

Facility Name & ID Number Lexington of Orland Park

0041855 Report Period Beginning: 01/01/03 Ending: 12/31/03

III. STATISTICAL DATA
A. Licensure/certification level(s) of care; enter number of beds/bed days, (must agree with license). Date of change in licensed beds N/A

	1	2	3	4	
	Beds at Beginning of Report Period	Licensure Level of Care	Beds at End of Report Period	Licensed Bed Days During Report Period	
1	270	Skilled (SNF)	270	98,550	1
2		Skilled Pediatric (SNF/PED)			2
3		Intermediate (ICF)			3
4		Intermediate/DD			4
5		Sheltered Care (SC)			5
6		ICF/DD 16 or Less			6
7	270	TOTALS	270	98,550	7

B. Census-For the entire report period.

	1 Level of Care	2 3 4 Patient Days by Level of Care and Primary Source of Payment			5	
		Public Aid Recipient	Private Pay	Other		
8	SNF	19,792	2,355	9,756	31,903	8
9	SNF/PED					9
10	ICF	47,766	3,814	2,099	53,679	10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	67,558	6,169	11,855	85,582	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 86.84%

D. How many bed-hold days during this year were paid by Public Aid?
None (Do not include bed-hold days in Section B.)

E. List all services provided by your facility for non-patients.
 (E.g., day care, "meals on wheels", outpatient therapy)
None

F. Does the facility maintain a daily midnight census? Yes

G. Do pages 3 & 4 include expenses for services or investments not directly related to patient care?
 YES NO Non-allowable costs have been eliminated in Schedule V, Column 7

H. Does the BALANCE SHEET (page 17) reflect any non-care assets?
 YES NO

I. On what date did you start providing long term care at this location?
 Date started 7/8/96

J. Was the facility purchased or leased after January 1, 1978?
 YES Date New construction NO

K. Was the facility certified for Medicare during the reporting year?
 YES NO If YES, enter number of beds certified 59 and days of care provided 9,020

Medicare Intermediary AdminaStar Federal

IV. ACCOUNTING BASIS
 ACCRUAL MODIFIED CASH* CASH*
 Is your fiscal year identical to your tax year? YES NO

Tax Year: 12/31/03 Fiscal Year: 12/31/03
 * All facilities other than governmental must report on the accrual basis.

STATE OF ILLINOIS

Facility Name & ID Number Lexington of Orland Park # 0041855 Report Period Beginning: 01/01/03 Ending: 12/31/03

V. COST CENTER EXPENSES (throughout the report, please round to the nearest dollar)

	Operating Expenses	Costs Per General Ledger				Reclassification 5	Reclassified Total 6	Adjust- ments 7**	Adjusted Total 8	FOR OHF USE ONLY	
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10
A. General Services											
1	Dietary	304,678	41,050	16,641	362,369		362,369		362,369		1
2	Food Purchase		354,731		354,731		354,731	(13,999)	340,732		2
3	Housekeeping	290,740	45,585		336,325		336,325	470	336,795		3
4	Laundry	57,499	24,955		82,454		82,454	(4,926)	77,528		4
5	Heat and Other Utilities			209,991	209,991		209,991	4,714	214,705		5
6	Maintenance	95,812		125,873	221,685		221,685	3,366	225,051		6
7	Other (specify):*										7
8	TOTAL General Services	748,729	466,321	352,505	1,567,555		1,567,555	(10,375)	1,557,180		8
B. Health Care and Programs											
9	Medical Director			24,000	24,000		24,000		24,000		9
10	Nursing and Medical Records	3,550,644	261,673	70,661	3,882,978		3,882,978		3,882,978		10
10a	Therapy			1,235,094	1,235,094		1,235,094		1,235,094		10a
11	Activities	168,345	23,087	4,812	196,244		196,244		196,244		11
12	Social Services	112,776		4,370	117,146		117,146		117,146		12
13	Nurse Aide Training										13
14	Program Transportation										14
15	Other (specify):*										15
16	TOTAL Health Care and Programs	3,831,765	284,760	1,338,937	5,455,462		5,455,462		5,455,462		16
C. General Administration											
17	Administrative	207,589		537,862	745,451		745,451	(537,862)	207,589		17
18	Directors Fees										18
19	Professional Services			87,700	87,700		87,700	(5,219)	82,481		19
20	Dues, Fees, Subscriptions & Promotions			41,105	41,105		41,105	652	41,757		20
21	Clerical & General Office Expenses	659,176	40,418	34,770	734,364		734,364	29,225	763,589		21
22	Employee Benefits & Payroll Taxes			710,774	710,774		710,774	96,579	807,353		22
23	Inservice Training & Education										23
24	Travel and Seminar			2,557	2,557		2,557	3,578	6,135		24
25	Other Admin. Staff Transportation			91	91		91	11,816	11,907		25
26	Insurance-Prop.Liab.Malpractice			277,321	277,321		277,321	4,627	281,948		26
27	Other (specify):*										27
28	TOTAL General Administration	866,765	40,418	1,692,180	2,599,363		2,599,363	(396,604)	2,202,759		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	5,447,259	791,499	3,383,622	9,622,380		9,622,380	(406,979)	9,215,401		29

* Attach a schedule if more than one type of cost is included on this line, or if the total exceeds \$1000.

SEE ACCOUNTANTS' COMPILATION REPORT

NOTE: Include a separate schedule detailing the reclassifications made in column 5. Be sure to include a detailed explanation of each reclassification.

** See schedule of adjustments attached at end of cost report.

V. COST CENTER EXPENSES (continued)

	Capital Expense	Cost Per General Ledger				Reclass- ification 5	Reclassified Total 6	Adjust- ments 7**	Adjusted Total 8	FOR OHF USE ONLY	
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10
	D. Ownership										
30	Depreciation			40,200	40,200		40,200	311,144	351,344		30
31	Amortization of Pre-Op. & Org.										31
32	Interest			17,000	17,000		17,000	538,342	555,342		32
33	Real Estate Taxes							419,422	419,422		33
34	Rent-Facility & Grounds			1,851,909	1,851,909		1,851,909	(1,851,909)			34
35	Rent-Equipment & Vehicles			10,214	10,214		10,214	5,130	15,344		35
36	Other (specify):*										36
37	TOTAL Ownership			1,919,323	1,919,323		1,919,323	(577,871)	1,341,452		37
	Ancillary Expense										
	E. Special Cost Centers										
38	Medically Necessary Transportation										38
39	Ancillary Service Centers		238,368		238,368		238,368		238,368		39
40	Barber and Beauty Shops			29,498	29,498		29,498		29,498		40
41	Coffee and Gift Shops			8,891	8,891		8,891		8,891		41
42	Provider Participation Fee			147,825	147,825		147,825		147,825		42
43	Other (specify):* Nonallowable Costs			151,404	151,404		151,404	(151,404)			43
44	TOTAL Special Cost Centers		238,368	337,618	575,986		575,986	(151,404)	424,582		44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	5,447,259	1,029,867	5,640,563	12,117,689		12,117,689	(1,136,254)	10,981,435		45

*Attach a schedule if more than one type of cost is included on this line, or if the total exceeds \$1000.

**See schedule of adjustments attached at end of cost report.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning: 01/01/03

Ending: 12/31/03

VI. ADJUSTMENT DETAIL

A. The expenses indicated below are non-allowable and should be adjusted out of Schedule V, pages 3 or 4 via column 7.

In column 2 below, reference the line on which the particular cost was included. (See instructions.)

		1	2	3	
	NON-ALLOWABLE EXPENSES	Amount	Refer- ence	OHF USE ONLY	
1	Day Care	\$		\$	1
2	Other Care for Outpatients				2
3	Governmental Sponsored Special Programs				3
4	Non-Patient Meals	(121)	2		4
5	Telephone, TV & Radio in Resident Rooms				5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients	(4,926)	4		8
9	Non-Straightline Depreciation				9
10	Interest and Other Investment Income	(655)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(1,305)	43		13
14	Non-Care Related Interest				14
15	Non-Care Related Owner's Transactions				15
16	Personal Expenses (Including Transportation)				16
17	Non-Care Related Fees				17
18	Fines and Penalties				18
19	Entertainment				19
20	Contributions				20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers				22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(119,206)	43		24
25	Fund Raising, Advertising and Promotional	(14,510)	43		25
26	Income Taxes and Illinois Personal Property Replacement Tax	2,500	43		26
27	Nurse Aide Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule See Attached Schedule A	151,455			29
30	SUBTOTAL (A): (Sum of lines 1-29)	\$ 13,232		\$	30

OHF USE ONLY						
48		49	50	51	52	

B. If there are expenses experienced by the facility which do not appear in the general ledger, they should be entered below.(See instructions.)

		1	2	
		Amount	Reference	
31	Non-Paid Workers-Attach Schedule*	\$		31
32	Donated Goods-Attach Schedule*			32
33	Amortization of Organization & Pre-Operating Expense			33
34	Adjustments for Related Organization Costs (Schedule VII)	(1,149,486)		34
35	Other- Attach Schedule			35
36	SUBTOTAL (B): (sum of lines 31-35)	\$ (1,149,486)		36
	(sum of SUBTOTALS			
37	TOTAL ADJUSTMENTS (A) and (B))	\$ (1,136,254)		37

*These costs are only allowable if they are necessary to meet minimum licensing standards. Attach a schedule detailing the items included on these lines.

C. Are the following expenses included in Sections A to D of pages 3 and 4? If so, they should be reclassified into Section E. Please reference the line on which they appear before reclassification. (See instructions.)

