

Facility Name & ID Number Lexington of Lake Zurich

0039768 Report Period Beginning: 01/01/2006 Ending: 12/31/2006

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	213	Skilled (SNF)	213	77,745	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	213	TOTALS	213	77,745	7

B. Census-For the entire report period.

	1 Level of Care	2 3 4 5 Patient Days by Level of Care and Primary Source of Payment				
		2 Medicaid Recipient	3 Private Pay	4 Other	5 Total	
8	SNF	35,674	5,356	11,588	52,618	8
9	SNF/PED					9
10	ICF	12,822	1,888	110	14,820	10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	48,496	7,244	11,698	67,438	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 86.74%

D. How many bed-hold days during this year were paid by the Department?

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 8/20/94

J. Was the facility purchased or leased after January 1, 1978?

YES Date _____ NO

K. Was the facility certified for Medicare during the reporting year?

YES NO If YES, enter number of beds certified 213 and days of care provided 9,137

Medicare Intermediary National Government Services

IV. ACCOUNTING BASIS

ACCRUAL MODIFIED CASH* CASH*

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

Tax Year: 12/31/2006 Fiscal Year: 12/31/2006

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

Facility Name & ID Number Lexington of Lake Zurich # 0039768 Report Period Beginning: 01/01/2006 Ending: 12/31/2006

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

	Operating Expenses	Costs 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
	A. General Services										
1	Dietary	325,419	35,732	11,108	372,259		372,259		372,259		1
2	Food Purchase		295,296		295,296		295,296	(13,430)	281,866		2
3	Housekeeping	300,897	35,149		336,046		336,046	218	336,264		3
4	Laundry	67,889	18,443		86,332		86,332	1,363	87,695		4
5	Heat and Other Utilities			234,480	234,480		234,480	5,097	239,577		5
6	Maintenance	35,378		122,393	157,771		157,771	46,359	204,130		6
7	Other (specify):* Allocated Benefits							5,311	5,311		7
8	TOTAL General Services	729,583	384,620	367,981	1,482,184		1,482,184	44,918	1,527,102		8
	B. Health Care and Programs										
9	Medical Director			56,895	56,895		56,895		56,895		9
10	Nursing and Medical Records	3,614,201	224,830	376,919	4,215,950		4,215,950	92,579	4,308,529		10
10a	Therapy			776,127	776,127		776,127		776,127		10a
11	Activities	227,340	30,886	6,612	264,838		264,838		264,838		11
12	Social Services	90,323		6,604	96,927		96,927		96,927		12
13	CNA Training										13
14	Program Transportation										14
15	Other (specify):* Allocated Benefits							11,331	11,331		15
16	TOTAL Health Care and Programs	3,931,864	255,716	1,223,157	5,410,737		5,410,737	103,910	5,514,647		16
	C. General Administration										
17	Administrative	116,290		1,020,357	1,136,647		1,136,647	(923,323)	213,324		17
18	Directors Fees										18
19	Professional Services			90,190	90,190		90,190	14,122	104,312		19
20	Dues, Fees, Subscriptions & Promotions			47,175	47,175		47,175	221	47,396		20
21	Clerical & General Office Expenses	309,798	34,130	23,984	367,912		367,912	322,103	690,015		21
22	Employee Benefits & Payroll Taxes			778,881	778,881		778,881	13,375	792,256		22
23	Inservice Training & Education			845	845		845		845		23
24	Travel and Seminar			7,038	7,038		7,038	3,623	10,661		24
25	Other Admin. Staff Transportation			4,743	4,743		4,743	12,868	17,611		25
26	Insurance-Prop.Liab.Malpractice			282,201	282,201		282,201	3,563	285,764		26
27	Other (specify):* Allocated Benefits							50,691	50,691		27
28	TOTAL General Administration	426,088	34,130	2,255,414	2,715,632		2,715,632	(502,757)	2,212,875		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	5,087,535	674,466	3,846,552	9,608,553		9,608,553	(353,929)	9,254,624		29

SEE ACCOUNTANTS' COMPILATION REPORT

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

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.

Facility Name & ID Number

Lexington of Lake Zurich

#0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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			64,022	64,022		64,022	193,295	257,317			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			186,144	186,144		186,144	209,770	395,914			32
33	Real Estate Taxes							110,931	110,931			33
34	Rent-Facility & Grounds			1,308,654	1,308,654		1,308,654	(1,304,650)	4,004			34
35	Rent-Equipment & Vehicles			21,238	21,238		21,238	3,489	24,727			35
36	Other (specify):*											36
37	TOTAL Ownership			1,580,058	1,580,058		1,580,058	(787,165)	792,893			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		312,130		312,130		312,130		312,130			39
40	Barber and Beauty Shops			29,424	29,424		29,424		29,424			40
41	Coffee and Gift Shops			13,252	13,252		13,252		13,252			41
42	Provider Participation Fee			116,620	116,620		116,620		116,620			42
43	Other (specify):* Nonallowable Cost			110,378	110,378		110,378	(110,378)				43
44	TOTAL Special Cost Centers		312,130	269,674	581,804		581,804	(110,378)	471,426			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	5,087,535	986,596	5,696,284	11,770,415		11,770,415	(1,251,472)	10,518,943			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 Lake Zurich

0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	(55)	2		4
5	Telephone, TV & Radio in Resident Rooms	(4,117)	43		5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients	1,363	4		8
9	Non-Straightline Depreciation				9
10	Interest and Other Investment Income	(47)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(1,071)	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	(59,890)	43		24
25	Fund Raising, Advertising and Promotional	(19,311)	43		25
26	Income Taxes and Illinois Personal Property Replacement Tax				26
27	CNA Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule See Sch 5A	(175,835)			29
30	SUBTOTAL (A): (Sum of lines 1-29)	\$ (258,963)		\$	30

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)	(992,509)		34
35	Other- Attach Schedule			35
36	SUBTOTAL (B): (sum of lines 31-35)	\$ (992,509)		36
	(sum of SUBTOTALS			
37	TOTAL ADJUSTMENTS (A) and (B))	\$ (1,251,472)		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

