

Facility Name Hawthorne Inn of Clinton

Report Period Beginning: 01/02/07 Ending: 12/31/07

III. STATISTICAL DATA

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

Date of change in certified units 01/02/2007

	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	0	Single Unit Apartment	15	5,460	1
2	0	Double Unit Apartment	6	2,184	2
3		Other			3
4		TOTALS	21	7,644	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	667	3,839		4,506	5
6	Double Unit	1,208	1,626		2,834	6
7	Other					7
8	TOTALS	1,875	5,465		7,340	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 96.02%

D. Indicate the number of paid bed-hold days the SLF had during this year
 Also, indicate the number of unpaid bed-hold days the SLF had during this year. None (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? _____

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

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage	Supplies	Other	Total			
	A. General Services	1	2	3	4	5	6	
1	Dietary and Food Purchase	260,022	328,590	6,630	595,242	(514,636)	80,606	1
2	Housekeeping, Laundry and Maintenance	241,007	116,235	33,265	390,507	(340,286)	50,221	2
3	Heat and Other Utilities			195,744	195,744	(163,031)	32,713	3
4	Other (specify):							4
5	TOTAL General Services	501,029	444,825	235,639	1,181,493	(1,017,953)	163,540	5
B. Health Care and Programs								
6	Health Care/ Personal Care	1,833,051	242,723	335,145	2,410,919	(2,264,226)	146,693	6
7	Activities and Social Services	87,902	5,093	34	93,029	(93,029)		7
8	Other (specify):							8
9	TOTAL Health Care and Programs	1,920,953	247,816	335,179	2,503,948	(2,357,255)	146,693	9
C. General Administration								
10	Administrative and Clerical	188,600	44,119	418,724	651,443	(602,805)	48,638	10
11	Marketing Materials, Promotions and Advertising	35,390		96,406	131,796	(129,028)	2,768	11
12	Employee Benefits and Payroll Taxes			434,510	434,510	(396,664)	37,846	12
13	Insurance-Property, Liability and Malpractice			104,747	104,747	(93,823)	10,924	13
14	Other (specify): See Att Sch II			79,410	79,410	(79,410)		14
15	TOTAL General Administration	223,990	44,119	1,133,797	1,401,906	(1,301,730)	100,176	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	2,645,972	736,760	1,704,615	5,087,347	(4,676,938)	410,409	16
Capital Expenses								
D. Ownership								
17	Depreciation			56,114	56,114	(44,751)	11,363	17
18	Interest					1,776	1,776	18
19	Real Estate Taxes			107,400	107,400	(89,142)	18,258	19
20	Rent -- Facility and Grounds			1,138,434	1,138,434	(945,393)	193,041	20
21	Rent -- Equipment							21
22	Other (specify):							22
23	TOTAL Ownership			1,301,948	1,301,948	(1,077,510)	224,438	23
24	GRAND TOTAL (Sum of lines 16 and 23)	2,645,972	736,760	3,006,563	6,389,295	(5,754,448)	634,847	24

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses		\$	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants			3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	0	8.80	7
8	Dishwashers	2	7.79	8
9	Maintenance Workers	1	9.19	9
10	Housekeepers	1	7.92	10
11	Laundry	0	7.76	11
12	Managers	0	12.40	12
13	Other Administrative			13
14	Clerical	0	8.85	14
15	Marketing			15
16	Other	7	9.82	16
17	Total (lines 1 thru 16)	12	\$ 72.53	17

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

	NAME and FUNCTION	Ownership Interest	Average Hours Per Work Week Devoted to this Business	Amount of Compensation for this Reporting Period	
1	None			\$	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

	Amount of Fee	
1	\$	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
See Attached Schedule I			

OTHER RELATED BUSINESS ENTITIES

Name	3	City	4	Type of Business	5
See Attached Schedule I					

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

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

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

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

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VIII. OWNERSHIP COSTS

A. Purchase price of land \$ Year land was acquired

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					\$	\$		\$	\$	\$	1
2											2
3											3
4											4
5											5
	Improvement Type										
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$	\$		\$	\$	\$	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	\$	\$	\$	\$		\$	18
19	Vehicles	50,859	11,303	11,303		4	26,514	19
20	TOTAL (lines 18 and 19)	\$ 50,859	\$ 11,303	\$ 11,303	\$		\$ 26,514	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	SNF Equipment - Various	\$ 188,915	\$ \$ 30,838	\$ \$ 88,067	21
22	SNF Leasehold Impr - Various	29,691	2,243	3,965	22
23	SNF Ford E350 Van - 2005	46,919	11,730	34,212	23
24	TOTALS (lines 21, 22 and 23)	\$ 265,525	\$ 44,811	\$ 126,244	24

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IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: Mid-Illini Healthcare, Inc.

