

		FOR BHF USE			

LL2

**Supportive Living Facility**

**2007  
STATE OF ILLINOIS  
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES  
COST REPORT FOR  
SUPPORTIVE LIVING FACILITIES  
(FISCAL YEAR 2007)**

IMPORTANT NOTICE  
THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN SECTION 146.265 OF THE 89 IL ADMIN CODE. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS.

**I.**

Facility Name: Eastgate Manor of Algonquin

Address: 101 Eastgate Court Algonquin 60102  
Number City Zip Code

County: McHenry

Telephone Number: ( 847 ) 458-2800 Fax # ( 847 ) 458-0017

Federal Employer ID Number: 364368806001

Date Current Owners were Certified: 2/27/06

Type of Ownership:

<input type="checkbox"/> VOLUNTARY, NON-PROFIT	<input checked="" type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL
<input type="checkbox"/> Charitable Corp.	<input type="checkbox"/> Individual	<input type="checkbox"/> State
<input type="checkbox"/> Trust	<input type="checkbox"/> Partnership	<input type="checkbox"/> County
IRS Exemption Code _____	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other _____
	<input type="checkbox"/> "Sub-S" Corp.	
	<input checked="" type="checkbox"/> Limited Liability Co.	
	<input type="checkbox"/> Trust	
	<input type="checkbox"/> Other _____	

In the event there are further questions about this report, please contact:  
Name: Michael W. Martin Telephone Number: (217) 789-7700

**II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER**

I have examined the contents of the accompanying report to the State of Illinois, for the period from 1/1/07 to 12/31/07 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider	(Signed) _____	(Date) _____
	(Type or Print Name) _____	(Title) _____
Paid Preparer	(Signed) _____	(Date) _____
	(Print Name and Title) <u>See Accountants' Compilation Report</u>	
	(Firm Name & Address) <u>McGladrey &amp; Pullen, LLP</u> <u>20 North Martingale Suite 500, Schaumburg IL 60173</u>	
	(Telephone) <u>(217) 789-7700</u> Fax <u>(217) 753-1654</u>	
MAIL TO: BUREAU OF HEALTH FINANCE IL DEPT OF HEALTHCARE AND FAMILY SERVICES 201 S. Grand Avenue East Springfield, IL 62763-0001 Phone # (217) 782-1630		

Facility Name Eastgate Manor of Algonquin

Report Period Beginning: 1/1/07 Ending: 12/31/07

**III. STATISTICAL DATA**

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

Date of change in certified units N/A

	1	2	3	4	
####	Units at Beginning of Report Period	Type of Apartment	Units at End of Report Period	Unit Days During Report Period	
1	90	Single Unit Apartment	90	32,850	1
2	16	Double Unit Apartment	16	5,840	2
3		Other			3
4	106	TOTALS	106	38,690	4

**B. Census-For the entire report period.**

	1 Type of Unit	2 3 4 5 Resident Days by Unit and Primary Source of Payment				
		Medicaid Recipient	Private Pay	Other	Total	
5	Single Unit	5,730	25,582		31,312	5
6	Double Unit	5,561			5,561	6
7	Other					7
8	TOTALS	11,291	25,582		36,873	8

**C. Percent Occupancy.** (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 95.30%

**D. Indicate the number of paid bed-hold days the SLF had during this year**

588 Also, indicate the number of unpaid bed-hold days the SLF had during this year. N/A (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)

None

**H. ACCOUNTING BASIS**

ACCRUAL  MODIFIED CASH\*  CASH\*

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

Tax Year: 12/31/07 Fiscal Year: 12/31/07

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

**J. Does the facility have any Illinois Housing Development Authority Loans outstanding?** No If yes, did the facility make all of the required payments of interest and principle? N/A

If no, explain. N/A

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

If no, explain. N/A

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

If no, explain. N/A

Facility Name: Eastgate Manor of Algonquin

Report Period Beginning:

1/1/07

Ending:

12/31/07

## 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			
<b>A. General Services</b>								
1	-13483	245,343	323,614	2,170	571,127		571,127	1
2	Housekeeping, Laundry and Maintenance	83,109	11,713	94,055	188,877		188,877	2
3	Heat and Other Utilities			145,753	145,753		145,753	3
4	Other (specify): Cable			265	265		265	4
5	<b>TOTAL General Services</b>	328,452	335,327	242,243	906,022		906,022	5
<b>B. Health Care and Programs</b>								
6	Health Care/ Personal Care	453,221		7,325	460,546		460,546	6
7	Activities and Social Services	49,997	2,763	15,735	68,495		68,495	7
8	Other (specify):							8
9	<b>TOTAL Health Care and Programs</b>	503,218	2,763	23,060	529,041		529,041	9
<b>C. General Administration</b>								
10	Administrative and Clerical	291,031		185,747	476,778	144,606	621,384	10
11	Marketing Materials, Promotions and Advertising	3,304		24,147	27,451	(27,451)		11
12	Employee Benefits and Payroll Taxes			231,404	231,404		231,404	12
13	Insurance-Property, Liability and Malpractice							13
14	Other (specify): Bad debts-85,836;Contributions-500			86,336	86,336	(86,336)		14
15	<b>TOTAL General Administration</b>	294,335		527,634	821,969	30,819	852,788	15
16	<b>TOTAL Operating Expense (Sum of lines 5, 9 and 15)</b>	1,126,005	338,090	792,937	2,257,032	30,819	2,287,851	16
	<b>Capital Expenses</b>							
<b>D. Ownership</b>								
17	Depreciation			18,380	18,380	302,382	320,762	17
18	Interest			98,363	98,363	359,833	458,196	18
19	Real Estate Taxes					135,985	135,985	19
20	Rent -- Facility and Grounds			962,894	962,894	(962,894)		20
21	Rent -- Equipment			5,275	5,275		5,275	21
22	Other (specify): Barber			16,196	16,196		16,196	22
23	<b>TOTAL Ownership</b>			1,101,108	1,101,108	(164,694)	936,414	23
24	<b>GRAND TOTAL (Sum of lines 16 and 23)</b>	1,126,005	338,090	1,894,045	3,358,140	(133,875)	3,224,265	24

Facility Name: Eastgate Manor of Algonquin

Report Period Beginning: 1/1/07

Ending: 12/31/07

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses	2.23	\$ 29.04	1
2	Licensed Practical Nurses	0.38	14.01	2
3	-13483			3
4	Activity Director & Assistants	2.12	11.60	4
5	Social Service Workers			5
6	Head Cook	3.49	12.03	6
7	Cook Helpers/Assistants	10.02	7.46	7
8	Dishwashers			8
9	Maintenance Workers	1.25	12.52	9
10	Housekeepers	3.11	8.36	10
11	Laundry			11
12	Managers Administrator	1.04	40.06	12
13	Other Administrative	7.19	14.20	13
14	Clerical			14
15	Marketing			15
16	Other Caregivers	13.57	10.72	16
17	<b>Total (lines 1 thru 16)</b>	<b>44.40</b>	<b>\$ 12.21</b>	<b>17</b>

**VI. (A) STATEMENT OF COMPENSATION AND OTHER PAYMENTS TO OWNERS, RELATIVES AND MEMBERS OF THE BOARD OF DIRECTORS.**

	NAME and FUNCTION	Ownership Interest	Average Hours Per Work Week Devoted to this Business	Amount of Compensation for this Reporting Period	
1	See Attachment 1		See Attachment 4	\$ See Attachment 4	1
2					2
3					3
4					4
5					5
<b>Total</b>				<b>\$</b>	<b>6</b>

**VI. (B) Management fees paid to unrelated parties**

	Amount of Fee	
1	\$	1
2		2
<b>Total</b>		<b>\$ 3</b>

**VII. RELATED ORGANIZATIONS**

A. Enter below the names of all related organizations. Attach an additional schedule if necessary.

**RELATED SLF's & HEALTH CARE BUSINESSES**

Name	1	City	2
See Attachment 1			

**OTHER RELATED BUSINESS ENTITIES**

Name	3	City	4	Type of Business	5
See Attachment 1					

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: Eastgate Manor of Algonquin

Report Period Beginning:

1/1/07

Ending:

12/31/07

VIII. OWNERSHIP COSTS

A. Purchase price of land 311,565 Year land was acquired 2000

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	106			2000	\$ 4,679,221	\$ 116,981	40	\$ 116,981	\$	\$ 847,006	1
2	-13483			2001	3,852,173	96,304	40	96,304		650,054	2
3											3
4											4
5											5
<b>Improvement Type</b>											
6	Flagpoles			2001	2,637	176	10	176		1,143	6
7	Tub Conversion			2001	1,185	119	10	119		770	7
8	Nurses Station			2001	6,183	309	20	309		2,009	8
9	2nd Floor Carpet			2001	1,339	134	10	134		870	9
10	Fire Alarm Doors			2001	835	83	10	83		542	10
11	2 Exterior Signs			2001	2,432	243	10	243		1,581	11
12	Nurse Call Station			2004	21,485	1,074	20	1,074		3,402	12
13	Asphalt Paving			2005	19,397	1,940	10	1,940		4,364	13
14	Apartments			2005	18,224	911	20	911		1,822	14
15	Nurse Call Station			2006	2,761	138	20	138		242	15
16	See Attachment 2				532,466	28,750		28,750		188,411	16
17	TOTAL (lines 1 thru 16)				\$ 9,140,338	\$ 247,162		\$ 247,162	\$	\$ 1,702,216	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	\$ 707,556	\$ 73,600	\$ 73,600	\$	5	\$ 502,567	18
19	Vehicles							19
20	TOTAL (lines 18 and 19)	\$ 707,556	\$ 73,600	\$ 73,600	\$		\$ 502,567	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		N/A			22
23					23
24	TOTALS (lines 21, 22 and 23)	\$	\$	\$	24

Facility Name: Eastgate Manor of Algonquin

Report Period Beginning: 1/1/07

Ending: 12/31/07

**IX. RENTAL COSTS**

**A. Building and Fixed Equipment**

1. Name of Party Holding Lease: \_\_\_\_\_

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

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

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

9. Rental amount for movable equipment \$ N/A

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 Name of Lender	2 Related**		3 Purpose of Loan	4 Date of Note	6 Amount of Note		7 Maturity Date	8 Interest Rate (4 Digits)	9 Reporting Period Int. Expense	
		YES	NO			Original	Balance				
	<b>A. Directly Facility Related</b>										
	<b>Long-Term</b>										
1	Lexington Financial Services	X		Mortgage	5/29/02	\$ 8,500,000	\$ 7,258,338	2/1/26	Variable	\$ 455,521	1
2	LLC			Amortization of Mortgage Costs	/ /			/ /		8,284	2
3					/ /			/ /			3
	<b>Working Capital</b>										
4	Members loans-East Gate	X		Working Capital	Various	1,792,483	1,891,070	/ /		98,363	4
5	Members loans-Samvest	X		Working Capital	Various	2,540,438	2,232,467	/ /		133,820	5
6					/ /			/ /			6
7	<b>TOTAL Facility Related</b>					\$ 12,832,921	\$ 11,381,875			\$ 695,988	7
	<b>B. Non-Facility Related</b>										
8					/ /	Less interest income		/ /		-5,609	8
9					/ /	Related party interest		/ /		-232,183	9
10	<b>TOTALS (lines 7, 8 and 9)</b>					\$ 12,832,921	\$ 11,381,875			\$ 458,196	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.

Facility Name: Eastgate Manor of Algonquin

Report Period Beginning: 1/1/07

Ending:

12/31/07

12/31/07

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/07

(last day of reporting year)

		1	2	
		Operating	After Consolidation*	
<b>A. Current Assets</b>				
1	Cash on Hand and in Banks	\$ 346,938	\$ 389,605	1
2	Cash-Patient Deposits	190,630	190,630	2
	-13483			
3	Patients (less allowance 138,402 )	386,335	386,335	3
4	Supply Inventory (priced at )			4
5	Short-Term Investments			5
6	Prepaid Insurance	55,270	55,270	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)		56,865	8
9	Other(specify): See attachment 3	61,889	125,274	9
10	<b>TOTAL Current Assets</b> (sum of lines 1 thru 9)	\$ 1,041,062	\$ 1,203,979	10
<b>B. Long-Term Assets</b>				
11	Long-Term Notes Receivable			11
12	Long-Term Investments	55,192	55,192	12
13	Land		311,565	13
14	Buildings, at Historical Cost		4,679,221	14
15	Leasehold Improvements, at Historical Cost	177,629	4,461,117	15
16	Equipment, at Historical Cost	61,016	707,556	16
17	Accumulated Depreciation (book methods)	(56,055)	(2,204,783)	17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs		153,255	20
21	Restricted Funds			21
22	Other Long-Term Assets ( CIP	35,661	35,661	22
23	Other(specify):			23
24	<b>TOTAL Long-Term Assets</b> (sum of lines 11 thru 23)	\$ 273,443	\$ 8,198,784	24
25	<b>TOTAL ASSETS</b> (sum of lines 10 and 24)	\$ 1,314,505	\$ 9,402,763	25

\*(See instructions.)