BHF USE ONLY					
48		49		50	
				51	
					52

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington of Lake Zurich

Provider #: 0039768
01/01/2006 to 12/31/2006

Schedule A

VI. Adjustment Detail
Line 29 - Other

<u>Non-allowable expenses</u>	<u>Amount</u>	<u>Reference</u>
Disallow nonallowable radiology	(16,870)	43
Disallow nonallowable laboratory	(6,489)	43
Disallow nonallowable shareholder interest	(148,279)	32
Disallow nonallowable trust fees	(75)	43
Personal Item Replacement	(495)	43
Collections	(2,135)	43
Disallow out of period legal fees	(125)	19
Disallow non-allowable chamber of commerce dues	(1,180)	20
Disallow nonallowable travel and entertainment	(187)	43
	<u>(175,835)</u>	

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington of Lake Zurich

ID# 0039768

Report Period Beginning: 01/01/2006

Ending: 12/31/2006

NON-ALLOWABLE EXPENSES		Amount	Sch. V Line 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

STATE OF ILLINOIS

Summary A

Facility Name & ID Number Lexington of Lake Zurich# 0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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

	Operating Expenses	PAGES	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	SUMMARY	
	A. General Services	5 & 5A	6	6A	6B	6C	6D	6E	6F	6G	6H	6I	TOTALS	
													(to Sch V, col.7)	
1	Dietary	0	0	0	0	0	0	0	0	0	0	0	0	1
2	Food Purchase	(55)	0	0	0	0	0	0	0	0	0	0	(55)	2
3	Housekeeping	0	0	218	0	0	0	0	0	0	0	0	218	3
4	Laundry	1,363	0	0	0	0	0	0	0	0	0	0	1,363	4
5	Heat and Other Utilities	0	0	5,097	0	0	0	0	0	0	0	0	5,097	5
6	Maintenance	0	0	46,359	0	0	0	0	0	0	0	0	46,359	6
7	Other (specify):*	0	0	5,311	0	0	0	0	0	0	0	0	5,311	7
8	TOTAL General Services	1,308	0	56,985	0	0	0	0	0	0	0	0	58,293	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	3,030	89,549	0	0	0	0	0	0	0	92,579	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	CNA 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	11,331	0	0	0	0	0	0	0	11,331	15
16	TOTAL Health Care and Programs	0	0	3,030	100,880	0	103,910	16						
	C. General Administration													
17	Administrative	0	0	97,034	(1,020,357)	0	0	0	0	0	0	0	(923,323)	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	0	280	13,967	0	0	0	0	0	0	0	0	14,247	19
20	Fees, Subscriptions & Promotions	0	0	1,401	0	0	0	0	0	0	0	0	1,401	20
21	Clerical & General Office Expenses	0	0	322,103	0	0	0	0	0	0	0	0	322,103	21
22	Employee Benefits & Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0	22
23	Inservice Training & Education	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Travel and Seminar	0	0	3,623	0	0	0	0	0	0	0	0	3,623	24
25	Other Admin. Staff Transportation	0	0	14,777	0	0	0	0	0	0	0	0	14,777	25
26	Insurance-Prop.Liab.Malpractice	0	0	3,563	0	0	0	0	0	0	0	0	3,563	26
27	Other (specify):*	0	0	0	50,691	0	0	0	0	0	0	0	50,691	27
28	TOTAL General Administration	0	280	456,468	(969,666)	0	(512,918)	28						
29	TOTAL Operating Expense (sum of lines 8,16 & 28)	1,308	280	516,483	(868,786)	0	(350,715)	29						

STATE OF ILLINOIS

Summary B

Facility Name & ID Number Lexington of Lake Zurich# 0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	162,330	0	30,965	0	0	0	0	0	0	0	193,295	30
31	Amortization of Pre-Op. & Org.	0	0	0	0	0	0	0	0	0	0	0	0	31
32	Interest	(47)	340,499	0	17,597	0	0	0	0	0	0	0	358,049	32
33	Real Estate Taxes	0	108,380	0	2,551	0	0	0	0	0	0	0	110,931	33
34	Rent-Facility & Grounds	0	(1,308,654)	0	4,004	0	0	0	0	0	0	0	(1,304,650)	34
35	Rent-Equipment & Vehicles	0	0	0	1,580	0	0	0	0	0	0	0	1,580	35
36	Other (specify):*	0	0	0	0	0	0	0	0	0	0	0	0	36
37	TOTAL Ownership	(47)	(697,445)	0	56,697	0	0	0	0	0	0	0	(640,795)	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):*	(84,389)	75	0	187	0	0	0	0	0	0	0	(84,127)	43
44	TOTAL Special Cost Centers	(84,389)	75	0	187	0	0	0	0	0	0	0	(84,127)	44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	(83,128)	(697,090)	516,483	(811,902)	0	0	0	0	0	0	0	(1,075,637)	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	33.33%			Lexington Health Care Systems of		
John Samatas Discretionary Trust	33.33%	See attached Schedule B		Lake Zurich Ltd Ptsp	Lake Zurich	Real estate ptsp.
Cynthia Thiem Discretionary Trust	33.33%			Royal Mgmt. Corp.	Lombard	Mgmt. Co
				Lexington Financial		
				Services II, 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	19 Professional fees	\$	Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	\$ 280	\$ 280	1	
2	V	30 Depreciation		Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	162,330	162,330	2	
3	V	32 Interest expense		Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	336,922	336,922	3	
4	V	32 Amortization of mortgage cost		Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	3,577	3,577	4	
5	V	33 Property taxes		Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	108,380	108,380	5	
6	V	34 Rental expense	1,308,654	Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**		(1,308,654)	6	
7	V	43 Trust fees		Lexington Health Care Systems of Lake Zurich Ltd Ptsp	**	75	75	7	
8	V							8	
9	V							9	
10	V							10	
11	V	** The owners of Lexington Health Care Center of Lake Zurich, Inc. own 100% of Lexington Health Care Systems of Lake Zurich Limited Partnership.							11
12	V							12	
13	V							13	
14	Total		\$ 1,308,654			\$ 611,564	\$ * (697,090)	14	