		1	2	3	4	
		Yes	No	Amount	Reference	
38	Medically Necessary Transport.		X	\$		38
39						39
40	Gift and Coffee Shops		X			40
41	Barber and Beauty Shops		X			41
42	Laboratory and Radiology		X			42
43	Prescription Drugs		X			43
44	Exceptional Care Program		X			44
45	Other-Attach Schedule		X			45
46	Other-Attach Schedule		X			46
47	TOTAL (C): (sum of lines 38-46)			\$		47

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington Health Care Center of Orland Park, Inc.
Provider #0041855
1/1/03- 12/31/03

Schedule A

Schedule VI. Adjustment Detail
Line 29, Other

<u>Description</u>	<u>Amount</u>	<u>Reference</u>
Disallow Radiology	(12,825)	43
Disallow Laboratory	(4,409)	43
Deferred maintenance amortization	366	6
Nonallowable dues & subscriptions	(380)	20
Nonallowable collection and out of period fees	(19,517)	19
Offset miscellaneous income	(69)	21
Nonallowable personal item replacement	(949)	43
Nonallowable unrealized gain on fair value of an interest rate swap	189,938	43
Nonallowable dentist fees	(700)	43
Total	<u>151,455</u>	

See Accountants' Compilation Report

Lexington of Orland Park

ID# 0041855

Report Period Beginning: 01/01/03

Ending: 12/31/03

Sch. V Line

NON-ALLOWABLE EXPENSES		Amount	Reference
1		\$	1
2			2
3			3
4			4
5			5
6			6
7			7
8			8
9			9
10			10
11			11
12			12
13			13
14			14
15			15
16			16
17			17
18			18
19			19
20			20
21			21
22			22
23			23
24			24
25			25
26			26
27			27
28			28
29			29
30			30
31			31
32			32
33			33
34			34
35			35
36			36
37			37
38			38
39			39
40			40
41			41
42			42
43			43
44			44
45			45
46			46
47			47
48			48
49	Total	0	49

See Accountants' Compilation Report

STATE OF ILLINOIS

Summary A

Facility Name & ID Number Lexington of Orland Park# 0041855 Report Period Beginning:

01/01/03

Ending: 12/31/03

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Operating Expenses	PAGES 5 & 5A	PAGE 6	PAGE 6A	PAGE 6B	PAGE 6C	PAGE 6D	PAGE 6E	PAGE 6F	PAGE 6G	PAGE 6H	PAGE 6I	SUMMARY TOTALS (to Sch V, col.7)	
	A. General Services													
1	Dietary	0	0	0	0	0	0	0	0	0	0	0	0	1
2	Food Purchase	(121)	0	0	0	0	0	0	0	0	0	0	(121)	2
3	Housekeeping	0	0	470	0	0	0	0	0	0	0	0	470	3
4	Laundry	(4,926)	0	0	0	0	0	0	0	0	0	0	(4,926)	4
5	Heat and Other Utilities	0	0	4,714	0	0	0	0	0	0	0	0	4,714	5
6	Maintenance	0	0	3,000	0	0	0	0	0	0	0	0	3,000	6
7	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	7
8	TOTAL General Services	(5,047)	0	8,184	0	0	0	0	0	0	0	0	3,137	8
	B. Health Care and Programs													
9	Medical Director	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Nursing and Medical Records	0	0	0	0	0	0	0	0	0	0	0	0	10
10a	Therapy	0	0	0	0	0	0	0	0	0	0	0	0	10a
11	Activities	0	0	0	0	0	0	0	0	0	0	0	0	11
12	Social Services	0	0	0	0	0	0	0	0	0	0	0	0	12
13	Nurse Aide Training	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Program Transportation	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	15
16	TOTAL Health Care and Programs	0	0	0	0	0	0	0	0	0	0	0	0	16
	C. General Administration													
17	Administrative	0	0	0	(537,862)	0	0	0	0	0	0	0	(537,862)	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	0	5,510	13,982	0	0	0	0	0	0	0	0	19,492	19
20	Fees, Subscriptions & Promotions	0	0	1,032	0	0	0	0	0	0	0	0	1,032	20
21	Clerical & General Office Expenses	0	75	29,219	0	0	0	0	0	0	0	0	29,294	21
22	Employee Benefits & Payroll Taxes	0	0	82,701	0	0	0	0	0	0	0	0	82,701	22
23	Inservice Training & Education	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Travel and Seminar	0	0	3,578	0	0	0	0	0	0	0	0	3,578	24
25	Other Admin. Staff Transportation	0	0	0	11,816	0	0	0	0	0	0	0	11,816	25
26	Insurance-Prop.Liab.Malpractice	0	0	0	4,627	0	0	0	0	0	0	0	4,627	26
27	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	27
28	TOTAL General Administration	0	5,585	130,512	(521,419)	0	(385,322)	28						
29	TOTAL Operating Expense (sum of lines 8,16 & 28)	(5,047)	5,585	138,696	(521,419)	0	(382,185)	29						

STATE OF ILLINOIS

Summary B

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/03

Ending:

12/31/03

SUMMARY OF PAGES 5, 5A, 6, 6A, 6B, 6C, 6D, 6E, 6F, 6G, 6H AND 6I

	Capital Expense	PAGES 5 & 5A	PAGE 6	PAGE 6A	PAGE 6B	PAGE 6C	PAGE 6D	PAGE 6E	PAGE 6F	PAGE 6G	PAGE 6H	PAGE 6I	SUMMARY TOTALS (to Sch V, col.7)	
	D. Ownership													
30	Depreciation	0	272,583	0	38,561	0	0	0	0	0	0	0	311,144	30
31	Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0	0	0	0	0	31
32	Interest	(655)	538,567	0	430	0	0	0	0	0	0	0	538,342	32
33	Real Estate Taxes	0	411,909	0	2,319	0	0	0	0	0	0	0	414,228	33
34	Rent-Facility & Grounds	0	(1,851,909)	0	0	0	0	0	0	0	0	0	(1,851,909)	34
35	Rent-Equipment & Vehicles	0	0	0	5,130	0	0	0	0	0	0	0	5,130	35
36	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	36
37	TOTAL Ownership	(655)	(628,850)	0	46,440	0	(583,065)	37						
	Ancillary Expense													
	E. Special Cost Centers													
38	Medically Necessary Transportation	0	0	0	0	0	0	0	0	0	0	0	0	38
39	Ancillary Service Centers	0	0	0	0	0	0	0	0	0	0	0	0	39
40	Barber and Beauty Shops	0	0	0	0	0	0	0	0	0	0	0	0	40
41	Coffee and Gift Shops	0	0	0	0	0	0	0	0	0	0	0	0	41
42	Provider Participation Fee	0	0	0	0	0	0	0	0	0	0	0	0	42
43	Other (specify):*	(132,521)	(189,938)	0	0	0	0	0	0	0	0	0	(322,459)	43
44	TOTAL Special Cost Centers	(132,521)	(189,938)	0	0	0	0	0	0	0	0	0	(322,459)	44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	(138,223)	(813,203)	138,696	(474,979)	0	(1,287,709)	45						

VII. RELATED PARTIES

A. Enter below the names of ALL owners and related organizations (parties) as defined in the instructions. Attach an additional schedule if necessary.

1 OWNERS		2 RELATED NURSING HOMES		3 OTHER RELATED BUSINESS ENTITIES		
Name	Ownership %	Name	City	Name	City	Type of Business
James Samatas Discretionary Trust	30.00%			Lexington Health Care		
John Samatas Discretionary Trust	30.00%			Systems of Orland		
Cynthia Thiem Discretionary Trust	30.00%	See attached Schedule B		Park Ltd. Ptsp.	Orland Park	Real estate ptsp.
Dean Sweitzer	10.00%			Royal Mgmt. Corp.	Lombard	Mgmt. Co.
				Lexington Financial		
				Services, L.L.C.	Lombard	Finance Co.

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. YES NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:	
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)	
1	V	34 Rental expense	\$ 1,851,909	Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	\$	\$ (1,851,909)	1
2	V	19 Professional fees		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	5,510	5,510	2
3	V	21 Bank charges		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	75	75	3
4	V	30 Depreciation		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	272,583	272,583	4
5	V	32 Interest expense		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	532,014	532,014	5
6	V	32 Amortization of mortgage costs		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	6,553	6,553	6
7	V	33 Property taxes		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	411,909	411,909	7
8	V	43 Unrealized gain on fair value of interest rate swap		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	(189,938)	(189,938)	8
9	V							9
10	V							10
11	V							11
12	V			**The owners of Lexington Health Care Center of Orland Park, Inc. own 100%				12
13	V			of Lexington Health Care Systems of Orland Park Ltd Ptsp.				13
14	Total		\$ 1,851,909			\$ 1,038,706	\$ * (813,203)	14

* Total must agree with the amount recorded on line 34 of Schedule VI.

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington Health Care Center of Orland Park, Inc.

Provider # 0041855

1/1/03 - 12/31/03

Schedule B

VII. Related Parties

Related Nursing Homes

<u>Name of facility</u>	<u>City</u>
Lexington Health Care Center of Lombard, Inc.	Lombard
Lexington Health Care Center of Bloomingdale, Inc.	Bloomingdale
Lexington Health Care Center of Chicago Ridge, Inc	Chicago Ridge
Lexington Health Care Center of Elmhurst, Inc.	Elmhurst
Lexington Health Care Center of LaGrange, Inc.	LaGrange
Lexington Health Care Center of Lake Zurich, Inc.	Lake Zurich
Lexington Health Care Center of Schaumburg, Inc.	Schaumburg
Lexington Health Care Center of Streamwood, Inc.	Streamwood
Lexington Health Care Center of Wheeling, Inc.	Wheeling

See Accountants' Compilation Report

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. YES NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:		
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)		
15	V	3 Housekeeping supplies	\$	Royal Management Corp.	**	\$ 470	\$ 470	15	
16	V	5 Utilities - gas & electric		Royal Management Corp.	**	4,629	4,629	16	
17	V	5 Utilities - water & sewer		Royal Management Corp.	**	85	85	17	
18	V	6 Repairs & maintenance		Royal Management Corp.	**	2,913	2,913	18	
19	V	6 Scavenger & exterminating		Royal Management Corp.	**	87	87	19	
20	V	19 Computer consultant & supplies		Royal Management Corp.	**	10,534	10,534	20	
21	V	19 Professional fees		Royal Management Corp.	**	3,448	3,448	21	
22	V	20 Advertising - help wanted		Royal Management Corp.	**	234	234	22	
23	V	20 Dues & subscriptions		Royal Management Corp.	**	798	798	23	
24	V	21 Bank charges		Royal Management Corp.	**	4,051	4,051	24	
25	V	21 Office supplies & printing		Royal Management Corp.	**	9,251	9,251	25	
26	V	21 Postage		Royal Management Corp.	**	4,161	4,161	26	
27	V	21 Telephone		Royal Management Corp.	**	11,756	11,756	27	
28	V	22 FICA		Royal Management Corp.	**	37,353	37,353	28	
29	V	22 FUTA		Royal Management Corp.	**	671	671	29	
30	V	22 SUTA		Royal Management Corp.	**	1,162	1,162	30	
31	V	22 Insurance - W/C		Royal Management Corp.	**	707	707	31	
32	V	22 Insurance - hospitalization		Royal Management Corp.	**	36,915	36,915	32	
33	V	22 401(k) and other emp. benefits		Royal Management Corp.	**	5,893	5,893	33	
34	V	24 Travel & seminar		Royal Management Corp.	**	3,578	3,578	34	
35	V							35	
36	V							36	
37	V							37	
38	V	**Certain owners of Lexington Health Care Center of Orland Park, Inc. own 100% of Royal Management Corp.							38
39	Total		\$			\$ 138,696	\$ * 138,696	39	

* Total must agree with the amount recorded on line 34 of Schedule VI.

VII. RELATED PARTIES (continued)

B. Are any costs included in this report which are a result of transactions with related organizations? This includes rent, management fees, purchase of supplies, and so forth. YES NO

If yes, costs incurred as a result of transactions with related organizations must be fully itemized in accordance with the instructions for determining costs as specified for this form.

