of Princeton	125	-	11	-	-	136	12.81%	11.77%	14.17%
Manor Court of Clinton	134	-	11	-	-	145	13.65%	12.62%	15.19%
Manor Court of Peoria	50	-	-	-	-	50	4.71%	4.71%	5.67%
Manor Court of Peru	104	13	-	-	-	117	11.02%	11.02%	13.27%
Manor Court of Freeport	117	-	-	-	-	117	11.02%	11.02%	13.27%
Windmill Manor	120	-	-	-	-	120	11.30%	11.30%	13.61%
Hawthorne Inn of Peoria	-	-	-	34	-	34	3.20%	0.00%	0.00%
Hawthorne Inn of Peru	-	-	-	34	-	34	3.20%	0.00%	0.00%
Hawthorne Inn of Freeport	-	-	15	-	-	15	1.41%	0.00%	0.00%
Freeport Rehab & Healthcare	109	-	-	-	-	109	10.26%	10.26%	12.36%
	839	43	37	107	36	1,062	100.00%	83.05%	100.00%
*~22 units (44 beds) AL but only operated for 9 months in 2016									
Allocation Stats									
Healthcare Facilities						Beds	Days in Year	Base Stat	% of total % of HC
Hawthorne Inn of Danville	80	30				110	366	40,260	11.39% 13.90%
Manor Court of Princeton	125	-				125	366	45,750	12.94% 15.90%
Manor Court of Clinton	134	-				134	366	49,044	13.88% 16.94%
Manor Court of Peoria	50	-				50	366	18,300	5.18% 6.32%
Manor Court of Peru	104	13				117	366	42,822	12.12% 14.79%
Manor Court of Freeport	117	-				117	366	42,822	12.12% 14.79%
Windmill Manor	120	-				120	366	43,920	12.43% 15.17%
Freeport Rehab & Healthcare	109	-				109	366	6,649	1.88% 2.30%
	839	43				882		289,567	81.93% 100.00%
Other Facilities									
Liberty Estates of Danville			-	-	8	8	366	2,928	0.83% 4.58%
Liberty Estates of Freeport			-	-	7	7	366	2,562	0.72% 4.01%
Liberty Estates of Peoria			-	-	8	8	366	2,928	0.83% 4.58%
Windmill Pointe			-	22	-	22	275	6,050	1.71% 9.47%
Liberty Estates of Geneseo			-	7	3	10	366	3,660	1.04% 5.73%
Liberty Estates of Peru			-	-	7	7	366	2,562	0.72% 4.01%
Liberty Estates of Sinsator			-	10	3	13	366	4,758	1.35% 7.45%
Hawthorne Inn of Danville			-	-	-	-	-	-	0.00% 0.00%
Manor Court of Princeton			11	-	-	11	366	4,026	1.14% 6.30%
Manor Court of Clinton			11	-	-	11	366	4,026	1.14% 6.30%
Manor Court of Peoria			-	-	-	-	-	-	0.00% 0.00%
Manor Court of Peru			-	-	-	-	-	-	0.00% 0.00%
Manor Court of Freeport			-	-	-	-	-	-	0.00% 0.00%
Windmill Manor			-	-	-	-	-	-	0.00% 0.00%
Hawthorne Inn of Peoria			-	34	-	34	366	12,444	3.52% 19.48%
Hawthorne Inn of Peru			-	34	-	34	366	12,444	3.52% 19.48%
Hawthorne Inn of Freeport			15	-	-	15	366	5,490	1.55% 8.59%
Freeport Rehab & Healthcare			-	-	-	-	-	-	0.00% 0.00%
	-	-	37	107	36	180		63,878	18.07% 100.00%
Total									
								353,445	100.00%

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

BEGINNING:
ENDING:

4/1/15
3/31/16

ATTACHED SCHEDULE IV ALLOCATION OF HOME OFFICE INDIRECT COSTS

SUMMARY SCHEDULE

Sch. V

(See attached detail schedule)

Line #

Salaries

Other

Total

1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0	0	-
3	Heat & Other Utilities	0	0	-
4	Other	0	0	-
6	Health Care/personal	0	0	-
7	Activities & Soc Serv	0	0	-
8	Other	0	0	-
1	Admin/Clerical	0	1,036	1,036
1	Mkt, Promo, Adv	0	0	-
1	Emp Ben & PR taxes	0	9	9
1	Insurance	0	153	153
1	Other	0	0	-
1	Depreciation	0	0	-
1	Interest	0	0	-
1	Real Estate Taxes	0	0	-
				-
				-

TOTALS

0

1,198

1,198

Net adjustment required

1,198

SEE ACCOUNTANTS' COMPILATION REPORT

ATTACHED SCHEDULE IVa ALLOCATION OF INDIRECT COSTS
(Detail Schedule)

Allocation Factors:

SLF Home Office Factor 0.0114

Schedule	Description	Total Expenses Incurred	Non-Allowable Costs	Costs To Be Allocated	Allocated Total	Adjustment Grouping
V-1-1	Labor-Dietary	0		0	0	0
V-1-2	Supplies-Dietary	0		0	0	0
V-2-1	Labor-Purchasing	0		0	0	0
V-3-3	Utilities	0		0	0	0
V-10-1	Labor - Administrative	0		0	0	
V-10-1	Labor-Clerical	0		0	0	0
V-10-2	Supplies	0		0	0	0
V-10-3	Miscellaneous	0		0	0	
V-10-3	Postage & Shipping	0		0	0	
V-10-3	Equipment	0		0	0	
V-10-3	Equipment Contracts	0		0	0	
V-10-3	Equip Maintenance & Repair	0		0	0	
V-10-3	Telephone	0		0	0	
V-10-3	Board of Directors	28,040		28,040	319	
V-10-3	Legal Fees	23,943		23,943	273	
V-10-3	Professional Services	38,806		38,806	442	
V-10-3	Licenses/Fees/Misc	75		75	1	
V-10-3	Inservice Training			0	0	
V-10-3	Travel	47		47	1	
V-10-3	Vehicle Expense			0	0	
V-10-3	Bad Debt Expense			0	0	
V-10-3	Contributions			0	0	1,036
V-11-3	Advertising - Employment			0	0	
V-11-3	Subscriptions & Fees			0	0	0
V-12-3	Worker's Compensation			0	0	
V-12-3	Other Employee Expense	773		773	9	
V-12-3	FICA			0	0	
V-12-3	State Unemployment Tax			0	0	
V-12-3	Health Insurance			0	0	9
V-13-3	Vehicle Insurance			0	0	
V-13-3	Liability Insurance	13,455		13,455	153	
V-13-3	Property Insurance			0	0	153
V-17-3	Depreciation Expense			0	0	0
V-18-3	Interest Expense			0	0	
V-18-3	Investment Income	54,268	54,268	0	0	0
TOTALS		159,407	54,268	105,139	1,198	1,198

Board of Directors Costs:

John Kniery	6,000.00
Doug Biederstedt	6,000.00
Irwin Jann	1,500.00
Jeff Shaw	6,000.00
William Kempiners	6,000.00
Meeting/Travel exp	2,540.00

Total	28,040.00
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SEE ACCOUNTANTS' COMPILATION REPORT

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

BEGINNING: 4/1/15
ENDING: 3/31/16

Manor Court of Clinton (skilled nursing) and Hawthorne Inn of Clinton (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 V

SUMMARY SCHEDULE					
Sch. IV of Allocation of Skilled Nursing Facility Costs					
Line #		Salaries	Supplies	Other	Total
1	Dietary and Food	316,531	444,065	8,873	769,469
2	Hskp, Laundry, Main	329,506	108,750	80,611	518,867
3	Heat & Other Utilities			160,218	160,218
4	Other				-
6	Health Care/personal	2,853,095	446,138	1,410,998	4,710,231
7	Activities & Soc Serv	170,070	4,719		174,789
8	Other				-
10	Admin/Clerical	245,367	23,572	1,253,853	1,522,792
11	Mkt, Promo, Adv	60,280		46,319	106,599
12	Emp Ben & PR taxes			574,201	574,201
13	Insurance			75,751	75,751
14	Other				-
17	Depreciation			75,584	75,584
18	Interest			50	50
19	Real Estate Taxes			180,276	180,276
20	Rent			1,134,922	1,134,922
21	Rent Equip			9,171	9,171
TOTALS		3,974,849	1,027,244	5,010,827	10,012,920

Net adjustment required

10,012,920

SEE ACCOUNTANTS' COMPILATION REPORT

ITEM	Value 1	Cond.	Value 2	Difference	RESULTS
Adjustment De	-10,018,524	equal to	-10,018,512	-12	FAILED
Interest Expen	0	equal to	0	0	O.K.
Ownership Co:	0	equal to	0	0	O.K.
Rental Costs A	232,454	equal to	232,454	0	O.K.
Income Stat. C	1,699,019	equal to	1,699,019	0	O.K.
Income Stat. H	5,112,070	equal to	5,112,070	0	O.K.
Income Stat. A	2,414,990	equal to	2,414,990	0	O.K.
Income Stat. C	1,669,381	equal to	1,669,381	0	O.K.
Total loan bala	0	equal to	0	0	O.K.
Land	0	equal to	0	0	O.K.
Building cost	0	equal to	0	0	O.K.
Leasehold Imp	260,902	equal to	260,902	0	O.K.
Equipment anc	625,451	equal to	625,451	0	O.K.
Accumulated c	514,049	equal to	514,049	0	O.K.
Balance Sheet	1,855,578	equal to	1,855,578	0	O.K.
Balance Sheet	1,855,578	equal to	1,855,578	0	O.K.
Census	97.76%	not > than	100.00%	-2.24%	O.K.