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

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.	**	\$ 218	\$	218	15	
16	V	5 Utilities - gas & electric		Royal Management Corp.	**	4,128		4,128	16	
17	V	5 Utilities - water & sewer		Royal Management Corp.	**	130		130	17	
18	V	5 Utilities - maintenance office		Royal Management Corp.	**	839		839	18	
19	V	6 Management allocation - salaries		Royal Management Corp.	**	41,974		41,974	19	
20	V	6 Repairs & maintenance		Royal Management Corp.	**	4,242		4,242	20	
21	V	6 Scavenger & exterminating		Royal Management Corp.	**	143		143	21	
22	V	7 Management allocation - employee benefits		Royal Management Corp.	**	5,311		5,311	22	
23	V	10 Medical consultant		Royal Management Corp.	**	3,030		3,030	23	
24	V	17 Management allocation - salaries		Royal Management Corp.	**	97,034		97,034	24	
25	V	19 Computer consultant & supplies		Royal Management Corp.	**	7,902		7,902	25	
26	V	19 Professional fees		Royal Management Corp.	**	6,065		6,065	26	
27	V	20 Dues & subscriptions		Royal Management Corp.	**	828		828	27	
28	V	20 Advertising - help wanted		Royal Management Corp.	**	573		573	28	
29	V	21 Management allocation - salaries		Royal Management Corp.	**	303,565		303,565	29	
30	V	21 Bank charges		Royal Management Corp.	**	405		405	30	
31	V	21 Office supplies & printing		Royal Management Corp.	**	9,678		9,678	31	
32	V	21 Postage		Royal Management Corp.	**	3,338		3,338	32	
33	V	21 Telephone		Royal Management Corp.	**	5,117		5,117	33	
34	V	24 Travel & seminar		Royal Management Corp.	**	3,623		3,623	34	
35	V	25 Auto expense		Royal Management Corp.	**	14,777		14,777	35	
36	V	26 Insurance general		Royal Management Corp.	**	3,563		3,563	36	
37	V								37	
38	V	** Certain owners of Lexington Health Care Center of Lake Zurich, Inc. own 100% of Royal Management Corp.								38
39	Total		\$			\$ 516,483	\$ *	516,483	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	27 Management allocation - employee h	\$	Royal Management Corp.	**	\$ 50,691	\$ 50,691
16	V	30 Depreciation - vehicles		Royal Management Corp.	**	4,779	4,779
17	V	30 Depreciation - leasehold improv.		Royal Management Corp.	**	6,623	6,623
18	V	30 Depreciation - equipment		Royal Management Corp.	**	19,563	19,563
19	V	32 Interest		Royal Management Corp.	**	17,566	17,566
20	V	32 Amortization of mortgage costs		Royal Management Corp.	**	31	31
21	V	33 Property taxes		Royal Management Corp.	**	2,551	2,551
22	V	34 Rent expense		Royal Management Corp.	**	4,004	4,004
23	V	35 Equipment rental		Royal Management Corp.	**	1,580	1,580
24	V	43 Travel & entertainment		Royal Management Corp.	**	187	187
25	V	17 Management fees	1,020,357	Royal Management Corp.	**		(1,020,357)
26	V	10 Management allocation - salaries		Royal Management Corp.	**	89,549	89,549
27	V	15 Management allocation - employee benefits		Royal Management Corp.	**	11,331	11,331
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 Lake Zurich, Inc. own 100% of Royal Management Corp.					
39	Total		\$ 1,020,357			\$ 208,455	\$ * (811,902)

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

Lexington of Lake Zurich
Provider #0039768
1/1/06 - 12/31/06

Schedule B

VII. Related Parties
Related Nursing Homes

Name of facility

City

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 Schaumburg, Inc.	Schaumburg
Lexington Health Care Center of Streamwood, Inc.	Streamwood
Lexington Health Care Center of Wheeling, Inc.	Wheeling
Lexington Health Care Center of Orland Park, Inc.	Orland Park

See Accountants' Compilation Report

Facility Name & ID Number

Lexington of Lake Zurich

0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	33.33%	See Schedule C	4.2	10.00	Salary	\$ 32,785	L17, C7	1
2	John Samatas	Owner/officer	Admin/Plant Ops	33.33%	See Schedule C	4.2	10.00	Salary	23,418	L17, C7	2
3	Cynthia Thiem	Owner/officer	Administrative	33.34%	See Schedule C	4.2	10.00	Salary	23,418	L17, C7	3
4	Jason Samatas	VP of Operations	Administrative	0.00%	See Schedule C	4.2	10.00	Salary	17,413	L17, C7	4
5	Daniel Thiem	Staff Accountant	Accounting	0.00%	See Schedule C	2.1	5.00	Salary	3,953	L21,C7	5
6	Jeremy Samatas	Corporate Director	Quality Assurance	0.00%	See Schedule C	4.2	10.00	Salary	9,514	L10,C7	6
7											7
8						All individuals work in excess of 40 hours per week.					8
9											9
10											10
11											11
12											12
13								TOTAL	\$ 110,501		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 Lake Zurich# 0039768

Report Period Beginning:

01/01/2006Ending: 2/31/2006

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

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

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

1 Schedule V Line Reference	2 Item	3 Unit of Allocation (i.e., Days, Direct Cost, Square Feet)	4 Total Units	5 Number of Subunits Being Allocated Among	6 Total Indirect Cost Being Allocated	7 Amount of Salary Cost Contained in Column 6	8 Facility Units	9 Allocation (col.8/col.4)x col.6	
1	3	Housekeeping supplies	Bed Days	744,965	10	\$ 2,086	\$ 77,745	\$ 218	1
2	5	Utilities - gas & electric	Bed Days	744,965	10	39,549	77,745	4,128	2
3	5	Utilities - water & sewer	Bed Days	744,965	10	1,244	77,745	130	3
4	5	Utilities - maintenance office	Bed Days	744,965	10	8,043	77,745	839	4
5	6	Management allocation - salaries	Bed Days	744,965	10	402,200	402,200	41,974	5
6	6	Repairs & maintenance	Bed Days	744,965	10	40,648	77,745	4,242	6
7	6	Scavenger & exterminating	Bed Days	744,965	10	1,366	77,745	143	7
8	7	Management allocation - employee	Bed Days	744,965	10	50,893	77,745	5,311	8
9	10	Medical consultant	Bed Days	744,965	10	29,034	77,745	3,030	9
10	17	Management allocation - salaries	Bed Days	744,965	10	929,789	929,789	97,034	10
11	19	Computer consultant & supplies	Bed Days	744,965	10	75,717	77,745	7,902	11
12	19	Professional fees	Bed Days	744,965	10	58,113	77,745	6,065	12
13	20	Dues & subscriptions	Bed Days	744,965	10	7,935	77,745	828	13
14	20	Advertising - help wanted	Bed Days	744,965	10	5,488	77,745	573	14
15	21	Management allocation - salaries	Bed Days	744,965	10	2,908,810	2,908,810	303,565	15
16	21	Bank charges	Bed Days	744,965	10	3,883	77,745	405	16
17	21	Office supplies & printing	Bed Days	744,965	10	92,737	77,745	9,678	17
18	21	Postage	Bed Days	744,965	10	31,985	77,745	3,338	18
19	21	Telephone	Bed Days	744,965	10	49,035	77,745	5,117	19
20	24	Travel and seminar	Bed Days	744,965	10	34,717	77,745	3,623	20
21	25	Auto expense	Bed Days	744,965	10	141,593	77,745	14,777	21
22	26	Insurance general	Bed Days	744,965	10	34,142	77,745	3,563	22
23	27	Management allocation - employee	Bed Days	744,965	10	485,728	77,745	50,691	23
24	30	Depreciation - vehicles	Bed Days	744,965	10	45,792	77,745	4,779	24
25	TOTALS					\$ 5,480,527	\$ 4,240,799	\$ 571,953	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Lake Zurich

0039768

Report Period Beginning:

01/01/2006

Ending: 2/31/2006

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

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

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

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	30	Depreciation - leasehold improv.	Bed Days	744,965	10	\$ 63,466	\$ 77,745	\$ 6,623	1
2	30	Depreciation - equipment	Bed Days	744,965	10	187,456	77,745	19,563	2
3	32	Interest	Bed Days	744,965	10	168,318	77,745	17,566	3
4	32	Amortization of mortgage costs	Bed Days	744,965	10	299	77,745	31	4
5	33	Property taxes	Bed Days	744,965	10	24,448	77,745	2,551	5
6	34	Rent expense	Bed Days	744,965	10	38,371	77,745	4,004	6
7	35	Equipment rental	Bed Days	744,965	10	15,142	77,745	1,580	7
8	43	Travel and entertainment	Bed Days	744,965	10	1,795	77,745	187	8
9	10	Management allocation - salaries	Bed Days	744,965	10	858,074	858,074	89,549	9
10	15	Management allocation - employee	Bed Days	744,965	10	108,579	77,745	11,331	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					\$ 1,465,948	\$ 858,074	\$ 152,985	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number

Lexington of Lake Zurich

0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	Name of Lender	2		3	4	5	6		7	8	9	10						
		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											Original	Balance			
	A. Directly Facility Related																	
	Long-Term																	
1	Lexington Financial						\$	\$			\$	1						
2	Services II, LLC	X		Mortgage	\$49,256.00	12/29/98	6,478,000	4,874,194	12/29/08	0.0675	336,922	2						
3												3						
4												4						
5												5						
	Working Capital																	
6	Shareholders	X		Working Capital	None	Varies	270,033	2,861,506	Demand	Various	148,279	6						
7	LaSalle Bank, NA		X	Line of Credit	Varies	12/1/02	750,000	610,000	05/31/07	Prime	37,865	7						
8												8						
9	TOTAL Facility Related				\$49,256.00		\$ 7,498,033	\$ 8,345,700			\$ 523,066	9						
	B. Non-Facility Related*																	
10								Amortization of loan cost			3,577	10						
11								Interest Income offset			(47)	11						
12								Allocated from Management Co.			17,597	12						
13								Nonallowable shareholder interest			(148,279)	13						
14	TOTAL Non-Facility Related						\$	\$			\$ (127,152)	14						
15	TOTALS (line 9+line14)						\$ 7,498,033	\$ 8,345,700			\$ 395,914	15						

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. \$ None 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:** 2005 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 2005 real estate tax costs, as well as copies of your original real estate tax bills for calendar 2005.

Please complete the Real Estate Tax Statement below and forward with a copy of your 2005 real estate tax bill to Healthcare and Family Services, Bureau of Health Finance, 201 South Grand Avenue East, Springfield, Illinois 62763.

Please send these items in with your completed 2006 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, please call the Bureau of Health Finance at (217) 782-1630.

2005 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME Lexington of Lake Zurich COUNTY Lake

FACILITY IDPH LICENSE NUMBER 0039768

CONTACT PERSON REGARDING THIS REPORT Susan Rojek

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

A. Summary of Real Estate Tax Cost

Enter the tax index number and real estate tax assessed for 2005 on the lines provided below. Enter only the portion of the cost that applies to the operation of the nursing home in Column D. Real estate tax applicable to any portion of the nursing home property which is vacant, rented to other organizations, or used for purposes other than long term care must not be entered in Column D. Do not include cost for any period other than calendar year 2005.

(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>14-28-100-020</u>	<u>Nursing Facility</u>	\$ <u>104,195.00</u>	\$ <u>104,195.00</u>
2. <u>14-29-200-033</u>	<u>Nursing Facility</u>	\$ <u>6,859.00</u>	\$ <u>6,859.00</u>
3. <u>Royal Management Corp. (Samvest of Lombard II)</u>		\$ _____	\$ _____
4. <u>05-01-202-019</u>		\$ <u>126,204.00</u>	\$ <u>2,551.00</u>
5. _____		\$ _____	\$ _____
6. _____		\$ _____	\$ _____
7. _____		\$ _____	\$ _____
8. _____		\$ _____	\$ _____
9. _____		\$ _____	\$ _____
10. _____		\$ _____	\$ _____
TOTALS		\$ <u>237,258.00</u>	\$ <u>113,605.00</u>

B. Real Estate Tax Cost Allocations

Does any portion of the tax bill apply to more than one nursing home, vacant property, or property which is not directly 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 home. (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 original 2005 tax bills which were listed in Section A to this statement. Be sure to use the 2005 tax bill which is normally paid during 2006.