1	2	3 Cost Per General Ledger	4	5 Cost to Related Organization	6	7	8 Difference:
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization	Adjustments for Related Organization Costs (7 minus 4)
15	V	25 Auto expense	\$	Royal Management Corp.	**	\$ 11,816	\$ 11,816
16	V	26 Insurance general		Royal Management Corp.	**	4,627	4,627
17	V	30 Depreciation - vehicles		Royal Management Corp.	**	4,099	4,099
18	V	30 Depreciation - leasehold improv.		Royal Management Corp.	**	9,583	9,583
19	V	30 Depreciation - equipment		Royal Management Corp.	**	24,879	24,879
20	V	32 Interest		Royal Management Corp.	**	430	430
21	V	33 Property taxes		Royal Management Corp.	**	2,319	2,319
22	V	35 Equipment rental		Royal Management Corp.	**	5,130	5,130
23	V	17 Management fees	537,862	Royal Management Corp.	**		(537,862)
24	V						
25	V						
26	V						
27	V						
28	V						
29	V						
30	V						
31	V						
32	V						
33	V						
34	V						
35	V						
36	V						
37	V						
38	V	**Certain owners of Lexington Health Care Center of Orland Park, Inc. own 100% of Royal Management Corp.					
39	Total		\$ 537,862			\$ 62,883	\$ * (474,979)

* Total must agree with the amount recorded on line 34 of Schedule VI.

Lexington Health Care Center of Orland Park, Inc.

Provider # 0041855

1/1/03 - 12/31/03

Schedule C

VII. Related Parties

C. Statement of Compensation and Other Payments to Owners, Relatives
and Members of the Board of Directors

5. Compensation Received From Other Nursing Homes

<u>Name of facility</u>	<u>John Samatas</u>	<u>James Samatas</u>	<u>Cynthia Thiem</u>	<u>George Samatas</u>	<u>Jason Samatas</u>	<u>Total</u>
Lexington Health Care Center of Bloomingdale, Inc.	17,021	27,234	13,617	4,085	10,383	72,340
Lexington Health Care Center of Chicago Ridge, Inc.	22,167	35,468	17,734	5,320	13,522	94,211
Lexington Health Care Center of Elmhurst, Inc.	14,844	23,751	11,875	3,563	9,055	63,088
Lexington Health Care Center of LaGrange, Inc.	10,787	17,259	8,629	2,589	6,580	45,844
Lexington Health Care Center of Lake Zurich, Inc.	20,089	32,143	16,071	4,821	12,254	85,378
Lexington Health Care Center of Lombard, Inc.	22,167	35,468	17,734	5,320	13,522	94,211
Lexington Health Care Center of Schaumburg, Inc.	22,167	35,468	17,734	5,320	13,522	94,211
Lexington Health Care Center of Streamwood, Inc.	22,167	35,468	17,734	5,320	13,522	94,211
Lexington Health Care Center of Wheeling, Inc.	21,870	34,993	17,496	5,249	13,342	92,950
Total	<u>173,279</u>	<u>277,252</u>	<u>138,624</u>	<u>41,587</u>	<u>105,702</u>	<u>736,444</u>

a

Facility Name & ID Number Lexington of Orland Park # 0041855 Report Period Beginning: 01/01/03 Ending: 12/31/03

VII. RELATED PARTIES (continued)

C. Statement of Compensation and Other Payments to Owners, Relatives and Members of Board of Directors.

NOTE: ALL owners (even those with less than 5% ownership) and their relatives who receive any type of compensation from this home must be listed on this schedule.

	1 Name	2 Title	3 Function	4 Ownership Interest	5 Compensation Received From Other Nursing Homes*	6 Average Hours Per Work Week Devoted to this Facility and % of Total Work Week		7 Compensation Included in Costs for this Reporting Period**		8 Schedule V. Line & Column Reference	
						Hours	Percent	Description	Amount		
1	James Samatas	Owner/officer	Administrative	30.00%	See Schedule C	5	13%	Salary	\$ 42,748	L17, C1	1
2	John Samatas	Owner/officer	Admin/Plant Ops	30.00%	See Schedule C	3	12%	Salary	26,721	L17, C1	2
3	Cynthia Thiem	Owner/officer	Administrative	30.00%	See Schedule C	2	13%	Salary	21,376	L17, C1	3
4	George Samatas	Officer	Administrative	0.00%	See Schedule C	3	15%	Salary	6,413	L17, C1	4
5	Jason Samatas	VP of Operations	Administrative	0.00%	See Schedule C	7	14%	Salary	16,298	L17, C1	5
6	Dean Sweitzer	Owner*	Administrative	10.00%	103,327	5	10%	Salary	17,440	L21, C1	6
7											7
8											8
9											9
10		* Dean Sweitzer is an owner only in Lexington Health Care Center of Orland Park, Inc. He is an employee									10
11		of Royal Management Corp. and provides administrative services to Royal Management Corp. His compensation									11
12		has been allocated to all 10 Lexington facilities.									12
13								TOTAL	\$ 130,996		13

* If the owner(s) of this facility or any other related parties listed above have received compensation from other nursing homes, attach a schedule detailing the name(s) of the home(s) as well as the amount paid. THIS AMOUNT MUST AGREE TO THE AMOUNTS CLAIMED ON THE THE OTHER NURSING HOMES' COST REPORTS.

** This must include all forms of compensation paid by related entities and allocated to Schedule V of this report (i.e., management fees). FAILURE TO PROPERLY COMPLETE THIS SCHEDULE INDICATING ALL FORMS OF COMPENSATION RECEIVED FROM THIS HOME, ALL OTHER NURSING HOMES AND MANAGEMENT COMPANIES MAY RESULT IN THE DISALLOWANCE OF SUCH COMPENSATION

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855 Report Period Beginning: 01/01/03

Ending: 12/31/03

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES NO

Name of Related Organization Royal Management Corp.
 Street Address 665 W. North Avenue, Suite 500
 City / State / Zip Code Lombard, IL 60148
 Phone Number (630) 458-4700
 Fax Number (630) 458-4796

B. Show the allocation of costs below. If necessary, please attach worksheets.

1	2	3	4	5	6	7	8	9	
Schedule V Line Reference	Item	Unit of Allocation (i.e., Days, Direct Cost, Square Feet)	Total Units	Number of Subunits Being Allocated Among	Total Indirect Cost Being Allocated	Amount of Salary Cost Contained in Column 6	Facility Units	Allocation (col.8/col.4)x col.6	
1	3	Housekeeping supplies	Bed Days	10	\$ 3,521	\$ 98,550	98,550	\$ 470	1
2	5	Utilities - gas & electric	Bed Days	10	34,652		98,550	4,629	2
3	5	Utilities - water & sewer	Bed Days	10	635		98,550	85	3
4	6	Repairs & maintenance	Bed Days	10	21,802		98,550	2,913	4
5	6	Scavenger & exterminating	Bed Days	10	648		98,550	87	5
6	19	Computer consultant & supplies	Bed Days	10	78,852		98,550	10,534	6
7	19	Professional fees	Bed Days	10	25,806		98,550	3,448	7
8	20	Advertising - help wanted	Bed Days	10	1,748		98,550	234	8
9	20	Dues & subscriptions	Bed Days	10	5,976		98,550	798	9
10	21	Bank charges	Bed Days	10	30,319		98,550	4,051	10
11	21	Office supplies & printing	Bed Days	10	69,243		98,550	9,251	11
12	21	Postage	Bed Days	10	31,145		98,550	4,161	12
13	21	Telephone	Bed Days	10	87,995		98,550	11,756	13
14	22	FICA	Bed Days	10	279,595		98,550	37,353	14
15	22	FUTA	Bed Days	10	5,021		98,550	671	15
16	22	SUTA	Bed Days	10	8,695		98,550	1,162	16
17	22	Insurance - W/C	Bed Days	10	5,294		98,550	707	17
18	22	Insurance - hospitalization	Bed Days	10	276,319		98,550	36,915	18
19	22	401(k) and other emp. benefits	Bed Days	10	44,113		98,550	5,893	19
20	24	Travel & seminar	Bed Days	10	26,781		98,550	3,578	20
21									21
22									22
23									23
24									24
25	TOTALS				\$ 1,038,160	\$		\$ 138,696	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855 Report Period Beginning: 01/01/03

Ending: 12/31/03

VIII. ALLOCATION OF INDIRECT COSTS

A. Are there any costs included in this report which were derived from allocations of central office or parent organization costs? (See instructions.) YES NO

Name of Related Organization Royal Management Corp.
 Street Address 665 W. North Avenue, Suite 500
 City / State / Zip Code Lombard, IL 60148
 Phone Number (630) 458-4700
 Fax Number (630) 458-4796

B. Show the allocation of costs below. If necessary, please attach worksheets.

1	2	3	4	5	6	7	8	9	
Schedule V Line Reference	Item	Unit of Allocation (i.e., Days, Direct Cost, Square Feet)	Total Units	Number of Subunits Being Allocated Among	Total Indirect Cost Being Allocated	Amount of Salary Cost Contained in Column 6	Facility Units	Allocation (col.8/col.4)x col.6	
1	25	Auto expense	Bed Days	10	\$ 88,444	\$	98,550	\$ 11,816	1
2	26	Insurance general	Bed Days	10	34,634		98,550	4,627	2
3	30	Depreciation - vehicles	Bed Days	10	30,679		98,550	4,099	3
4	30	Depreciation - leasehold improv.	Bed Days	10	71,727		98,550	9,583	4
5	30	Depreciation - equipment	Bed Days	10	186,226		98,550	24,879	5
6	32	Interest	Bed Days	10	3,219		98,550	430	6
7	33	Property taxes	Bed Days	10	17,360		98,550	2,319	7
8	35	Equipment rental	Bed Days	10	38,401		98,550	5,130	8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
25	TOTALS				\$ 470,690	\$		\$ 62,883	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park# 0041855

Report Period Beginning:

01/01/03

Ending:

12/31/03

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE

A. Interest: (Complete details must be provided for each loan - attach a separate schedule if necessary.)

	1	2	3	4	5	6		7	8	9	10	
						Original	Balance					
	Name of Lender	Related**		Purpose of Loan	Monthly Payment Required	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Interest Expense	
		YES	NO									
	A. Directly Facility Related											
	Long-Term											
1	Lexington Financial Services						\$	\$			\$	1
2	L.L.C.	X		Mortgage	Varies	12/29/98	9,000,000	8,200,416	02/01/2026	Variable	532,014	2
3												3
4												4
5												5
	Working Capital											
6	LaSalle Bank N.A.		X	Line of credit	Varies	04/06/02	1,650,000		04/04/2004	Prime	17,000	6
7												7
8												8
9	TOTAL Facility Related						\$ 10,650,000	\$ 8,200,416			\$ 549,014	9
	B. Non-Facility Related*											
10											6,553	10
11											(655)	11
12											430	12
13												13
14	TOTAL Non-Facility Related						\$	\$			\$ 6,328	14
15	TOTALS (line 9+line14)						\$ 10,650,000	\$ 8,200,416			\$ 555,342	15

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. \$ N/A Line # N/A

* Any interest expense reported in this section should be adjusted out on page 5, line 14 and, consequently, page 4, col. 7.
(See instructions.) SEE ACCOUNTANTS' COMPILATION REPORT

** If there is ANY overlap in ownership between the facility and the lender, this must be indicated in column 2.
(See instructions.)

