

STATE OF ILLINOIS

Page 3

Facility Name: Heritage Woods of Watseka

Report Period Beginning:

01/01/2006

Ending: 12/31/2006

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	115,508	96,134	1,637	213,279		213,279	1
2	Housekeeping, Laundry and Maintenance	49,406	13,906	28,718	92,030		92,030	2
3	Heat and Other Utilities			86,485	86,485	(11,987)	74,498	3
4	Other (specify):			4,886	4,886		4,886	4
5	TOTAL General Services	164,914	110,040	121,726	396,680	(11,987)	384,693	5
B. Health Care and Programs								
6	Health Care/ Personal Care	245,471	2,503	5,731	253,705	(7,111)	246,594	6
7	Activities and Social Services	22,016	2,378	1,476	25,870		25,870	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	267,487	4,881	7,207	279,575	(7,111)	272,464	9
C. General Administration								
10	Administrative and Clerical	75,247	8,360	113,234	196,841	(15,648)	181,193	10
11	Marketing Materials, Promotions and Advertising	18,846	5,347	15,531	39,724		39,724	11
12	Employee Benefits and Payroll Taxes			118,482	118,482		118,482	12
13	Insurance-Property, Liability and Malpractice			37,636	37,636		37,636	13
14	Other (specify):			5,902	5,902		5,902	14
15	TOTAL General Administration	94,093	13,707	290,785	398,585	(15,648)	382,937	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	526,494	128,628	419,718	1,074,840	(34,746)	1,040,094	16
Capital Expenses								
D. Ownership								
17	Depreciation			248,073	248,073		248,073	17
18	Interest			252,483	252,483	(52)	252,431	18
19	Real Estate Taxes			56,723	56,723		56,723	19
20	Rent -- Facility and Grounds							20
21	Rent -- Equipment							21
22	Other (specify):			51,417	51,417		51,417	22
23	TOTAL Ownership			608,696	608,696	(52)	608,644	23
24	GRAND TOTAL (Sum of lines 16 and 23)	526,494	128,628	1,028,414	1,683,536	(34,798)	1,648,738	24

Facility Name: Heritage Woods of Watseka

Report Period Beginning 01/01/2006 Ending: 12/31/2006

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses	1	\$ 18.39	1
2	Licensed Practical Nurses	1	15.19	2
3	Certified Nurse Assistants	10	9.99	3
4	Activity Director & Assistants			4
5	Social Service Workers	1	10.60	5
6	Head Cook	2	9.80	6
7	Cook Helpers/Assistants	5	7.52	7
8	Dishwashers			8
9	Maintenance Workers	1	11.27	9
10	Housekeepers	2	6.87	10
11	Laundry			11
12	Managers	0	27.51	12
13	Other Administrative	0	29.97	13
14	Clerical	1	10.93	14
15	Marketing	1	17.35	15
16	Other			16
17	Total (lines 1 thru 16)	24	\$	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				\$	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

	Management fees paid to unrelated parties	Amount of Fee	
1	BMA Management, LTD	\$ 84,402	1
2			2
Total		\$ 84,402	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 Flora		Flora	
Heritage Woods of Ottawa		Ottawa	
Heritage Woods of Manteno		Manteno	

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).

Facility Name: Heritage Woods of Watseka

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	\$ 135,208	28	\$ 135,208	\$	\$ 343,652	1
2											2
3											3
4											4
5											5
Improvement Type											
6	Land Improvements				510,675	21,830	15	21,830		314,192	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	\$ 157,038		\$ 157,038	\$	\$ 657,844	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	\$ 789,361	\$ 75,779	\$ 75,799	20	5	\$ 675,694	18
19	Vehicles	47,678	15,256	15,256		5	24,792	19
20	TOTAL (lines 18 and 19)	\$ 837,039	\$ 91,035	\$ 91,055	20		\$ 700,486	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

Facility Name: Heritage Woods of Watseka

Report Period Beginning: 01/01/2006

Ending: 2/31/2006

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: None

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**				Purpose of Loan	Date of Note					Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense
		YES	NO									Original	Balance			
	A. Directly Facility Related															
	Long-Term															
1	First Mid IL Bank		X	Mortgage	6/3/04	\$ 4,275,000	\$ 4,149,934	6/5/14	0.0600	\$ 250,752	1					
2	HomeStar Bank		X	Vehicle Loan	11/28/05	29,678	24,031	11/28/10	0.0635	1,731	2					
3					/ /			/ /			3					
	Working Capital															
4					/ /			/ /			4					
5					/ /			/ /			5					
6					/ /			/ /			6					
7	TOTAL Facility Related					\$ 4,304,678	\$ 4,173,965			\$ 252,483	7					
	B. Non-Facility Related															
8					/ /			/ /			8					
9					/ /			/ /			9					
10	TOTALS (lines 7, 8 and 9)					\$ 4,304,678	\$ 4,173,965			\$ 252,483	10					