PLEASE NOTE: Payment information from the Internet or otherwise is not considered acceptable tax bill documentation. Facilities located in Cook County are required to provide copies of their original **second installment** tax bill.

Facility Name & ID Number Lexington of Lake Zurich

0039768

Report Period Beginning:

01/01/2006 Ending:

12/31/2006

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 78,901 B. General Construction Type: Exterior Brick Frame Steel Number of Stories 3

C. 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 grounds (such as, but not limited to, apartments, assisted living facilities, day training facilities, day care, independent living facilities, CNA training facilities, etc.) List entity name, type of business, square footage, and number of beds/units available (where applicable).

N/A

F. 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: _____ 2. Number of Years Over Which it is Being Amortized: _____

3. Current Period Amortization: _____ 4. Dates Incurred: _____

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>250,344</u>	<u>1990</u>	<u>\$ 495,000</u>	<u>1</u>
2	<u>Allocated from management company</u>			<u>16,025</u>	<u>2</u>
3	TOTALS	250,344		\$ 511,025	3

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Lake Zurich# 0039768

Report Period Beginning:

01/01/2006 Ending: 12/31/2006

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 BHF USE ONLY	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation	
4	203		1994	1994	\$ 6,418,908	\$	40	\$ 160,473	\$ 160,473	\$ 1,979,163	4
5	10		2003	2003							5
6											6
7											7
8											8
	Improvement Type**										
9	Land Improvements		1994		10,701		10			10,701	9
10	Land Improvements		1994		13,330		10			13,330	10
11	Leasehold Improvements		1994		4,737	316	15	316		3,948	11
12	Leasehold Improvements		1995		4,005	267	15	267		3,072	12
13	Land Improvements		1995		3,221		10			3,221	13
14	Building Improvements		1995		3,019		40	75	75	868	14
15	Building Improvements		1995		64,500	1,654	39	1,654		19,366	15
16	Patio		1996		1,168	78	15	78		818	16
17	Compressor		1996		5,145	257	10	257		5,145	17
18	Road sidewalk		1997		18,094		20	905	905	8,595	18
19	Foundation/Sprinkler		1997		2,068	59	35	59		561	19
20	Flagpoles		1997		1,573	105	15	105		996	20
21	Basement rehab		1998		12,867	1,287	10	1,287		10,937	21
22	MDS Telnet wiring		1998		3,365	337	10	337		2,861	22
23	Flag Pole		1998		787	52	15	52		445	23
24	Resurface/restripe parking lot		1998		4,976	498	10	498		4,231	24
25	Transfer 10 beds from shelter care		1998		2,259	57	40	57		462	25
26	1st floor lobby tile		1999		12,153	1,215	10	1,215		9,115	26
27	Parking lot repair		2000		3,740	374	10	374		2,431	27
28	Roof repair		2000		10,770	1,077	10	1,077		7,001	28
29	Automatic door		2000		1,300	130	10	130		845	29
30	Kitchen rehab		2000		16,887	1,689	10	1,689		10,977	30
31	Compressor		2001		4,350	435	10	435		2,392	31
32	Boiler vent		2001		3,228	323	10	323		1,776	32
33	Fire pump		2001		1,766	177	10	177		972	33
34	Kitchen rehab		2001		721	72	10	72		396	34
35	Elevator infrared curtains		2001		4,500	450	10	450		2,475	35
36	Therapy room rehab - lower level		2004		64,473	3,224	20	3,224		7,522	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 Lake Zurich

0039768

Report Period Beginning:

01/01/2006 Ending: 12/31/2006

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	Elevator Upgrade	2004	\$ 3,486	\$ 174	20	\$ 174	\$	\$ 363	37
38	HVAC Compressor	2004	11,845	592	20	592		1,332	38
39	Sidewalk, raise and support	2005	700	35	20	35		47	39
40	Pavement for parking lot	2005	6,650	333	20	333		527	40
41	Water softner	2005	2,635	132	20	132		253	41
42	Plumbing and sprinkler	2005	4,469	223	20	223		428	42
43	Lobby and lounge rehab	2005	44,560	2,228	20	2,228		4,270	43
44	Therapy room rehab	2005	1,721	86	20	86		108	44
45	First floor therapy room	2005	42,424	2,121	20	2,121		3,576	45
46	Transitional unit	2005	9,898	495	20	495		660	46
47	Countertop	2005	845	169	5	169		282	47
48	Wallcovering	2005	439	88	5	88		110	48
49	Panel Brick Replacement	2006	16,001	333	20	333		333	49
50	Landscaping Improvement	2006	4,640	464	5	464		464	50
51	HVAC	2006	3,999	33	10	33		33	51
52	Kitchen Rehab	2006	2,553	191	10	191		191	52
53	Wall Mounted Cabinets	2006	10,451	348	10	348		348	53
54	Therapy room rehab	2006	2,829	47	10	47		47	54
55	Solo step install	2006	3,689	61	10	61		61	55
56	Transitional unit	2006	31,685	132	20	132		132	56
57	Employee Lunchroom rehab	2006	1,766	59	10	59		59	57
58	Fine Dining	2006	22,517	375	20	375		375	58
59	Land Improvements	2006	542	18	15	18		18	59
60									60
61									61
62									62
63									63
64	Land improvements - management company	2002	25,257		15	463	463	7,058	64
65	Building - management company	2002	196,500		40	4,912	4,912	24,153	65
66	HVAC, electrical, security system - management company	2003	1,948		30	136	136	456	66
67	Key card system - management company	2004	306		20	15	15	37	67
68	VAV TX controls - management company	2005	93		20	5	5	9	68
69	Building improvements - management company	2006	68		20	1	1	1	69
70	TOTAL (lines 4 thru 69)		\$ 7,153,127	\$ 22,870		\$ 189,855	\$ 166,985	\$ 2,160,353	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	\$ 265,946	\$ 31,227	\$ 31,227	\$	3-10	\$ 80,038	71
72	Current Year Purchases	142,515	7,424	7,424		5 years	7,424	72
73	Fully Depreciated Assets	65,861					65,861	73
74	Allocated from management company	178,889		24,405	24,405		122,892	74
75	TOTALS	\$ 653,211	\$ 38,651	\$ 63,056	\$ 24,405		\$ 276,215	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			52,009		4,406	4,406		35,577	79
80	TOTALS			\$ 52,009	\$	\$ 4,406	\$ 4,406		\$ 35,577	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)	\$ 8,369,372	81
82	Current Book Depreciation	(line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 61,521	82
83	Straight Line Depreciation	(line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 257,317	83**
84	Adjustments	(line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ 195,796	84
85	Accumulated Depreciation	(line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 2,472,145	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	N/A				87
88					88
89					89
90					90
91	TOTALS	\$	\$	\$	91