IMPORTANT NOTICE

TO: Long Term Care Facilities with Real Estate Tax Rates RE: 2002 REAL ESTATE TAX COST DOCUMENTATION

In order to set the real estate tax portion of the capital rate, it is necessary that we obtain additional information regarding your calendar 2002 real estate tax costs, as well as copies of your real estate tax bills for calendar 2002.

Please complete the Real Estate Tax Statement below and forward with a copy of your 2002 real estate tax bill to the Department of Public Aid, Office of Health Finance, 201 South Grand Avenue East, Springfield, Illinois 62763.

Please send these items in with your completed 2003 cost report. The cost report will not be considered complete and timely filed until this statement and the corresponding real estate tax bills are filed. If you have any questions,

2002 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME Lexington of Orland Park COUNTY Cook

FACILITY IDPH LICENSE NUMBER 0041855

CONTACT PERSON REGARDING THIS REPORT Susan Rojek

TELEPHONE (630) 458-4700 FAX #: (630) 458-4795

A. Summary of Real Estate Tax Cos

Enter the tax index number and real estate tax assessed for 2002 on the lines provided below. Enter only the portion of tl cost that applies to the operation of the nursing home in Column D. Real estate tax applicable to any portion of the nursir home property which is vacant, rented to other organizations, or used for purposes other than long term care must not l entered in Column D. Do not include cost for any period other than calendar year 2002.

(A)	(B)	(C)	(D)
<u>Tax Index Number</u>	<u>Property Description</u>	<u>Total Tax</u>	<u>Tax Applicable to Nursing Home</u>
1. <u>27-10-100-099-0000</u>	<u>Land and building</u>	\$ <u>435,909.00</u>	\$ <u>435,909.00</u>
2. <u>Royal Management Corp. (Samvest of Lombard II)</u>		\$ _____	\$ _____
3. <u>05-01-202-019</u>	<u>Land and building</u>	\$ <u>212,639.00</u>	\$ <u>2,319.00</u>
4. _____	_____	\$ _____	\$ _____
5. _____	_____	\$ _____	\$ _____
6. _____	_____	\$ _____	\$ _____
7. _____	_____	\$ _____	\$ _____
8. _____	_____	\$ _____	\$ _____
9. _____	_____	\$ _____	\$ _____
10. _____	_____	\$ _____	\$ _____
TOTALS		\$ <u>648,548.00</u>	\$ <u>438,228.00</u>

B. Real Estate Tax Cost Allocation:

Does any portion of the tax bill apply to more than one nursing home, vacant property, or property which is not direct used for nursing home services? YES X NO

If YES, attach an explanation & a schedule which shows the calculation of the cost allocated to the nursing hom (Generally the real estate tax cost must be allocated to the nursing home based upon sq. ft. of space used

C. Tax Bills

Attach a copy of the 2002 tax bills which were listed in Section A to this statement. Be sure to use the 2002 tax bill which is normally paid during 2003.

See Accountants' Compilation Report

Facility Name & ID Number Lexington of Orland Park# 0041855 Report Period Beginning:

01/01/03 Ending: 12/31/03

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 104,332 B. General Construction Type: Exterior Brick Frame Block and Pre-cast stec Number of Stories 3C. Does the Operating Entity? (a) Own the Facility (b) Rent from a Related Organization. (c) Rent from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI. Those checking (c) may complete Schedule XI or Schedule XII-A. See instructions.)

D. Does the Operating Entity? (a) Own the Equipment (b) Rent equipment from a Related Organization. (c) Rent equipment from Completely Unrelated Organization.

(Facilities checking (a) or (b) must complete Schedule XI-C. Those checking (c) may complete Schedule XI-C or Schedule XII-B. See instructions.)

E. List all other business entities owned by this operating entity or related to the operating entity that are located on or adjacent to this nursing home's ground: (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, nurse aide training facilities, etc.) List entity name, type of business, square footage, and number of beds/units available (where applicable)

NoneF. Does this cost report reflect any organization or pre-operating costs which are being amortized? YES NO
If so, please complete the following:1. Total Amount Incurred: N/A 2. Number of Years Over Which it is Being Amortized: N/A3. Current Period Amortization: N/A 4. Dates Incurred: N/A

Nature of Costs:

(Attach a complete schedule detailing the total amount of organization and pre-operating costs.)

XI. OWNERSHIP COSTS:

A. Land.

	1	2	3	4	
	Use	Square Feet	Year Acquired	Cost	
1	<u>Resident Care</u>	<u>152,460</u>	<u>1995</u>	<u>\$ 776,408</u>	<u>1</u>
2	<u>Mgmt. Co.</u>		<u>2002</u>	<u>21,315</u>	<u>2</u>
3	TOTALS	152,460		\$ 797,723	3

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/03

Ending:

12/31/03

XI. OWNERSHIP COSTS (continued)

B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar

1	2	3	4	5	6	7	8	9		
Beds*	FOR OHF USE ONLY	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation	
4	250	1996	1996	\$ 8,455,949	\$	40	\$ 211,399	\$	\$ 1,584,335	4
5	10	1998	1998	63,790	1,595	40	1,595		7,974	5
6	10	2001	2001							6
7										7
8										8
Improvement Type**										
9	Electrical wiring	1996		2,304	58	40	58		413	9
10	Paving	1997		11,589		40	773	773	5,022	10
11	Additional building costs	1996		113,337		40	2,833	2,833	19,831	11
12	Wiring	1998		3,932	393	10	393		2,163	12
13	Additional building costs - 10 bed additior	1999		1,808	45	40	45		226	13
14	Seal/restrip parking lot	1999		3,450	230	15	230		1,035	14
15	Wiring	1999		1,798	45	40	45		202	15
16	Roof repairs	2000		23,201	1,547	15	1,547		5,414	16
17	Electrical wiring	2000		5,732	164	35	164		573	17
18	Ceiling mount curtain rod hardwar	2000		6,952	199	35	199		695	18
19	Automatic door closer/sensors	2000		3,624	242	15	242		846	19
20	Seal and restripe parking lot	2001		2,277	228	10	228		569	20
21	HVAC control	2001		2,548	255	10	255		637	21
22	Infrared curtains for elevator doors	2001		4,500	450	10	450		1,125	22
23	Fire alarm panel	2002		5,120	512	10	512		768	23
24	Parking lot lights	2002		9,975	998	10	998		1,496	24
25	Chiller room compressor	2002		8,879	1,776	5	1,776		2,664	25
26	Carpeting	2002		7,037	1,408	5	1,408		2,111	26
27										27
28										28
29										29
30										30
31										31
32										32
33										33
34										34
35										35
36										36

*Total beds on this schedule must agree with page 2.

**Improvement type must be detailed in order for the cost report to be considered complete

See Page 12A, Line 70 for total

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/03

Ending:

12/31/03

XI. OWNERSHIP COSTS (continued)

B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar

1	2	3	4	5	6	7	8	9	
Improvement Type**	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation		
37	Leasehold improvements - management company	1995	\$ 13,510	\$	35	\$ 400	\$ 400	\$ 3,280	37
38	Leasehold improvements - management company	1996	10,996		35	326	326	2,355	38
39	Leasehold improvements - management company	1989	381		31	11	11	188	39
40	HVAC - management company	1998	285		35	8	8	50	40
41	Offices - management company	1999	718		35	21	21	91	41
42	Land improvements - management company	2002	33,594		15	995	995	4,294	42
43	Building - management company	2002	261,354		40	7,759	7,759	12,521	43
44	HVAC, electrical, security system - management company	2003	2,592		30	63	63	63	44
45									45
46									46
47									47
48									48
49									49
50									50
51									51
52									52
53									53
54									54
55									55
56									56
57									57
58									58
59									59
60									60
61									61
62									62
63									63
64									64
65									65
66									66
67									67
68									68
69									69
70	TOTAL (lines 4 thru 69)		\$ 9,061,232	\$ 10,145		\$ 234,733	\$ 13,189	\$ 1,660,941	70

SEE ACCOUNTANTS' COMPILATION REPORT

**Improvement type must be detailed in order for the cost report to be considered complete

XI. OWNERSHIP COSTS (continued)

C. Equipment Depreciation-Excluding Transportation. (See instructions.)

	Category of Equipment	1 Cost	Current Book Depreciation 2	Straight Line Depreciation 3	4 Adjustments	Component Life 5	Accumulated Depreciation 6	
71	Purchased in Prior Years	\$ 805,660	\$ 28,131	\$ 85,709	\$ 57,578	5-10 years	\$ 565,053	71
72	Current Year Purchases	35,311	1,924	1,924		5-10 years	1,924	72
73	Fully Depreciated Assets							73
74	Allocated from management company	239,228		24,879	24,879		79,277	74
75	TOTALS	\$ 1,080,199	\$ 30,055	\$ 112,512	\$ 82,457		\$ 646,254	75

D. Vehicle Depreciation (See instructions.)*

	1 Use	Model, Make and Year 2	Year Acquired 3	4 Cost	Current Book Depreciation 5	Straight Line Depreciation 6	7 Adjustments	Life in Years 8	Accumulated Depreciation 9	
76				\$	\$	\$	\$		\$	76
77										77
78										78
79	Allocated from management company			39,972		4,099	4,099		31,916	79
80	TOTALS			\$ 39,972	\$	\$ 4,099	\$ 4,099		\$ 31,916	80

E. Summary of Care-Related Assets

	1	Reference	2 Amount	
81	Total Historical Cost	(line 3, col.4 + line 70, col.4 + line 75, col.1 + line 80, col.4) + (Pages 12B thru 12I, if applicable)	\$ 10,979,126	81
82	Current Book Depreciation	(line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 40,200	82
83	Straight Line Depreciation	(line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 351,344	83 **
84	Adjustments	(line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ 311,144	84
85	Accumulated Depreciation	(line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 2,339,111	85

F. Depreciable Non-Care Assets Included in General Ledger. (See instructions.)

	1 Description & Year Acquired	2 Cost	Current Book Depreciation 3	Accumulated Depreciation 4	
86		\$	\$	\$	86
87					87
88					88
89					89
90					90
91	TOTALS	\$	\$	\$	91

G. Construction-in-Progress

	Description	Cost	
92		\$	92
93			93
94			94
95		\$	95

* Vehicles used to transport residents to & from day training must be recorded in XI-F, not XI-D.