		1	2	
		Operating	After Consolidation*	
<b>C. Current Liabilities</b>				
26	Accounts Payable	\$ 55,072	\$ 55,072	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	80,256	80,256	30
31	Accrued Taxes Payable	3,079	139,579	31
32	Accrued Interest Payable		30,663	32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
<b>Other Current Liabilities(specify):</b>				
35	See attachment 3	241,307	449,534	35
36				36
37	<b>TOTAL Current Liabilities</b> (sum of lines 26 thru 36)	\$ 379,714	\$ 755,104	37
<b>D. Long-Term Liabilities</b>				
38	Long-Term Notes Payable	1,891,070	4,123,537	38
39	Mortgage Payable		7,258,338	39
40	Bonds Payable			40
41	Deferred Compensation			41
<b>Other Long-Term Liabilities(specify):</b>				
42				42
43				43
44	<b>TOTAL Long-Term Liabilities</b> (sum of lines 38 thru 43)	\$ 1,891,070	\$ 11,381,875	44
45	<b>TOTAL LIABILITIES</b> (sum of lines 37 and 44)	\$ 2,270,784	\$ 12,136,979	45
46	<b>TOTAL EQUITY</b>	\$ (956,279)	\$ (2,734,216)	46
47	<b>TOTAL LIABILITIES AND EQUITY</b> (sum of lines 45 and 46)	\$ 1,314,505	\$ 9,402,763	47

Facility Name: Eastgate Manor of Algonquin

Report Period Beginning: 1/1/07

Ending:

12/31/07

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

		1	
-13483 Revenue		Amount	
<b>A. SLF Resident Care</b>			
1	Gross SLF Resident Revenue	\$ 3,949,731	1
2	Discounts and Allowances		2
3	<b>SUBTOTAL Resident Care (line 1 minus line 2)</b>	<b>\$ 3,949,731</b>	<b>3</b>
<b>B. Other Operating Revenue</b>			
4	Special Services		4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	20,976	8
9	Non-Resident Meals	3,243	9
10	Laundry		10
11	<b>SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)</b>	<b>\$ 24,219</b>	<b>11</b>
<b>C. Non-Operating Revenue</b>			
12	Contributions		12
13	Interest and Other Investment Income	5,609	13
14	<b>SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)</b>	<b>\$ 5,609</b>	<b>14</b>
<b>D. Other Revenue (specify):</b>			
15	Carpet proration	7,336	15
16	Vending Comm. - 235; Misc. Revenue-2467	2,702	16
17	<b>SUBTOTAL Other Revenue (sum of lines 15 and 16)</b>	<b>\$ 10,038</b>	<b>17</b>
18	<b>TOTAL REVENUE (sum of lines 3, 11, 14 and 17)</b>	<b>\$ 3,989,597</b>	<b>18</b>

		2	
Expenses		Amount	
<b>A. Operating Expenses</b>			
19	General Services	906,022	19
20	Health Care/ Personal Care	529,041	20
21	General Administration	821,969	21
<b>B. Capital Expense</b>			
22	Ownership	1,101,108	22
<b>C. Other Expenses</b>			
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
28	<b>TOTAL EXPENSES (sum of lines 19 thru 27)</b>	<b>\$ 3,358,140</b>	<b>28</b>
29	<b>Income Before Income Taxes (line 18 minus line 28)</b>	<b>\$ 631,457</b>	<b>29</b>
30	<b>Income Taxes</b>	<b>\$</b>	<b>30</b>
31	<b>NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)</b>	<b>\$ 631,457</b>	<b>31</b>

VI.A

**Owners:**

<u>Name</u>	<u>% Ownership</u>
Jason Samatas Discretionary Trust	8.571%
Jeremy Samatas Discre -13483	8.571%
Jillayne Samatas Discretionary Trust	8.571%
James Samatas Discretionary Trust	17.143%
Philip Thiem Discretionary Trust	8.571%
Daniel Thiem Discretionary Trust	8.571%
Chester Plodzien	20.000%
George Samatas 1998 Gamma Trust for Jason UAD 11/25/98	2.858%
George Samatas 1998 Gamma Trust for Jeremy UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Jillayne UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Collin UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Gabrielle UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Philip UAD 11/25/98	2.857%
George Samatas 1998 Gamma Trust for Daniel UAD 11/25/98	2.857%

