

Facility Name Heritage Woods of Watseka

Report Period Beginning: 01/01/05 Ending: 12/31/05

III. STATISTICAL DATA

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

Date of change in certified units / /

	1	2	3	4	
	Units at Beginning of Report Period	Type of Apartment	Units at End of Report Period	Unit Days During Report Period	
1	65	Single Unit Apartment	65	23,725	1
2		Double Unit Apartment			2
3		Other			3
4	65	TOTALS	65	23,725	4

B. Census-For the entire report period.

	1 Type of Unit	2 3 4 Resident Days by Unit and Primary Source of Payment			5	
		Medicaid Recipient	Private Pay	Other		
5	Single Unit	10,264	8,397		18,661	5
6	Double Unit					6
7	Other					7
8	TOTALS	10,264	8,397		18,661	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 78.66%

D. Indicate the number of paid bed-hold days the SLF had during this year 250 Also, indicate the number of unpaid bed-hold days the SLF had during this year. 12 (Do not include bed-hold days in Section B.)

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

YES NO

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

YES NO

G. List all services provided by your facility for non-residents. (E.g., day care, "meals on wheels", outpatient therapy)

H. ACCOUNTING BASIS

ACCRUAL MODIFIED CASH* CASH*

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

Tax Year: 12/31/05 Fiscal Year: 12/31/05

* All facilities other than governmental must report on the accrual basis.

J. Does the facility have any Illinois Housing Development Authority Loans outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____
If no, explain. _____

K. Does the facility have any loans from the Federal Home Loan Bank outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____
If no, explain. _____

L. Does the facility have any loans from the IL Dept of Commerce and Economic Opportunity outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____
If no, explain. _____

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage 1	Supplies 2	Other 3	Total 4			
A. General Services								
1	Dietary and Food Purchase	94,019	76,507	1,546	172,072		172,072	1
2	Housekeeping, Laundry and Maintenance	45,066	34,913		79,979		79,979	2
3	Heat and Other Utilities			79,842	79,842	(7,762)	72,080	3
4	Other (specify):			6,622	6,622		6,622	4
5	TOTAL General Services	139,085	111,420	88,010	338,515	(7,762)	330,753	5
B. Health Care and Programs								
6	Health Care/ Personal Care	197,250	930		198,180		198,180	6
7	Activities and Social Services	21,113	1,250		22,363		22,363	7
8	Other (specify):			4,025	4,025	(4,025)		8
9	TOTAL Health Care and Programs	218,363	2,180	4,025	224,568	(4,025)	220,543	9
C. General Administration								
10	Administrative and Clerical	81,331	9,884	102,159	193,374	(14,573)	178,801	10
11	Marketing Materials, Promotions and Advertising	28,896	5,696	16,561	51,153		51,153	11
12	Employee Benefits and Payroll Taxes			86,778	86,778		86,778	12
13	Insurance-Property, Liability and Malpractice			32,740	32,740		32,740	13
14	Other (specify):							14
15	TOTAL General Administration	110,227	15,580	238,238	364,045	(14,573)	349,472	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	467,675	129,180	330,273	927,128	(26,360)	900,768	16
Capital Expenses								
D. Ownership								
17	Depreciation			329,835	329,835		329,835	17
18	Interest			260,948	260,948		260,948	18
19	Real Estate Taxes			52,261	52,261		52,261	19
20	Rent -- Facility and Grounds							20
21	Rent -- Equipment							21
22	Other (specify):			12,804	12,804		12,804	22
23	TOTAL Ownership			655,848	655,848		655,848	23
24	GRAND TOTAL (Sum of lines 16 and 23)	467,675	129,180	986,121	1,582,976	(26,360)	1,556,616	24

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses	1	\$ 20.87	1
2	Licensed Practical Nurses	1	15.02	2
3	Certified Nurse Assistants	8	8.43	3
4	Activity Director & Assistants	1	10.35	4
5	Social Service Workers			5
6	Head Cook	1	10.82	6
7	Cook Helpers/Assistants	5	7.41	7
8	Dishwashers			8
9	Maintenance Workers	1	10.90	9
10	Housekeepers	1	9.59	10
11	Laundry			11
12	Managers	1	30.24	12
13	Other Administrative	1	10.38	13
14	Clerical			14
15	Marketing	1	17.14	15
16	Other			16
17	Total (lines 1 thru 16)	21	\$	17

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	None			\$	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

		Amount of Fee	
1	BMA Management, Ltd.	\$ 64,021	1
2			2
Total		\$ 64,021	3

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
Heritage Woods of Ottawa	Ottawa, IL
Heritage Woods of Flora	Flora, IL
Heritage Woods of Manteno	Manteno, IL

OTHER RELATED BUSINESS ENTITIES		
Name 3	City 4	Type of Business 5

B. Does your facility receive services from a parent organization or home office; the costs for which were not included on page 3? YES NO

Name of related entity: _____ If yes, what is the value of those services? \$ _____
 (Please attach a separate schedule itemizing those services.)

C. Does page 3 include any costs derived from transactions (including rent) with related parties? YES NO

If so, please attach a separate schedule detailing the nature of those services, their costs as they appear on your books and the underlying cost to the related party (i.e., not including markup).