** This must agree with Schedule V line 30, column 8.

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease: N/A
 2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4?
 If NO, see instructions. YES NO

	1 Year Constructed	2 Number of Beds	3 Date of Lease	4 Rental Amount	5 Total Years of Lease	6 Total Years Renewal Option*	
3	Original Building:			\$			3
4	Additions						4
5							5
6							6
7	TOTAL			\$			7

10. Effective dates of current rental agreement:
 Beginning _____
 Ending _____

11. Rent to be paid in future years under the current rental agreement:

	Fiscal Year Ending	Annual Rent
12.	<u>/2004</u>	\$ _____
13.	<u>/2005</u>	\$ _____
14.	<u>/2006</u>	\$ _____

8. List separately any amortization of lease expense included on page 4, line 34.
 This amount was calculated by dividing the total amount to be amortized
 by the length of the lease _____.

9. Option to Buy: YES NO Terms: _____*

B. Equipment-Excluding Transportation and Fixed Equipment. (See instructions.)

15. Is Movable equipment rental included in building rental? YES NO
 16. Rental Amount for movable equipment: \$ 15,344 Description: Copier: \$10,214; Allocated from management company: \$5,130
 (Attach a schedule detailing the breakdown of movable equipment)

* If there is an option to buy the building, please provide complete details on attached schedule.

** This amount plus any amortization of lease expense must agree with page 4, line 34.

C. Vehicle Rental (See instructions.)

	1 Use	2 Model Year and Make	3 Monthly Lease Payment	4 Rental Expense for this Period	
17			\$	\$	17
18					18
19					19
20					20
21	TOTAL		\$	\$	21

SEE ACCOUNTANTS' COMPILATION REPORT

A. TYPE OF TRAINING PROGRAM (If aides are trained in another facility program, attach a schedule listing the facility name, address and cost per aide trained in that facility.)

<p>1. HAVE YOU TRAINED AIDES DURING THIS REPORT PERIOD? It is the policy of this facility to only hire certified nurses aides. If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.</p>	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	<p>2. <u>CLASSROOM PORTION:</u> IN-HOUSE PROGRAM <input type="checkbox"/> IN OTHER FACILITY <input type="checkbox"/> COMMUNITY COLLEGE <input type="checkbox"/> HOURS PER AIDE _____</p>	<p>3. <u>CLINICAL PORTION:</u> IN-HOUSE PROGRAM <input type="checkbox"/> IN OTHER FACILITY <input type="checkbox"/> HOURS PER AIDE _____</p>
---	--	--	---

B. EXPENSES

ALLOCATION OF COSTS (d)

		Facility			Total
		1 Drop-outs	2 Completed	3 Contract	
1	Community College Tuition	\$	\$	\$	\$
2	Books and Supplies				
3	Classroom Wages (a)				
4	Clinical Wages (b)				
5	In-House Trainer Wages (c)				
6	Transportation				
7	Contractual Payments				
8	Nurse Aide Competency Tests				
9	TOTALS	\$	\$	\$	\$
10	SUM OF line 9, col. 1 and 2 (e)	\$			

- (a) Include wages paid during the classroom portion of training. Do not include fringe benefits.
- (b) Include wages paid during the clinical portion of training. Do not include fringe benefits.
- (c) For in-house training programs only. Do not include fringe benefits.
- (d) Allocate based on if the aide is from your facility or is being contracted to be trained in your facility. Drop-out costs can only be for costs incurred by your own aides.

C. CONTRACTUAL INCOME

In the box below record the amount of income your facility received training aides from other facilities.

\$

D. NUMBER OF AIDES TRAINED

COMPLETED	
1. From this facility	
2. From other facilities (f)	
DROP-OUTS	
1. From this facility	
2. From other facilities (f)	
TOTAL TRAINED	

- (e) The total amount of Drop-out and Completed Costs for your own aides must agree with Sch. V, line 13, col. 8.
 - (f) Attach a schedule of the facility names and addresses of those facilities for which you trained aides.
- SEE ACCOUNTANTS' COMPILATION REPORT

XIV. SPECIAL SERVICES (Direct Cost) (See instructions.)

	Service	Schedule V Line & Column Reference	Staff		Outside Practitioner (other than consultant)		Supplies (Actual or Allocated)	Total Units (Column 2 + 4)	Total Cost (Col. 3 + 5 + 6)	
			Units of Service	Cost	Units	Cost				
1	Licensed Occupational Therapist	L10A, C3	hrs	\$	7,766	\$ 500,646	\$	7,766	\$ 500,646	1
2	Licensed Speech and Language Development Therapist	L10A, C3	hrs		1,406	80,713		1,406	80,713	2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	L10A, C3	hrs		13,420	645,929		13,420	645,929	4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	L39, C2	# of prescripts				238,368		238,368	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Exceptional Care Program									12
13	Other (specify): Wound Therapy	L10A, C3				7,806			7,806	13
14	TOTAL			\$	22,592	\$ 1,235,094	\$ 238,368	22,592	\$ 1,473,462	14

NOTE: This schedule should include fees (other than consultant fees) paid to licensed practitioners. Consultant fees should be detailed on Schedule XVIII-B. Salaries of unlicensed practitioners, such as nurse aides, who help with the above activities should not be listed on this schedule.

SEE ACCOUNTANTS' COMPILATION REPORT

STATE OF ILLINOIS

Page 17

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning: 01/01/03

Ending:

12/31/03

XV. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/03

(last day of reporting year)

This report must be completed even if financial statements are attached.

		1	2	
		Operating	After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 141,264	\$ 170,576	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 1,043,588)	3,174,502	3,174,502	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	96,546	96,546	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	57,835	55,731	8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 3,470,147	\$ 3,497,355	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments	79,970	79,970	12
13	Land		797,723	13
14	Buildings, at Historical Cost		8,569,286	14
15	Leasehold Improvements, at Historical Cost	156,927	491,946	15
16	Equipment, at Historical Cost	265,189	1,120,171	16
17	Accumulated Depreciation (book methods)	(164,051)	(2,339,111)	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): <u>Unamortized mortgage costs</u>		132,859	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 338,035	\$ 8,852,844	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 3,808,182	\$ 12,350,199	25

		1	2	
		Operating	After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 532,458	\$ 532,458	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	184,099	184,099	30
31	Accrued Taxes Payable (excluding real estate taxes)	5,600	5,600	31
32	Accrued Real Estate Taxes(Sch.IX-B)		456,000	32
33	Accrued Interest Payable		66,985	33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
	Other Current Liabilities(specify):			
36	<u>See attached Schedule E</u>	483,172	95,604	36
37				37
38	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 1,205,329	\$ 1,340,746	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable			39
40	Mortgage Payable		8,200,416	40
41	Bonds Payable			41
42	Deferred Compensation			42
	Other Long-Term Liabilities(specify):			
43	<u>Interest rate swap liability</u>		678,528	43
44				44
45	TOTAL Long-Term Liabilities (sum of lines 39 thru 44)	\$	\$ 8,878,944	45
46	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 1,205,329	\$ 10,219,690	46
47	TOTAL EQUITY(page 18, line 24)	\$ 2,602,853	\$ 2,130,509	47
48	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 3,808,182	\$ 12,350,199	48

SEE ACCOUNTANTS' COMPILATION REPORT

*(See instructions.)

Lexington Health Care Center of Orland Park, Inc.
Provider # 0041855
1/1/03 - 12/31/03

Schedule E

XV. Balance Sheet
C. Current Liabilities

36. Other Current Liabilities

<u>Description</u>	<u>Operating</u>	<u>After Consolidation</u>
Accrued rent	387,568	
Accrued management fees	44,417	44,417
Accrued 401 (k) contribution	2,756	2,756
Due to related party	538	538
Other accrued expenses	<u>47,893</u>	<u>47,893</u>
Total line 36	<u><u>483,172</u></u>	<u><u>95,604</u></u>

XVII. Income Statement
E. Other Revenue

28. Other Revenue

<u>Description</u>	<u>Amount</u>
Miscellaneous Income	69
Investment income in Lexington Financial Services, L.L.C.	669
Total line 28	<u><u>738</u></u>

See Accountants' Compilation Report

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	Balance at Beginning of Year, as Previously Reported	\$ 2,429,080	1
2	Restatements (describe):		2
3	Rounding	2	3
4			4
5			5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ 2,429,082	6
A. Additions (deductions):			
7	NET Income (Loss) (from page 19, line 43)	1,758,654	7
8	Aquisitions of Pooled Companies		8
9	Proceeds from Sale of Stock		9
10	Stock Options Exercised		10
11	Contributions and Grants		11
12	Expenditures for Specific Purposes		12
13	Dividends Paid or Other Distributions to Owners	(1,584,883)	13
14	Donated Property, Plant, and Equipment		14
15	Other (describe)		15
16	Other (describe)		16
17	TOTAL Additions (deductions) (sum of lines 7-16)	\$ 173,771	17
B. Transfers (Itemize):			
18			18
19			19
20			20
21			21
22			22
23	TOTAL Transfers (sum of lines 18-22)	\$	23
24	BALANCE AT END OF YEAR (sum of lines 6 + 17 + 23)	\$ 2,602,853	24 *

Operating Entity Only

* This must agree with page 17, line 47.

SEE ACCOUNTANTS' COMPILATION REPORT

VII. INCOME STATEMENT (attach any explanatory footnotes necessary to reconcile this schedule to Schedules V and VI.) All required classifications of revenue and expense must be provided on this form, even if financial statements are attached.

Note: This schedule should show gross revenue and expenses. Do not net revenue against expense.

		1	
Revenue		Amount	
A. Inpatient Care			
1	Gross Revenue -- All Levels of Care	\$ 12,273,338	1
2	Discounts and Allowances for all Levels	(898,877)	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 11,374,461	3
B. Ancillary Revenue			
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	2,093,903	6
7	Oxygen	1,519	7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 2,095,422	8
C. Other Operating Revenue			
9	Payments for Education		9
10	Other Government Grants		10
11	Nurses Aide Training Reimbursements		11
12	Gift and Coffee Shop	13,886	12
13	Barber and Beauty Care	33,687	13
14	Non-Patient Meals	121	14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	256,460	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	13,863	19
20	Radiology and X-Ray	17,100	20
21	Other Medical Services	65,024	21
22	Laundry	4,926	22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$ 405,067	23
D. Non-Operating Revenue			
24	Contributions		24
25	Interest and Other Investment Income***	655	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 655	26
E. Other Revenue (specify):****			
27	Settlement Income (Insurance, Legal, Etc.)		27
28	See attached Schedule E	738	28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$ 738	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 13,876,343	30

		2	
Expenses		Amount	
A. Operating Expenses			
31	General Services	1,567,555	31
32	Health Care	5,455,462	32
33	General Administration	2,599,363	33
B. Capital Expense			
34	Ownership	1,919,323	34
C. Ancillary Expense			
35	Special Cost Centers	428,161	35
36	Provider Participation Fee	147,825	36
D. Other Expenses (specify):			
37			37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 12,117,689	40
41	Income before Income Taxes (line 30 minus line 40)**	1,758,654	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ 1,758,654	43

* This must agree with page 4, line 45, column 4.

