

Facility Name THE FORT ARMSTRONG

Report Period Beginning: 1/01/07 Ending: 12/31/07

III. STATISTICAL DATA

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

Date of change in certified units / /

	1	2	3	4	
	Units at Beginning of Report Period	Type of Apartment	Units at End of Report Period	Unit Days During Report Period	
1	130	Single Unit Apartment	130	47,450	1
2	14	Double Unit Apartment	14	5,110	2
3		Other			3
4	144	TOTALS	144	52,560	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	13,776	20,484	36	34,296	5
6	Double Unit					6
7	Other					7
8	TOTALS	13,776	20,484	36	34,296	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 65.25%

D. Indicate the number of paid bed-hold days the SLF had during this year NO Also, indicate the number of unpaid bed-hold days the SLF had during this year. (Do not include bed-hold days in Section B.)

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

YES NO

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

YES NO

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

H. ACCOUNTING BASIS

ACCRUAL MODIFIED CASH* CASH*

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

Tax Year: 12/31/07 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?
If no, explain.

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

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

STATE OF ILLINOIS

Page 3

Facility Name: THE FORT ARMSTRONG

Report Period Beginning:

1/01/07

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			
A. General Services								
1	Dietary and Food Purchase	201,965	205,729	1,295	408,989		408,989	1
2	Housekeeping, Laundry and Maintenance	148,265	88,441	17,182	253,888		253,888	2
3	Heat and Other Utilities			152,931	152,931		152,931	3
4	Other (specify):Scavenger & Security			11,179	11,179		11,179	4
5	TOTAL General Services	350,230	294,170	182,587	826,987		826,987	5
B. Health Care and Programs								
6	Health Care/ Personal Care	467,452	30,400	7,200	505,052		505,052	6
7	Activities and Social Services	37,466	8,710	1,900	48,076		48,076	7
8	Other (specify):Auto & Bus			25,621	25,621		25,621	8
9	TOTAL Health Care and Programs	504,918	39,110	34,721	578,749		578,749	9
C. General Administration								
10	Administrative and Clerical	207,607	19,779	161,170	388,556	(20,991)	367,565	10
11	Marketing Materials, Promotions and Advertising			55,376	55,376		55,376	11
12	Employee Benefits and Payroll Taxes			128,308	128,308		128,308	12
13	Insurance-Property, Liability and Malpractice			59,371	59,371		59,371	13
14	Other (specify):							14
15	TOTAL General Administration	207,607	19,779	404,225	631,611	(20,991)	610,620	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	1,062,755	353,059	621,533	2,037,347	(20,991)	2,016,356	16
Capital Expenses								
D. Ownership								
17	Depreciation			10,305	10,305	167,537	177,842	17
18	Interest			35,214	35,214	259,019	294,233	18
19	Real Estate Taxes					56,553	56,553	19
20	Rent -- Facility and Grounds			443,400	443,400	(443,400)		20
21	Rent -- Equipment							21
22	Other (specify):							22
23	TOTAL Ownership			488,919	488,919	39,709	528,628	23
24	GRAND TOTAL (Sum of lines 16 and 23)	1,062,755	353,059	1,110,452	2,526,266	18,718	2,544,984	24

Facility Name: THE FORT ARMSTRONG

Report Period Beginning 1/01/07 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	\$ 20.00	1
2	Licensed Practical Nurses	6	15.50	2
3	Certified Nurse Assistants	23	9.50	3
4	Activity Director & Assistants	1	12.00	4
5	Social Service Workers			5
6	Head Cook	1	12.40	6
7	Cook Helpers/Assistants	29	7.50	7
8	Dishwashers			8
9	Maintenance Workers	3	10.74	9
10	Housekeepers / Laundry	5	8.11	10
11	Laundry			11
12	Managers	2	33.50	12
13	Other Administrative			13
14	Clerical	8	7.66	14
15	Marketing	1	34.66	15
16	Other - Driver	1	8.00	16
17	Total (lines 1 thru 16)	82	\$	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	VICTOR HOROWITZ	66.5%	25	\$ 75,838	1	
2					2	
3					3	
4					4	
5					5	
				Total	\$ 75838	6

VI. (B) Management fees paid to unrelated parties

	Amount of Fee		
1	N/A	\$ 1	
2		2	
		Total	\$ 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

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: THE FORT ARMSTRONG

Report Period Beginning:

1/01/07

Ending:

12/31/07

VIII. OWNERSHIP COSTS

A. Purchase price of land 375,000 Year land was acquired 2003

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			2003		\$ 1,000,000	\$ 36,364	27.5	\$ 36,364	\$	\$ 156,062	1
2											2
3											3
4											4
5											5
	Improvement Type										
6		RENOVATIONS			1,295,873	47,123	27.5	47,123		92,283	6
7		RENOVATIONS		2004	32,239	1,172	27.5	1,172		3,467	7
8		WOODWORK		2007	8,558	169	27.5	169		169	8
9		BOILER		2007	12,955	255	27.5	255		255	9
10		FIRE ALARM		2007	6,625	130	27.5	130		130	10
11		ROOF		2007	16,000	315	27.5	315		315	11
12		CARPET		2007	46,040	4,604	5	4,604		4,604	12
13		WALLPAPER		2007	2,096	210	5	210		210	13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$ 2,420,386	\$ 90,342		\$ 90,342	\$	\$ 257,495	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	\$ 875,000	\$ 87,500	\$ 87,500	\$	10	\$ 393,750	18
19	Vehicles							19
20	TOTAL (lines 18 and 19)	\$ 875,000	\$ 87,500	\$ 87,500	\$		\$ 393,750	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: THE FORT ARMSTRONG

Report Period Beginning: 1/01/07

Ending: 12/31/07

IX. RENTAL COSTS

A. Building and Fixed Equipment

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? 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	LaSalle Bank		x	mortgage	9/12/02	\$ 1,875,000	\$ 1,587,789	/ /		\$ 116,382	1					
2	LaSalle Bank		x	remodel	9/12/02	1,300,000	1,351,225	/ /		143,087	2					
3					/ /			/ /			3					
Working Capital																
4				WORKING CAPITAL	/ /			/ /		35,214	4					
5					/ /			/ /			5					
6					/ /			/ /			6					
7	TOTAL Facility Related					\$ 3,175,000	\$ 2,939,014			\$ 294,683	7					
B. Non-Facility Related																
8					/ /			/ /			8					
9					/ /			/ /			9					
10	TOTALS (lines 7, 8 and 9)					\$ 3,175,000	\$ 2,939,014			\$ 294,683	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: THE FORT ARMSTRONG

Report Period Beginning: 1/01/07

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*		
A. Current Assets				
1	Cash on Hand and in Banks	\$ 22,223	\$ 22,223	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	147,957	147,957	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	63,780	63,780	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	40,806	10,000	8
9	Other(specify): REAL ESTATE ESCROW		8,028	9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 274,766	\$ 251,988	10
B. Long-Term Assets				
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land		375,000	13
14	Buildings, at Historical Cost		1,000,000	14
15	Leasehold Improvements, at Historical Cost	32,239	1,420,386	15
16	Equipment, at Historical Cost		875,000	16
17	Accumulated Depreciation (book methods)	(4,639)	(926,972)	17
18	Deferred Charges - LOAN COST		20,045	18
19	Organization & Pre-Operating Costs net of amort	81,178	81,178	19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds SECURITY DEPOSIT	8,250	8,250	21
22	Other Long-Term Assets (specify):	40,036	167,422	22
23	Other(specify):GOODWILL NET OF AMOR		178,232	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 157,064	\$ 3,198,541	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 431,830	\$ 3,450,529	25

	1	2		
	Operating	After Consolidation*		
C. Current Liabilities				
26	Accounts Payable	\$ 342,486	\$ 342,486	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable	200,000	362,908	29
30	Accrued Salaries Payable	56,039	56,039	30
31	Accrued Taxes Payable	254,476	316,914	31
32	Accrued Interest Payable		19,387	32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35				35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 853,001	\$ 1,097,734	37
D. Long-Term Liabilities				
38	Long-Term Notes Payable			38
39	Mortgage Payable		3,175,482	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)	\$	\$ 3,175,482	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 853,001	\$ 4,273,216	45
46	TOTAL EQUITY	\$ (421,171)	\$ (822,687)	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 431,830	\$ 3,450,529	47

*(See instructions.)

Facility Name: THE FORT ARMSTRONG

Report Period Beginning: 1/01/07

Ending: 12/31/07

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	\$ 2,565,200	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 2,565,200	3
B. Other Operating Revenue			
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		8
9	Non-Resident Meals		9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$	11
C. Non-Operating Revenue			
12	Contributions		12
13	Interest and Other Investment Income	519	13
SUBTOTAL Non-Operating Revenue			
14	(sum of lines 12 and 13)	\$ 519	14
D. Other Revenue (specify):			
15	ANTENNA RENTAL	9,900	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 9,900	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 2,575,619	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	826,987	19
20	Health Care/ Personal Care	578,749	20
21	General Administration	631,611	21
B. Capital Expense			
22	Ownership	488,919	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)	\$ 2,526,266	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ 49,353	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ 49,353	31

ROCK ISLAND SUPPORTIVE LIVING CENTER, LLC

ATTACHMENT #1

ADJUSTMENT RECAP

DESCRIPTION	AMOUNT	LINE #
Bank overdraft charges	(20,306.00)	10
Penalties	(685.00)	10
Non straight line depreciation	(9,133.00)	17

Related Party Adjustment (see attachment) 48,842.00

ADJUSTMENT TOTAL

18,718.00
=====