G. Construction-in-Progress

	Description	Cost	
92	First floor remodel	\$ 352,788	92
93			93
94			94
95		\$ 352,788	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.

SEE ACCOUNTANTS' COMPILATION REPORT

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 Original Lease Date	4 Rental Amount	5 Total Years of Lease	6 Total Years Renewal Option*	
3	Original Building:				\$ _____			3
4	Additions							4
5								5
6		<u>Allocated from management company</u>			<u>4,004</u>			6
7	TOTAL				\$ <u>4,004</u>			7

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: \$ 22,818 Description: Copier: 8,281; Mailing System: \$179; Medical: \$12,778; Allocation from Mgmt. Co: \$1,580

(Attach a schedule detailing the breakdown of movable equipment)

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	<u>Allocation from Management Company</u>			<u>1,909</u>	20
21	TOTAL		\$ _____	\$ <u>1,909</u>	21

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. _____ /2007 \$ _____

13. _____ /2008 \$ _____

14. _____ /2009 \$ _____

* 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.

XIII. EXPENSES RELATING TO CERTIFIED NURSE AIDE (CNA) TRAINING PROGRAMS (See instructions.)

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

<p>1. HAVE YOU TRAINED CNAs DURING THIS REPORT PERIOD?</p> <p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>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>	<p>2. CLASSROOM PORTION:</p> <p>IN-HOUSE PROGRAM <input type="checkbox"/></p> <p>IN OTHER FACILITY <input type="checkbox"/></p> <p>COMMUNITY COLLEGE <input type="checkbox"/></p> <p>HOURS PER CNA _____</p>	<p>3. CLINICAL PORTION:</p> <p>IN-HOUSE PROGRAM <input type="checkbox"/></p> <p>IN OTHER FACILITY <input type="checkbox"/></p> <p>HOURS PER CNA _____</p>
--	---	--

B. EXPENSES

ALLOCATION OF COSTS (d)

		Facility		3	4
		1	2		
		Drop-outs	Completed	Contract	Total
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	CNA Competency Tests				
9	TOTALS	\$	\$	\$	\$
10	SUM OF line 9, col. 1 and 2 (e)	\$			

C. CONTRACTUAL INCOME

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

\$

D. NUMBER OF CNAs TRAINED

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

- (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 CNA 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 CNAs.

- (e) The total amount of Drop-out and Completed Costs for your own CNAs 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 CNAs.
- 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	\$	6,094	\$ 272,027	\$	6,094	\$ 272,027	1
2	Licensed Speech and Language Development Therapist	L10A,C3	hrs		1,008	65,222		1,008	65,222	2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	L10A,C3	hrs		9,525	438,878		9,525	438,878	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 prescrpts				312,130		312,130	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Exceptional Care Program									12
13	Other (specify):									13
14	TOTAL			\$	16,627	\$ 776,127	\$ 312,130	16,627	\$ 1,088,257	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 CNAs, who help with the above activities should not be listed on this schedule.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Lake Zurich
 XV. BALANCE SHEET - Unrestricted Operating Fund.

0039768
 As of 12/31/2006

Report Period Beginning: 01/01/2006
 (last day of reporting year)

Ending: 12/31/2006

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

		1 Operating	2 After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ (90,092)	\$ (53,842)	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance <u>831,800</u>)	2,154,183	2,181,600	3
4	Supply Inventory (priced at _____)			4
5	Short-Term Investments			5
6	Prepaid Insurance	130,894	130,894	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	194	194	8
9	Other(specify): <u>Escrows</u>		70,135	9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 2,195,179	\$ 2,328,981	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments	11,307	11,307	12
13	Land		511,025	13
14	Buildings, at Historical Cost		6,418,908	14
15	Leasehold Improvements, at Historical Cost	488,935	734,219	15
16	Equipment, at Historical Cost	464,196	705,220	16
17	Accumulated Depreciation (book methods)	(318,371)	(2,472,145)	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 (spec <u>Due fr. ins. Carrier</u>	524	524	22
23	Other(specify): <u>Unamortized loan costs</u>	352,788	395,720	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 999,379	\$ 6,304,778	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 3,194,558	\$ 8,633,759	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 242,686	\$ 242,686	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable	3,471,506	3,471,506	29
30	Accrued Salaries Payable	135,298	135,298	30
31	Accrued Taxes Payable (excluding real estate taxes)	8,391	8,391	31
32	Accrued Real Estate Taxes(Sch.IX-B)		114,000	32
33	Accrued Interest Payable			33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
	Other Current Liabilities(specify):			
36	<u>See Schedule 17A</u>	2,505,519	466,133	36
37				37
38	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 6,363,400	\$ 4,438,014	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable			39
40	Mortgage Payable			40
41	Bonds Payable		4,874,194	41
42	Deferred Compensation			42
	Other Long-Term Liabilities(specify):			
43				43
44				44
45	TOTAL Long-Term Liabilities (sum of lines 39 thru 44)	\$	\$ 4,874,194	45
46	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 6,363,400	\$ 9,312,208	46
47	TOTAL EQUITY (page 18, line 24)	\$ (3,168,842)	\$ (678,449)	47
48	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 3,194,558	\$ 8,633,759	48