** Does this agree with taxable income (loss) per Federal Income Tax Return? No If not, please attach a reconciliation.
This entity files a cash basis tax return.

*** See the instructions. If this total amount has not been offset against interest expense on Schedule V, line 32, please include a detailed explanation. SEE ACCOUNTANTS' COMPILATION REPORT

**** Provide a detailed breakdown of "Other Revenue" on an attached sheet.

Facility Name & ID Number Lexington of Orland Park # 0041855

Report Period Beginning: 01/01/03

Ending: 12/31/03

XVIII. A. STAFFING AND SALARY COSTS (Please report each line separately.)

(This schedule must cover the entire reporting period.)

	1	2**	3	4		
	# of Hrs. Actually Worked	# of Hrs. Paid and Accrued	Reporting Period Total Salaries, Wages	Average Hourly Wage		
1	Director of Nursing	2,165	2,278	\$ 93,828	\$ 41.19	1
2	Assistant Director of Nursing	5,852	6,193	183,708	29.66	2
3	Registered Nurses	26,225	27,750	718,378	25.89	3
4	Licensed Practical Nurses	45,073	48,209	1,078,839	22.38	4
5	Nurse Aides & Orderlies	124,226	130,726	1,399,994	10.71	5
6	Nurse Aide Trainees					6
7	Licensed Therapist					7
8	Rehab/Therapy Aides	5,694	6,148	75,897	12.34	8
9	Activity Director	1,918	2,011	30,878	15.35	9
10	Activity Assistants	13,746	14,655	137,467	9.38	10
11	Social Service Workers	5,863	6,059	112,776	18.61	11
12	Dietician	1,725	1,813	24,467	13.50	12
13	Food Service Supervisor	1,980	2,216	33,527	15.13	13
14	Head Cook	2,003	2,147	24,968	11.63	14
15	Cook Helpers/Assistants	13,710	14,735	113,770	7.72	15
16	Dishwashers	17,179	17,803	107,946	6.06	16
17	Maintenance Workers	6,015	6,703	95,812	14.29	17
18	Housekeepers	40,708	43,393	290,740	6.70	18
19	Laundry	8,942	9,563	57,499	6.01	19
20	Administrator	1,618	2,039	94,033	46.12	20
21	Assistant Administrator					21
22	Other Administrative	862	870	113,556	130.52	22
23	Office Manager					23
24	Clerical	28,430	32,936	659,176	20.01	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator					29
30	Habilitation Aides (DD Homes)					30
31	Medical Records					31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	353,934	378,247	\$ 5,447,259 *	\$ 14.40	34

B. CONSULTANT SERVICES

	1	2	3		
	Number of Hrs. Paid & Accrued	Total Consultant Cost for Reporting Period	Schedule V Line & Column Reference		
35	Dietary Consultant	288	\$ 16,641	L1, C3	35
36	Medical Director	12	24,000	L9, C3	36
37	Medical Records Consultant	23	1,125	L10, C3	37
38	Nurse Consultant	Monthly	1,406	L10, C4	38
39	Pharmacist Consultant	12	1,200	L10, C3	39
40	Physical Therapy Consultant				40
41	Occupational Therapy Consultant				41
42	Respiratory Therapy Consultant				42
43	Speech Therapy Consultant				43
44	Activity Consultant	101	4,812	L11, C3	44
45	Social Service Consultant	96	4,370	L12, C3	45
46	Other(specify)				46
47					47
48					48
49	TOTAL (lines 35 - 48)	532	\$ 53,554		49

C. CONTRACT NURSES

	1	2	3		
	Number of Hrs. Paid & Accrued	Total Contract Wages	Schedule V Line & Column Reference		
50	Registered Nurses	524	\$ 13,090	L10, C3	50
51	Licensed Practical Nurses			L10, C3	51
52	Nurse Aides				52
53	TOTAL (lines 50 - 52)	524	\$ 13,090		53

SEE ACCOUNTANTS' COMPILATION REPORT

* This total must agree with page 4, column 1, line 45.

** See instructions.

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning: 01/01/03

Ending: 12/31/03

XIX. SUPPORT SCHEDULES

A. Administrative Salaries			D. Employee Benefits and Payroll Taxes			F. Dues, Fees, Subscriptions and Promotions		
Name	Function	Ownership %	Amount	Description	Amount	Description	Amount	
John Samatas	Admin/Plant Ops	30%	\$ 26,721	Workers' Compensation Insurance	\$ 83,667	IDPH License Fee	\$ 36,204	
James Samatas	Administrative	30%	42,748	Unemployment Compensation Insurance	54,761	Advertising: Employee Recruitment	36,204	
Cynthia Thiem	Administrative	30%	21,376	FICA Taxes	396,067	Health Care Worker Background Check		
George Samatas	Administrative	0%	6,413	Employee Health Insurance	243,635	(Indicate # of checks performed 166)	2,000	
Jason Samatas	Administrative	0%	16,298	Employee Meals	13,878	Miscellaneous licenses, permits & inspec.	2,319	
				Illinois Municipal Retirement Fund (IMRF)*		Miscellaneous dues and subscriptions	436	
See attached Schedule F1			94,033	401(k) contribution	6,125	Allocated from management company	798	
TOTAL (agree to Schedule V, line 17, col. 1)			\$ 207,589	Other employee benefits	9,220			
(List each licensed administrator separately.)						Less: Public Relations Expense	()	
B. Administrative - Other						Non-allowable advertising	()	
Description			Amount			Yellow page advertising	()	
			\$					
Management fees (eliminated in column 7)			537,862					
TOTAL (agree to Schedule V, line 17, col. 3)			\$ 537,862	TOTAL (agree to Schedule V, line 22, col.8)	\$ 807,353	TOTAL (agree to Sch. V, line 20, col. 8)	\$ 41,757	
(Attach a copy of any management service agreement)								
C. Professional Services				E. Schedule of Non-Cash Compensation Paid to Owners or Employees		G. Schedule of Travel and Seminar**		
Vendor/Payee	Type		Amount	Description	Line #	Amount	Description	Amount
American Express Tax & Bus.Svs.	Accounting		\$ 5,861				Out-of-State Travel	\$
Altschuler, Melvoin & Glasser LLP	Accounting		22,376					
ING	401(k)		465	N/A			In-State Travel	
Global Care	Consulting		1,360					
Amalgamated Bank	Consulting		775				Seminar Expense	2,557
James Samatas	Legal		128				Allocated from management company	3,578
Personnel Planners	U/C Consulting		3,529					
Sachnoff & Weaver	Legal		20,611				Entertainment Expense	()
Gilson Labus	Consulting		94				(agree to Sch. V, line 24, col. 8)	
See attached Schedule F2			32,501				TOTAL	\$ 6,135
TOTAL (agree to Schedule V, line 19, column 3)			\$ 87,700	TOTAL		\$		
(If total legal fees exceed \$2500 attach copy of invoices.)								

* Attach copy of IMRF notifications
SEE ACCOUNTANTS' COMPILATION REPORT

**See instructions.

Lexington Health Care Center of Orland Park, Inc.

Provider # 0041855

1/1/03 - 12/31/03

Schedule F1

XIX. Support Schedules

A. Administrative Salaries

<u>Name</u>	<u>Function</u>	<u>Ownership</u>	<u>Amount</u>
Randi Kennard	Administrator	0.00%	4,631
Jacqueline Lanter	Administrator	0.00%	46,087
Sandra Leonard	Administrator	0.00%	43,315
<u>Total</u>			<u>94,033</u>

See Accountants' Compilation Report

Lexington Health Care Center of Orland Park, Inc.

Provider # 0041855

1/1/03 - 12/31/03

Schedule F2

XIX. Support Schedules

C. Professional Services

<u>Vendor/Payee</u>	<u>Type</u>	<u>Amount</u>
Telenet Communications	Computer Consulting	848
Information Controls, Inc.	Computer Consulting	1,445
Advanced Answers on Demand	Computer Consulting	3,146
Gigatrend	Computer Consulting	195
Administar Federal	Computer Consulting	378
eHealth Data Solutions	Computer Consulting	1,080
Carol Jescke	Staffing Consultant	870
Kmzrosenman	Legal	5,611
Moodys	Refund of annual bond fee	(846)
Scott & Krause	Legal	542
Freidman, Anselmo & Lindberg	Collections	3,699
Grabowski & Greene	Collections	15,533
		<u>32,501</u>
Total, Agrees to Schedule V, Line 19, Column 3		<u>87,700</u>
Allocated from management co.		
American Express Tax & Business Services	Accounting	753
Gilson, Labus and Silverman	Accounting	68
James Samatas	Legal	93
Katten, Muchin, Zavis and Rosenman	Legal	88
Sachnoff and Weaver	Legal	685
ING / Pension Administrators	401 (k) Administration	920
Various	Consulting	842
Various	Computer Consulting	10,531
Allocated from building partnership		
James Samatas	Legal	318
Dennis W. Hetler & Associates	Real estate tax appeal	2,194
JSO Valuation Group, Ltd.	Appraisal fees	3,000
Nonallowable legal fees		
Freedman, Anselmo, & Lindberg	Collection fees	(3,699)
Grabowski & Greene	Collection fees	(15,533)
Katten, Muchin, Zavis and Rosenman	Out of period legal fees	(285)
Reclassifications		
Dennis W. Hetler & Associates	Real estate tax appeal	(2,194)
JSO Valuation Group, Ltd.	Appraisal fees	(3,000)
Total, Agrees to Schedule V, Line 19, Column 8		<u>82,481</u>

See Accountants' Compilation Report

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
(See instructions.)