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

** If there is any overlap in ownership between the facility and the lender, this must be indicated in column 2.

STATE OF ILLINOIS

Facility Name: Heritage Woods of Watseka

Report Period Beginning: 01/01/2006

Ending:

12/31/2006

12/31/2006

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/2006

(last day of reporting year)

	1	2	
	Operating	After Consolidation*	
A. Current Assets			
1	Cash on Hand and in Banks	\$ 259,215	\$ 1
2	Cash-Patient Deposits		2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	358,542	3
4	Supply Inventory (priced at)		4
5	Short-Term Investments		5
6	Prepaid Insurance	12,424	6
7	Other Prepaid Expenses	2,866	7
8	Accounts Receivable (owners or related parties)		8
9	Other(specify):		9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 633,047	\$ 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)	(1,358,330)	17
18	Deferred Charges	154,211	18
19	Organization & Pre-Operating Costs	41,311	19
20	Accumulated Amortization - Organization & Pre-Operating Costs	(89,221)	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)	\$ 3,813,871	\$ 24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 4,446,918	\$ 25

	1	2	
	Operating	After Consolidation*	
C. Current Liabilities			
26	Accounts Payable	\$ 41,950	\$ 26
27	Officer's Accounts Payable		27
28	Accounts Payable-Patient Deposits	59,006	28
29	Short-Term Notes Payable		29
30	Accrued Salaries Payable	17,840	30
31	Accrued Taxes Payable	110,000	31
32	Accrued Interest Payable	17,758	32
33	Deferred Compensation		33
34	Federal and State Income Taxes		34
	Other Current Liabilities(specify):		
35	Accrued Liabilities & Unearned Rev	2,355	35
36			36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 248,909	\$ 37
D. Long-Term Liabilities			
38	Long-Term Notes Payable	24,031	38
39	Mortgage Payable	4,149,934	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)	\$ 4,173,965	\$ 44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 4,422,874	\$ 45
46	TOTAL EQUITY	\$ 24,044	\$ 46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 4,446,918	\$ 47

*(See instructions.)

Facility Name: Heritage Woods of Watseka

Report Period Beginning: 01/01/2006

Ending:

12/31/2006

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	\$ 1,620,669	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 1,620,669	3
B. Other Operating Revenue			
4	Special Services	27,858	4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	7,110	8
9	Non-Resident Meals	1,318	9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$ 36,286	11
C. Non-Operating Revenue			
12	Contributions		12
13	Interest and Other Investment Income	52	13
SUBTOTAL Non-Operating Revenue			
14	(sum of lines 12 and 13)	\$ 52	14
D. Other Revenue (specify):			
15	See Page 8 Attachment	42,791	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 42,791	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 1,699,798	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	396,680	19
20	Health Care/ Personal Care	279,575	20
21	General Administration	398,585	21
B. Capital Expense			
22	Ownership	608,696	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)	\$ 1,683,536	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ 16,262	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ 16,262	31

Cost Center Expenses

A. General Services - Other

Exterminating	\$	730
Rubbish Removal	\$	3,269
Vehicle Expense	\$	887
Misc Operating Expenses		
Transportation Expense		
Total	\$	4,886

C. General Administration - Other

Legal	\$	3,646
Accounting	\$	2,256
Audit		
Bad Debt		
Total	\$	5,902

D. Ownership

Financing Fees		
Letter of Credit Fee		
Bond & Draw Fee		
Remarketing & Trustee Fee		
Mortgage Service Fee		
Mortgage Insurance Premium		
Partnership Management Fee		
Asset Management Fee	\$	16,880
Incentive Manangement Fee		
Tax Credit Fee & Incentive Fee		
Organizational Expense		
Amortization Expense	\$	34,537
Gain on Sale of Asset		
Total	\$	51,417

Income Statement

D. Other Revenue

Cable	\$	15,088	Offset against expense
Convenience Store	\$	32	
Deposit Fee	\$	350	
Telephone Connection	\$	14,956	Offset against expense
Telephone Usage	\$	692	Offset against expense
Miscellaneous	\$	11,673	
Property Tax Adjustments			
	\$	42,791	