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VIII. OWNERSHIP COSTS

A. Purchase price of land Donated

Year land was acquired

1999

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	65			2004	\$ 3,718,186	\$ 135,207	28	\$ 135,207	\$	\$ 208,444	1
2											2
3											3
4											4
5											5
Improvement Type											
6	Land Improvements				510,675	24,257	15	24,257		292,362	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)				\$ 4,228,861	\$ 159,464		\$ 159,464	\$	\$ 500,806	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	\$ 394,680	\$ 126,298	\$ 126,298	\$	5	\$ 599,915	18
19	Vehicles	47,678	9,536	9,536			9,536	19
20	TOTAL (lines 18 and 19)	\$ 442,358	\$ 135,834	\$ 135,834	\$		\$ 609,451	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		\$	\$	\$	21
22					22
23					23
24	TOTALS (lines 21, 22 and 23)	\$	\$	\$	24

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IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: NO LEASE - OWNERSHIP OWNS BUILDING & FIXED EQUIPMENT

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? YES NO

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

8. Is movable equipment rental included in building rental? YES NO

9. Rental amount for movable equipment \$ _____

10. If the facility rents any vehicles which are used for care-related purposes, please attach a schedule detailing the model year and make, the rental expense for this period and the use of the vehicle.

X. INTEREST EXPENSE

	1	2		3	4	6		7	8	9	
		Related**				Amount of Note					
		YES	NO			Original	Balance				
A. Directly Facility Related											
Long-Term											
1	FIRST MID-IL BANK		X	MORTGAGE LOAN	6/3/04	\$ 4,275,000	\$ 4,234,795	6/5/14	0.0600	\$ 255,840	1
2	HOMESTAR BANK		X	VAN LOAN	11/28/05	29,678	29,258	11/28/10	0.0635	159	2
3					/ /			/ /			3
Working Capital											
4					/ /			/ /			4
5					/ /			/ /			5
6					/ /			/ /			6
7	TOTAL Facility Related					\$ 4,304,678	\$ 4,264,053			\$ 255,999	7
B. Non-Facility Related											
8					/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$ 4,304,678	\$ 4,264,053			\$ 255,999	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.

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XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/05

(last day of reporting year)

	1	2	
	Operating	After Consolidation*	
A. Current Assets			
1	Cash on Hand and in Banks	\$ 136,619	\$ 1
2	Cash-Patient Deposits		2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	190,582	3
4	Supply Inventory (priced at)		4
5	Short-Term Investments		5
6	Prepaid Insurance	11,819	6
7	Other Prepaid Expenses		7
8	Accounts Receivable (owners or related parties)	52,250	8
9	Other(specify): Security Deposits - Utilities	1,311	9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 392,581	\$ 10
B. Long-Term Assets			
11	Long-Term Notes Receivable		11
12	Long-Term Investments		12
13	Land		13
14	Buildings, at Historical Cost	3,718,186	14
15	Leasehold Improvements, at Historical Cost	510,675	15
16	Equipment, at Historical Cost	837,039	16
17	Accumulated Depreciation (book methods)	(1,110,257)	17
18	Deferred Charges		18
19	Organization & Pre-Operating Costs	195,521	19
20	Accumulated Amortization - Organization & Pre-Operating Costs	(54,684)	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)	\$ 4,096,480	\$ 24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 4,489,061	\$ 25

	1	2	
	Operating	After Consolidation*	
C. Current Liabilities			
26	Accounts Payable	\$ 29,300	\$ 26
27	Officer's Accounts Payable		27
28	Accounts Payable-Patient Deposits		28
29	Short-Term Notes Payable	29,258	29
30	Accrued Salaries Payable	13,719	30
31	Accrued Taxes Payable	104,500	31
32	Accrued Interest Payable	18,795	32
33	Deferred Compensation		33
34	Federal and State Income Taxes		34
	Other Current Liabilities(specify):		
35	Accrued Liabilities	50	35
36	Security Deposits	50,862	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 246,484	\$ 37
D. Long-Term Liabilities			
38	Long-Term Notes Payable		38
39	Mortgage Payable	4,234,795	39
40	Bonds Payable		40
41	Deferred Compensation		41
	Other Long-Term Liabilities(specify):		
42			42
43			43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 4,234,795	\$ 44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 4,481,279	\$ 45
46	TOTAL EQUITY	\$ 7,782	\$ 46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 4,489,061	\$ 47

*(See instructions.)

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

		1	
Revenue		Amount	
A. SLF Resident Care			
1	Gross SLF Resident Revenue	\$ 1,316,536	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 1,316,536	3
B. Other Operating Revenue			
4	Special Services	6,515	4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	5,155	8
9	Non-Resident Meals	3,640	9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$ 15,310	11
C. Non-Operating Revenue			
12	Contributions		12
13	Interest and Other Investment Income		13
SUBTOTAL Non-Operating Revenue			
14	(sum of lines 12 and 13)	\$	14
D. Other Revenue (specify):			
15	Cable and Telephone	25,842	15
16	Deposit Revenue	400	16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 26,242	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 1,358,088	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	338,515	19
20	Health Care/ Personal Care	224,568	20
21	General Administration	364,045	21
B. Capital Expense			
22	Ownership	655,848	22
C. Other Expenses			
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
TOTAL EXPENSES			
28	(sum of lines 19 thru 27)	\$ 1,582,976	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ (224,888)	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ (224,888)	31

Operating Expenses PG 3

A. General Services - Other	\$	6,622
Exterminating	\$	730
Security and Monitoring	\$	2,636
Rubbish Removal	\$	2,133
Vehicle Expense	\$	1,123
	\$	6,622
B. Healthcare and Programs - Other	\$	4,025
Beauty Shop	\$	4,025
D. Ownership	\$	12,804
Asset Management	\$	12,804