1	2	3	4	5	6	7	8	9	10	11	12	13
Improvement Type	Month & Year Improvement Was Made	Total Cost	Useful Life	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
1	Painting & decorating	\$ 2,198	3	\$ 366	\$ 733	\$ 733	\$ 366	\$	\$	\$	\$	\$
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20	TOTALS	\$ 2,198		\$ 366	\$ 733	\$ 733	\$ 366	\$	\$	\$	\$	\$

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park# 0041855Report Period Beginning: 01/01/03Ending: 12/31/03**XX. GENERAL INFORMATION:**

- (1) Are nursing employees (RN,LPN,NA) represented by a union? No
- (2) Are there any dues to nursing home associations included on the cost report? No
If YES, give association name and amount. N/A
- (3) Did the nursing home make political contributions or payments to a political organization? No If YES, have these costs been properly adjusted out of the cost report? N/A
- (4) Does the bed capacity of the building differ from the number of beds licensed at the end of the fiscal year? No If YES, what is the capacity? N/A
- (5) Have you properly capitalized all major repairs and equipment purchases? Yes
What was the average life used for new equipment added during this period? 5 years
- (6) Indicate the total amount of both disposable and non-disposable diaper expense and the location of this expense on Sch. V. \$ 66,684 Line 10
- (7) Have all costs reported on this form been determined using accounting procedures consistent with prior reports? Yes If NO, attach a complete explanation.
- (8) Are you presently operating under a sale and leaseback arrangement? No
If YES, give effective date of lease. N/A
- (9) Are you presently operating under a sublease agreement? YES X NO
- (10) Was this home previously operated by a related party (as is defined in the instructions for Schedule VII)? YES NO X If YES, please indicate name of the facility, IDPH license number of this related party and the date the present owners took over N/A
- (11) Indicate the amount of the Provider Participation Fees paid and accrued to the Department of Public Aid during this cost report period. \$ 147,825
This amount is to be recorded on line 42 of Schedule V.
- (12) Are there any salary costs which have been allocated to more than one line on Schedule V for an individual employee? No If YES, attach an explanation of the allocation.
- (13) Have costs for all supplies and services which are of the type that can be billed to the Department of Public Aid, in addition to the daily rate, been properly classified in the Ancillary Section of Schedule V? Yes
- (14) Is a portion of the building used for any function other than long term care services for the patient census listed on page 2, Section B? No For example, is a portion of the building used for rental, a pharmacy, day care, etc.) If YES, attach a schedule which explains how all related costs were allocated to these functions
- (15) Indicate the cost of employee meals that has been reclassified to employee benefit: on Schedule V. \$ 13,878 Has any meal income been offset against related costs? Yes Indicate the amount. \$ 121
- (16) Travel and Transportation
a. Are there costs included for out-of-state travel? No
If YES, attach a complete explanation.
b. Do you have a separate contract with the Department to provide medical transportation for residents? No If YES, please indicate the amount of income earned from such a program during this reporting period. \$ N/A
c. What percent of all travel expense relates to transportation of nurses and patients? 0%
d. Have vehicle usage logs been maintained? Adequate records have been maintained.
e. Are all vehicles stored at the nursing home during the night and all other times when not in use? Yes
f. Has the cost for commuting or other personal use of autos been adjusted out of the cost report? N/A
g. Does the facility transport residents to and from day training? No
Indicate the amount of income earned from providing such transportation during this reporting period. \$ N/A
- (17) Has an audit been performed by an independent certified public accounting firm? No
Firm Name: N/A The instructions for the cost report require that a copy of this audit be included with the cost report. Has this copy been attached? N/A If no, please explain. N/A
- (18) Have all costs which do not relate to the provision of long term care been adjusted out of Schedule V? Yes
- (19) If total legal fees are in excess of \$2500, have legal invoices and a summary of services performed been attached to this cost report? Yes
Attach invoices and a summary of services for all architect and appraisal fees.

SEE ACCOUNTANTS' COMPILATION REPORT

RECONCILIATION REPORT

Lexington of Orland Par 12:22 PM 11/4/2005

ITEM	Value 1	Cond.	Value 2	Difference	RESULTS	COMPARE C	SUB-SCHED.	LINE NO.	COL. NO.	WITH CELL	SUB-SCHED.	LINE NO.	COL. NO.
Adjustment Detail	-1,136,254	equal to	-1,136,254	0	O.K.	Pg5 Z22	B.	37	1	Pg4 K29	N/A	45	7
Interest Expense	555,342	equal to	555,342	0	O.K.	Pg9 P34	A.	15	10	Pg4 L13	N/A	32	8
Real Estate Tax Expenses	419,422	equal to	419,422	0	O.K.	Pg10 W24	B.	5	N/A	Pg4 L14	N/A	33	8
Amortization exp. Pre-opening & org.	N/A	equal to	0	#VALUE!	#VALUE!	Pg11 I33	E.	3	N/A	Pg4 L12	N/A	31	8
Ownership Costs-Depreciation	351,344	equal to	351,344	0	O.K.	Pg13 Y28	E.	49	2	Pg4 L11	N/A	30	8
Rental Costs A	0	equal to	0	0	O.K.	Pg14 L20+N:	A.	7 + 8	4+N/A	Pg4 L15	N/A	34	8
Rental Costs B	15,344	equal to	15,344	0	O.K.	Pg14 J30+N	B.+ C.	16+21	N/A+4	Pg4 L16	N/A	35	8
Nurse Aid Training Prog.	0	equal to	0	0	O.K.	Pg15 L36	B.	10	1	Pg3 L23	N/A	13	8
Special Serv.- Staff Wages	0	equal to	0	0	O.K.	Pg16 N32	N/A	14	3	Pg4 E22	N/A	39	1
Therapy Services	1,227,288	equal to	1,235,094	-7,806	FAILED	Pg16 Z12+Z1	N/A:B	1-4:40-43	8;2	Pg3 H20	N/A	10a	4
Special Serv.- Supplies	238,368	equal to	#VALUE!	#VALUE!	#VALUE!	Pg16 V32	N/A	14	6	Pg4 F22 + P:	N/A	39,10a	2
Income Stat. General Serv.	1,567,555	equal to	1,567,555	0	O.K.	Pg19 P11	N/A	31	2	Pg3 H16	N/A	8	4
Income Stat. Health Care	5,455,462	equal to	5,455,462	0	O.K.	Pg19 P12	N/A	32	2	Pg3 H26	N/A	16	4
Income Stat. Administation	2,599,363	equal to	2,599,363	0	O.K.	Pg19 P13	N/A	33	2	Pg3 H39	N/A	28	4
Income Stat. Ownership	1,919,323	equal to	1,919,323	0	O.K.	Pg19 P15	N/A	34	2	Pg4 H18	N/A	37	4
Income Stat. Special Cost Ctr	428,161	equal to	428,161	0	O.K.	Pg19 P17	N/A	35	2	Pg4 H21..H2	N/A	38to41+43	4
Income Stat. Prov. Partic.	147,825	equal to	147,825	0	O.K.	Pg19 P18	N/A	36	2	Pg4 H25	N/A	42	4
Staff- Nursing	3,474,747	equal to	3,550,644	-75,897	FAILED	Pg20 K11..K1	A.	5,24,25,27-:	3	Pg3 E19	N/A	10	1
Staff- Nurse aide Training	0	< or = to	0	0	O.K.	Pg20 K16	A.	6	3	Pg3 E23	N/A	13	1
Staff-Licensed Therapist	0	equal to	0	0	O.K.	Pg20 K17	A.	7	3	Pg4 E22	N/A	39	1
Staff- Activities	168,345	equal to	168,345	0	O.K.	Pg20 K19+K:	A.	9+10	3	Pg3 E21	N/A	11	1
Staff- Social Serv. Workers	112,776	equal to	112,776	0	O.K.	Pg20 K21	A.	11	3	Pg3 E22	N/A	12	1
Staff- Dietary	304,678	equal to	304,678	0	O.K.	Pg20 K22..K	A.	16-Dec	3	Pg3 E9	N/A	1	1
Staff- Maintenance	95,812	equal to	95,812	0	O.K.	Pg20 K27	A.	17	3	Pg3 E14	N/A	6	1
Staff- Housekeeping	290,740	equal to	290,740	0	O.K.	Pg20 K28	A.	18	3	Pg3 E11	N/A	3	1
Staff- Laundry	57,499	equal to	57,499	0	O.K.	Pg20 K29	A.	19	3	Pg3 E12	N/A	4	1
Staff- Administrative	207,589	equal to	207,589	0	O.K.	Pg20 K30..K	A.	20-22	3	Pg3 E28	N/A	17	1
Staff- Clerical	659,176	equal to	659,176	0	O.K.	Pg20 K33..K	A.	23+24	3	Pg3 E32	N/A	21	1
Staff- Medical Director	0	equal to	0	0	O.K.	Pg20 K37	A.	27	3	Pg3 E18	N/A	9	1
Total Salaries And Wages	5,447,259	equal to	5,447,259	0	O.K.	Pg20 K44	A.	34	3	Pg4 E29	N/A	45	1
Dietary Consultant	16,641	< or = to	16,641	0	O.K.	Pg20 X12	B.	35	2	Pg3 G9	N/A	1	3
Medical Director	24,000	< or = to	24,000	0	O.K.	Pg20 X13	B.	36	2	Pg3 G18	N/A	9	3
Consultants & contractors	16,821	< or = to	70,661	-53,840	O.K.	Pg20 X14..X	B. & C.	o39 and 50t	2	Pg3 G19	N/A	10	3
Activity Consultant	4,812	< or = to	4,812	0	O.K.	Pg20 X21	B.	44	2	Pg3 G21	N/A	11	3
Social Service Consultant	4,370	< or = to	4,370	0	O.K.	Pg20 X22	B.	45	2	Pg3 G22	N/A	12	3
Supp. Sched.- Admin. Salar.	207,589	equal to	207,589	0	O.K.	Pg21 I16	A.	N/A	N/A	Pg3 E28	N/A	17	1
Supp. Sched.- Admin. Other	537,862	equal to	537,862	0	O.K.	Pg21 I24	B.	N/A	N/A	Pg3 G28	N/A	17	3
Supp. Sched.- Prof. Serv.	87,700	equal to	87,700	0	O.K.	Pg21 I41	C.	N/A	N/A	Pg3 G30	N/A	19	3
Professional Fees - pg. 3, column B/Sch F	82,481	equal to	82,481	0	O.K.								
Supp. Sched.- Benefit/Taxes	807,353	equal to	807,353	0	O.K.	Pg21 P22	D.	N/A	N/A	Pg3 L33	N/A	22	8
Supp. Sched.- Sched of dues..	41,757	equal to	41,757	0	O.K.	Pg21 V22	F.	N/A	N/A	Pg3 L31	N/A	20	8
Supp. Sched.- Sched. of trav	6,135	equal to	6,135	0	O.K.	Pg21 V41	G.	N/A	N/A	Pg3 L35	N/A	24	8
Gen. Info - Particip. Fees	147,825	equal to	147,825	0	O.K.	Pg23 I38	N/A	11	N/A	Pg4 G25	N/A	42	3
Gen. Info - Employee Meals	13,878	< or = to	96,579	-82,701	O.K.	Pg23 S16	N/A	16	N/A	Pg3 K33	N/A	2 & 22	7
Gen. Info - Employee Meals	13,878	equal to	13,878	0	O.K.	Pg23 S16	N/A	16	N/A	Pg21 P12	D.	N/A	N/A
Nurse aide training	0	equal to	0	0	O.K.	Pg15 U29..U	B.	3, 4 & 5	4	Pg3 E23	N/A	13	1
Days of medicare provided	9,020	equal to	9,756	-736	FAILED	Pg2 AB29	K.	N/A	N/A	Pg2 J30	B.	8	4
Adjustment for related org. costs	-1,149,486	equal to	-1,149,486	0	O.K.	Pg5 Z18	B.	34	1	Pg6 to Pg 61	B.	14	8
Total loan balance	8,200,416	equal to	8,200,416	0	O.K.	Pg9 L34	A.	15	7	Pg17 V13+V:	N/A	29+39-41	2
Real estate tax accrual	456,000	equal to	456,000	0	O.K.	Pg10 W15	B.	4	N/A	Pg17 V17	N/A	32	2
Land	797,723	equal to	797,723	0	O.K.	Pg11 T43	A.	3	4	Pg17 K25	N/A	13	2
Building cost	9,061,232	equal to	9,061,232	0	O.K.	Pg12 to 12I	B.	36	4	Pg17 K26+K:	N/A	14 & 15	2
Equipment and vehicle cost	1,120,171	equal to	1,120,171	0	O.K.	Pg13 O22+L:	C. & D.	41 + 46	1 + 4	Pg17 K28	N/A	16	2
Accumulated depr.	2,339,111	equal to	2,339,111	0	O.K.	Pg13 Y30	E.	51	2	Pg17 K29	N/A	17	2
End of year equity	2,602,853	equal to	2,602,853	0	O.K.	Pg18 I33	N/A	24	1	Pg17 S39	N/A	47	1
Net income (loss)	1,758,654	equal to	1,758,654	0	O.K.	Pg18 I15	N/A	7	1	Pg19 P30	N/A	43	2
Unamortized deferred maint. cost	0	equal to	0	0	O.K.	Pg22 F31-J:	H.	20	3	Pg17 K30	N/A	18	2
Balance Sheet	3,808,182	equal to	3,808,182	0	O.K.	Pg17-H41		25	1	Pg17 S41	N/A	48	1