Lexington of Lake Zurich
Provider # 0039768
1/1/06 - 12/31/06

Schedule 17A

XV. Balance Sheet

C. Current Liabilities

36. Other Current Liabilities

<u>Description</u>	<u>Operating</u>	<u>After Consolidation</u>
Due to Royal	6,874	6,874
Due to/From Streamwood	2,962	2,962
Due to/From La Grange	1,526	1,526
Due to/From Wheeling	(439)	(439)
State income tax withheld	6	6
Bond withholding	1,284	1,284
401K withholding	5,057	5,057
Accrued 401K	8,949	8,949
Due to republic construction	7,809	7,809
Accrued Expenses	374,660	374,660
Accrued Royal General Mgmt Fees	11,059	11,059
Accrued Rent	2,039,386	-
Accrued Wage Assignments	(12)	(12)
Advance Biweekly Part A Payment	46,398	46,398
Total line 36	<u>2,505,519</u>	<u>466,133</u>

See Accountants' Compilation Report

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	Balance at Beginning of Year, as Previously Reported	\$ (2,471,685)	1
2	Restatements (describe):		2
3			3
4	<u>Post closing entries</u>	(20,783)	4
5			5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ (2,492,468)	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	(676,374)	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	()	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)	\$ (676,374)	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)	\$ (3,168,842)	24 *

Operating Entity Only

* This must agree with page 17, line 47.

SEE ACCOUNTANTS' COMPILATION REPORT

**XVII. 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	\$ 14,653,090	1
2	Discounts and Allowances for all Levels	(5,982,408)	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 8,670,682	3
	B. Ancillary Revenue		
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	1,474,659	6
7	Oxygen	21	7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 1,474,680	8
	C. Other Operating Revenue		
9	Payments for Education		9
10	Other Government Grants		10
11	CNA Training Reimbursements		11
12	Gift and Coffee Shop	17,035	12
13	Barber and Beauty Care	33,768	13
14	Non-Patient Meals	55	14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	730,163	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	38,531	19
20	Radiology and X-Ray	29,126	20
21	Other Medical Services	99,260	21
22	Laundry	(1,363)	22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$ 946,575	23
	D. Non-Operating Revenue		
24	Contributions		24
25	Interest and Other Investment Income***	47	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 47	26
	E. Other Revenue (specify):****		
27	Settlement Income (Insurance, Legal, Etc.)		27
28	<u>Investment Income</u>	2,057	28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$ 2,057	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 11,094,041	30

2

	Expenses	Amount	
	A. Operating Expenses		
31	General Services	1,482,184	31
32	Health Care	5,410,737	32
33	General Administration	2,715,632	33
	B. Capital Expense		
34	Ownership	1,580,058	34
	C. Ancillary Expense		
35	Special Cost Centers	465,184	35
36	Provider Participation Fee	116,620	36
	D. Other Expenses (specify):		
37			37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 11,770,415	40
41	Income before Income Taxes (line 30 minus line 40)**	(676,374)	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ (676,374)	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 is a cash basis taxpayer.

*** 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 Lake Zurich

0039768

Report Period Beginning:

01/01/2006

Ending:

12/31/2006

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	2,074	2,304	\$ 113,922	\$ 49.45	1
2	Assistant Director of Nursing	5,298	5,777	205,312	35.54	2
3	Registered Nurses	37,413	41,845	1,344,617	32.13	3
4	Licensed Practical Nurses	14,602	16,019	404,189	25.23	4
5	CNAs & Orderlies	104,002	109,795	1,338,380	12.19	5
6	CNA Trainees					6
7	Licensed Therapist					7
8	Rehab/Therapy Aides	13,522	14,566	184,094	12.64	8
9	Activity Director	2,060	2,156	34,220	15.87	9
10	Activity Assistants	18,654	19,817	193,120	9.75	10
11	Social Service Workers	3,894	4,280	90,323	21.10	11
12	Dietician	1,936	2,072	31,858	15.38	12
13	Food Service Supervisor	1,825	1,965	28,782	14.65	13
14	Head Cook	1,881	2,152	27,338	12.70	14
15	Cook Helpers/Assistants	14,566	15,866	127,329	8.03	15
16	Dishwashers	15,281	16,143	110,112	6.82	16
17	Maintenance Workers	1,971	2,172	35,378	16.29	17
18	Housekeepers	38,702	41,265	300,897	7.29	18
19	Laundry	9,629	10,149	67,889	6.69	19
20	Administrator	2,006	2,219	116,290	52.41	20
21	Assistant Administrator					21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	18,065	19,301	309,798	16.05	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	1,626	1,725	23,687	13.73	31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	309,007	331,588	\$ 5,087,535 *	\$ 15.34	34

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

** See instructions.

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	233	\$ 11,108	L1,C3	35
36	Medical Director	Monthly	56,895	L9,C3	36
37	Medical Records Consultant	24	1,537	L10,C3	37
38	Nurse Consultant				38
39	Pharmacist Consultant	Monthly	2,400	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	110	5,331	L11,C3	44
45	Social Service Consultant	96	4,810	L12,C3	45
46	Other(specify) <u>Psychosocial</u>	35	1,794	L12,C3	46
47					47
48					48
49	TOTAL (lines 35 - 48)	498	\$ 83,875		49

C. CONTRACT NURSES

	1	2	3		
	Number of Hrs. Paid & Accrued	Total Contract Wages	Schedule V Line & Column Reference		
50	Registered Nurses	5,305	\$ 269,618	L10,C3	50
51	Licensed Practical Nurses	2,109	88,652	L10,C3	51
52	Certified Nurse Assistants/Aides				52
53	TOTAL (lines 50 - 52)	7,414	\$ 358,270		53