VIII. A

**Related Organizations: Related SLF's and Healthcare Business City**

Lexington Health Care Center of Lombard, Inc.	Lombard
Lexington Health Care Center of Bloomingdale, Inc.	Bloomingdale
Lexington Health Care Center of Elmhurst, Inc.	Elmhurst
Lexington Health Care Center of LaGrange, Inc.	LaGrange
Lexington Health Care Center of Lake Zurich, Inc.	Lake Zurich
Lexington Health Care Center of Schaumburg, Inc.	Schaumburg
Lexington Health Care Center of Streamwood, Inc.	Streamwood
Lexington Health Care Center of Wheeling, Inc.	Wheeling
Lexington Health Care Center of Orland Park, Inc.	Orland Park
Lexington Health Care Center of Chicago Ridge, Inc.	Chicago Ridge

**Other Related Business Entities**

	<u>City</u>	<u>Type</u>
Samvest of Algonquin Limited Partnership	Algonquin	Real Estate Partnership
Royal Management Company	Lombard	Management Company
Lexington Financial Services, L.L.C.	Lombard	Finance Co.

	Year	Year	Current Book	Life in	Straight Line	Adjustments	Accumulated	
Improvement Type	Acquired	Constructed	Cost	Years	Depreciation		Depreciation	
18 Sealcoat parking lot	2006		3,240	10	324	0	513	18
19 Kitchen Rehab	2006		10,222	20	511		767	19
20 Apartments	2006		81,813	20	4,091		6,136	20
21 Roof Repairs	2007		3,000	20	63		63	21
22 Window treatments in apartments	2007		2,877	10	72		72	22
23								23
24								24
25								25
26								26
27								27
28								28
29								29
30								30
31								31
32 Allocation Real Estate Entity								32
33 Land Improvements	2000		79,149	15	5,277		52,764	33
34 Land Improvements	2001		162,248	15	10,817		73,012	34
35 Sewer and water improvements	2000		189,917	25	7,597		55,076	35
36								36
37								37
38 Total (Attachment 2) to Schedule VIII - Line 16			\$532,466		\$ 28,752	\$- \$ -	\$ 188,403	38

Eastgate Manor of Algonquin  
12/31/2007  
Attachment 3  
Supplementary Information

**XI.A.Line 9**

	<b><u>Operating</u></b>	<b><u>After Consolidation</u></b>
Due from related parties	4,096	67,481
Master Insurance	57,793	57,793
	<u>61,889</u>	<u>125,274</u>

**XI.C.Line 35**

	<b><u>Operating</u></b>	<b><u>After Consolidation</u></b>
Accrued 401K	(2,281)	(2,281)
Accrued Expenses	(13,483)	(13,483)
Accrued Rent	(39,030)	-
Interest Rate Swap		(247,257)
Security Deposits	(186,513)	(186,513)
	<u>(241,307)</u>	<u>(449,534)</u>

Attachment 4

Related Party Management Company-Royal Management Corp

Total cost allocated to nursing home	7,192,373	75.05%
Total cost allocated to other entities Including Eastgate manor	2,391,013	24.95%
	<u>9,583,386</u>	<u>100.00%</u>

Basis for allocation of the \$2,391,013-accumulated costs of the other entities, including Eastgate.

Eastgate Manor of Algonquin, LLC	3,358,140
Other entities managed by Royal Management (other than ten nursing homes)	34,209,331
	<u>37,567,471</u>

Eastgate percentage of the \$2,391,013 8.94%

Eastgate Manor amount	213,732
Less Management fee in line 10, page 3	<u>57,957</u>
	<u>155,775</u>

Eastgate's allocation of management company expenses is its proportionate share of Royal Management Corp total expenses of \$9,583,386. The specific expenses to Eastgate would be calculated at 2.23% (24.95% x 8.94%) of individual expenses of Royal Management Corp as shown on the attached detail.

Owners' Compensation and Average Hours Worked	Average Hour Compensation
James Samatas	1 \$ 9,035
Daniel Thiem	0.5 \$ 724
John Samatas	1 \$ 9,035
Cynthia Samatas	1 \$ 9,035
Jeremy Samatas	2 \$ 30,000