ok, wound therapy on Schedule D

ok rehab aides

ok oxygen/medical equip

ok alloc of benefits

ok employee meals

ok medicare days

	Salaries	Supplies	Other	Total	Reclass- ifications	Reclassified Total	Adjusted Adjustments	Adjusted Total
1. Dietary	304,678	41,050	16,641	362,369	0	362,369	0	362,369
2. Food Purchase	0	354,731	0	354,731	0	354,731	-13,999	340,732
3. Housekeeping	290,740	45,585	0	336,325	0	336,325	470	336,795
4. Laundry	57,499	24,955	0	82,454	0	82,454	-4,926	77,528
5. Heat and Other Utilities	0	0	209,991	209,991	0	209,991	4,714	214,705
6. Maintenance	95,812	0	125,873	221,685	0	221,685	3,366	225,051
7. Other (specify)*	0	0	0	0	0	0	0	0
8. Total General Services	748,729	466,321	352,505	1,567,555	0	1,567,555	-10,375	1,557,180
9. Medical Director	0	0	24,000	24,000	0	24,000	0	24,000
10. Nursing & Medical Records	3,550,644	261,673	70,661	3,882,978	0	3,882,978	0	3,882,978
10a. Therapy	0	0	1,235,094	1,235,094	0	1,235,094	0	1,235,094
11. Activities	168,345	23,087	4,812	196,244	0	196,244	0	196,244
12. Social Services	112,776	0	4,370	117,146	0	117,146	0	117,146
13. Nurse Aide Training	0	0	0	0	0	0	0	0
14. Program Transportation	0	0	0	0	0	0	0	0
15. Other (specify)*	0	0	0	0	0	0	0	0
16. Total Health Care & Programs	3,831,765	284,760	1,338,937	5,455,462	0	5,455,462	0	5,455,462
17. Administrative	207,589	0	537,862	745,451	0	745,451	-537,862	207,589
18. Directors Fees	0	0	0	0	0	0	0	0
19. Professional Services	0	0	87,700	87,700	0	87,700	-5,219	82,481
20. Fees, Subscriptions & Promotion	0	0	41,105	41,105	0	41,105	652	41,757
21. Clerical & General Office	659,176	40,418	34,770	734,364	0	734,364	29,225	763,589
22. Employee Benefits & Payroll	0	0	710,774	710,774	0	710,774	96,579	807,353
23. Inservice Training & Education	0	0	0	0	0	0	0	0
24. Travel and Seminar	0	0	2,557	2,557	0	2,557	3,578	6,135
25. Other Admin. Staff Trans	0	0	91	91	0	91	11,816	11,907
26. Insurance-Prop.Liab.Malpractice	0	0	277,321	277,321	0	277,321	4,627	281,948
27. Other (specify)*	0	0	0	0	0	0	0	0
28. Total General Adminis	866,765	40,418	1,692,180	2,599,363	0	2,599,363	-396,604	2,202,759
29. Total General Administrative	5,447,259	791,499	3,383,622	9,622,380	0	9,622,380	-406,979	9,215,401
30. Depreciation	0	0	40,200	40,200	0	40,200	311,144	351,344
31. Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0
32. Interest	0	0	17,000	17,000	0	17,000	538,342	555,342
33. Real Estate	0	0	0	0	0	0	419,422	419,422
34. Rent - Facility & Grounds	0	0	1,851,909	1,851,909	0	1,851,909	-1,851,909	0
35. Rent - Equipment & Vehicles	0	0	10,214	10,214	0	10,214	5,130	15,344
36. Other (specify):*	0	0	0	0	0	0	0	0
37. Total Ownership	0	0	1,919,323	1,919,323	0	1,919,323	-577,871	1,341,452
38. Medically Necessary T	0	0	0	0	0	0	0	0
39. Ancillary Service Cent	0	238,368	0	238,368	0	238,368	0	238,368
40. Barber and Beauty Shop	0	0	29,498	29,498	0	29,498	0	29,498
41. Coffee and Gift Shops	0	0	8,891	8,891	0	8,891	0	8,891
42. Provider Participation	0	0	147,825	147,825	0	147,825	0	147,825
43. Other (specify):*	0	0	151,404	151,404	0	151,404	-151,404	0
44. Total Special Cost Ce	0	238,368	337,618	575,986	0	575,986	-151,404	424,582
45. Grand Total	5,447,259	1,029,867	5,640,563	12,117,689	0	12,117,689	-1,136,254	10,981,435

	After	
	Operating	Consolidation
General Service Cost Center		
1. Cash on hand and in banks	141,264	170,576
2. Cash - Patient Deposits	0	0
3. Accounts & Notes Receivable	3,174,502	3,174,502
4. Supply Inventory	0	0
5. Short-Term Investments	0	0
6. Prepaid Insurance	96,546	96,546
7. Other Prepaid Expenses	0	0
8. Accounts Receivable-Owner/Related Party	57,835	55,731
9. Other (specify):	0	0
10. Total current assets	3,470,147	3,497,355
LONG TERM ASSETS		
11. Long-Term Notes Receivable	0	0
12. Long-Term Investments	79,970	79,970
13. Land	0	797,723
14. Buildings, at Historical Cost	0	8,569,286
15. Leasehold Improvements, Historical Cost	156,927	491,946
16. Equipment, at Historical Cost	265,189	1,120,171
17. Accumulated Depreciation (book methods)	-164,051	-2,339,111
18. Deferred Charges	0	0
19. Organization & Pre-Operating Costs	0	0
20. Accum Amort - Org/Pre-Op Costs	0	0
21. Restricted Funds	0	0
22. Other Long-Term Assets (specify):	0	0
23. other (specify):	0	132,859
24. Total Long-Term Assets	338,035	8,852,844
25. Total Assets	3,808,182	12,350,199
CURRENT LIABILITIES		
26. Accounts Payable	532,458	532,458
27. Officer's Accounts Payable	0	0
28. Accounts Payable-Patients Deposits	0	0
29. Short-Term Notes Payable	0	0
30. Accrued Salaries Payable	184,099	184,099
31. Accrued Taxes Payable	5,600	5,600
32. Accrued Real Estate Taxes	0	456,000
33. Accrued Interest Payable	0	66,985
34. Deferred Compensation	0	0
35. Federal and State Income Taxes	0	0
36. Other Current Liabilities (specify):	483,172	95,604
37. Other Current Liabilities (specify):	0	0
38. Total Current Liabilities	1,205,329	1,340,746
LONG TERM LIABILITES		
39. Long-Term Notes Payable	0	0
40. Mortgage Payable	0	8,200,416
41. Bonds Payable	0	0
42. Deferred Compensation	0	0
43. Other Long-Term Liabilities (specify):	0	678,528
44. Other Long-Term Liabilities (specify):	0	0
45. Total Long-Term Liabilities	0	8,878,944
46. Total Liabilities	1,205,329	10,219,690
47. Total Equity	2,602,853	2,130,509
48. Total Liabilities and Equity	3,808,182	12,350,199

	Balance per Medicaid Trial Balance
1. Gross Revenue - All levels of Care	12,273,338
2. Discounts and Allowances for all Levels	-898,877
Subtotal - Inpatient Care	11,374,461
4. Day Care	0
5. Other Care for Outpatients	0
6. Therapy	2,093,903
7. Oxygen	1,519
Subtotal - Ancillary Revenue	2,095,422
9. Payments for Education	0
10. Other Governmental Grants	0
11. Nurses Aide Training Reimbursements	0
12. Gift and Coffee Shop	13,886
13. Barber and Beauty Care	33,687
14. Non-Patient Meals	121
15. Telephone, Television, and Radio	0
16. Rental of Facility Space	0
17. Sale of Drugs	256,460
18. Sale of Supplies to Non-Patients	0
19. Laboratory	13,863
20. Radiology and X-Ray	17,100
21. Other Medical Services	65,024
22. Laundry	4,926
Subtotal - Other Operating Revenue	405,067
24. Contributions	0
25. Interest and Other Investments Income	655
Subtotal - Non-Operating Revenue	655
27. Other Revenue (specify):	738
28. Other Revenue (specify):	0
Subtotal - Other Revenue	738
30. Total Revenue	13,876,343
31. General Services	1,567,555
32. Health Care	5,455,462
33. General Administration	2,599,363
34. Ownership	1,919,323
35. Special Cost Centers	428,161
35. Provider Participation Fee	147,825
37. Other	0
40. Total Expenses	12,117,689
41. Income Before Income Taxes	1,758,654
42. Income Taxes	0
43. Net Income or Loss for the Year	1,758,654
43. Other Long-Term Liabilities (specify):	0
44. Other Long-Term Liabilities (specify):	0
45. Total Long-Term Liabilities	0
46. Total Liabilities	1,030,207
47. Total Equity	2,829,161
48. Total Liabilities and Equity	3,859,368

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- 23 Provider Participation fee is linked from page 4