SEE ACCOUNTANTS' COMPILATION REPORT

XIX. SUPPORT SCHEDULES

A. Administrative Salaries			Ownership	D. Employee Benefits and Payroll Taxes			F. Dues, Fees, Subscriptions and Promotions		
Name	Function	%	Amount	Description	Amount	Description	Amount		
<u>Gina McCarthy</u>	<u>Administrator</u>	<u>0</u>	\$ <u>116,290</u>	<u>Workers' Compensation Insurance</u>	\$ <u>55,665</u>	<u>IDPH License Fee</u>	\$ <u>995</u>		
				<u>Unemployment Compensation Insurance</u>	<u>84,847</u>	<u>Advertising: Employee Recruitment</u>	<u>36,582</u>		
				<u>FICA Taxes</u>	<u>369,725</u>	<u>Health Care Worker Background Check</u>	<u>1,550</u>		
				<u>Employee Health Insurance</u>	<u>225,046</u>	(Indicate # of checks performed <u>155</u>)	<u>1,550</u>		
				<u>Employee Meals</u>	<u>13,375</u>	<u>Patient Background Checks</u>	<u>3,450</u>		
				<u>Illinois Municipal Retirement Fund (IMRF)*</u>		<u>Miscellaneous Licenses,Permits & Insp</u>	<u>2,082</u>		
				<u>401 (k) Contribution</u>	<u>8,949</u>	<u>Miscellaneous Dues & Subscriptions</u>	<u>1,336</u>		
				<u>Life Insurance</u>	<u>7,289</u>				
				<u>Other Employee Benefits</u>	<u>27,360</u>				
TOTAL (agree to Schedule V, line 17, col. 1)			\$ <u>116,290</u>	TOTAL (agree to Schedule V, line 22, col.8)			\$ <u>792,256</u>	TOTAL (agree to Sch. V, line 20, col. 8)	
(List each licensed administrator separately.)								\$ <u>47,396</u>	
B. Administrative - Other				E. Schedule of Non-Cash Compensation Paid to Owners or Employees			G. Schedule of Travel and Seminar**		
Description			Amount	Description	Line #	Amount	Description	Amount	
<u>Management Fees (eliminated in column 7)</u>			\$ <u>1,020,357</u>				<u>Out-of-State Travel</u>	\$	
							<u>In-State Travel</u>		
TOTAL (agree to Schedule V, line 17, col. 3)			\$ <u>1,020,357</u>	TOTAL			\$	Allocation from management company	
(Attach a copy of any management service agreement)								7,038	
C. Professional Services								3,623	
Vendor/Payee	Type		Amount				Entertainment Expense		
<u>Altschuler, Melvoin & Glasser</u>	<u>Accounting</u>		\$ <u>16,931</u>				(
<u>Aronberg Goldgehn Davis</u>	<u>401K Contribution</u>		<u>103</u>				agree to Sch. V,		
<u>RSM McGladrey</u>	<u>Accounting</u>		<u>6,941</u>				line 24, col. 8)		
<u>Cassidy Shade & Gloor</u>	<u>Legal</u>		<u>18,903</u>				\$ <u>10,661</u>		
<u>Gilson Labus & Silverman</u>	<u>Accounting</u>		<u>435</u>						
<u>ING</u>	<u>Administrations</u>		<u>540</u>						
<u>James Samatas, Atty.At.Law</u>	<u>Legal</u>		<u>100</u>						
<u>Personnel Planners</u>	<u>U/C Consulting</u>		<u>1,200</u>						
<u>Sachnoff & Weaver</u>	<u>Legal</u>		<u>5,830</u>						
<u>See schedule 21C</u>			<u>39,207</u>						
TOTAL (agree to Schedule V, line 19, column 3)			\$ <u>90,190</u>						
(If total legal fees exceed \$5,000, attach copy of invoices.)									

* Attach copy of IMRF notifications
 SEE ACCOUNTANTS' COMPILATION REPORT

**See instructions.

Lexington Health Care Center of Lake Zurich, Inc.

Provider # 0039768

1/1/06 - 12/31/06

Schedule F

XIX. Support Schedules

C. Professional Services

<u>Vendor/Payee</u>	<u>Type</u>	<u>Amount</u>
Scott & Krause	Legal	542
Serpico, Novelle, Petrosino	Legal	3,158
Systematic Management	Consulting	14,037
CARF	CARF Consulting	1,479
National Data Care Corp	Computer Services	1,722
Informaiton Controls	Computer Services	1,185
AAOD	Computer Services	1,267
Ehealth	Computer Services	2,800
Adminastar	Computer Services	363
Krakau	Computer Services	959
Action Computer Service	Computer Services	1,067
Microsoft	Computer Services	2,744
Gigatrend	Computer Services	215
Visual Click	Computer Services	120
CDW	Computer Services	754
Lanac	Computer Services	1,812
Lintech	Computer Services	2,994
Royal/Shaker Advertising	Computer Services	1,990

39,207

Total, Agrees to Schedule V, Line 19, Column 3

90,190

Allocated from management co.

Altschuler, Melvoin & Glasser LLP	Accounting	2,602
RSM McGladrey	Accounting	213
ING	401 (k) Administration	195
ILIAC / Pension Administrators	401 (k) Administration	1,146
Personnel Planners	U/C Consulting	14
Gene Whitehorn	Medicaid Billing Consultant	1,894
Computer Various	Computer Consulting	7,902

Allocated from building partnership

James Samatas	Legal	280
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Nonallowable legal fees

Cassidy Schade & Gloor	Legal-out of period	(50)
Serpico, Novelle, Petrosino & Rascia Ltd.	Legal-out of period	(75)

Reclassifications

Total, Agrees to Schedule V, Line 19, Column 8

104,312

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	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
1		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
2												
3						N/A						
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20	TOTALS	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Lake Zurich# 0039768Report Period Beginning: 01/01/2006Ending: 12/31/2006**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 action 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? 5Years
- (6) Indicate the total amount of both disposable and non-disposable diaper expense and the location of this expense on Sch. V. \$ 49,170 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 during this cost report period. \$ 116,620
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, 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 benefits on Schedule V. \$ 13,375 Has any meal income been offset against related costs? Yes Indicate the amount. \$ 55
- (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? Yes
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