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	2004	21	04/15/05	\$ 100,105	10	5	3
4	Additions	2006		/ /				4
5	See attached Sch III			/ /				5
6				/ /				6
7	TOTAL		21		\$ 100,105			7

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

9. Rental amount for movable equipment \$ Not determined

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

X. INTEREST EXPENSE

	1	2		3	4	6		7	8	9	
		Related**				Amount of Note					
Name of Lender		YES	NO	Purpose of Loan	Date of Note	Original	Balance	Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense	
A. Directly Facility Related											
Long-Term											
1						\$	\$			\$	1
2					/ /			/ /			2
3					/ /			/ /			3
Working Capital											
4					/ /			/ /			4
5	Home office allocation	X			/ /			/ /		2,070	5
6	Less: Interest Income		X		/ /			/ /		-294	6
7	TOTAL Facility Related					\$	\$			\$ 1,776	7
B. Non-Facility Related											
8					/ /			/ /			8
9					/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)					\$	\$			\$ 1,776	10

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

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

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XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/07

(last day of reporting year)

	1	2	
	Operating	After Consolidation*	
A. Current Assets			
1	Cash on Hand and in Banks	\$ 89,743	\$ 1
2	Cash-Patient Deposits	10,337	2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 5,550)	1,064,287	3
4	Supply Inventory (priced at)		4
5	Short-Term Investments		5
6	Prepaid Insurance	97,010	6
7	Other Prepaid Expenses		7
8	Accounts Receivable (owners or related parties)		8
9	Other(specify):		9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,261,377	\$ 10
B. Long-Term Assets			
11	Long-Term Notes Receivable		11
12	Long-Term Investments		12
13	Land		13
14	Buildings, at Historical Cost		14
15	Leasehold Improvements, at Historical Cost	29,691	15
16	Equipment, at Historical Cost	286,693	16
17	Accumulated Depreciation (book methods)	(152,758)	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 (specify):		22
23	Other(specify):		23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 163,626	\$ 24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,425,003	\$ 25

	1	2	
	Operating	After Consolidation*	
C. Current Liabilities			
26	Accounts Payable	\$ 2,316	\$ 2,316 26
27	Officer's Accounts Payable		27
28	Accounts Payable-Patient Deposits	10,337	28
29	Short-Term Notes Payable		29
30	Accrued Salaries Payable	48,973	48,973 30
31	Accrued Taxes Payable	115,190	115,190 31
32	Accrued Interest Payable		32
33	Deferred Compensation		33
34	Federal and State Income Taxes		34
Other Current Liabilities(specify):			
35	Interdivision Payable	1,825,280	35
36	Accrued penalties/fines	75,000	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 2,077,096	\$ 166,479 37
D. Long-Term Liabilities			
38	Long-Term Notes Payable		38
39	Mortgage Payable		39
40	Bonds Payable		40
41	Deferred Compensation		41
Other Long-Term Liabilities(specify):			
42	Security deposits	75,000	75,000 42
43			43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 75,000	\$ 75,000 44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 2,152,096	\$ 241,479 45
46	TOTAL EQUITY	\$ (727,093)	\$ 46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,425,003	\$ 241,479 47

*(See instructions.)

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

		1	
Revenue		Amount	
A. SLF Resident Care			
1	Gross SLF Resident Revenue	\$ 702,888	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 702,888	3
B. Other Operating Revenue			
4	Special Services		4
5	Other Health Care Services	5,356,484	5
6	Special Grants		6
7	Gift and Coffee Shop	8,381	7
8	Barber and Beauty Care	4,435	8
9	Non-Resident Meals		9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$ 5,369,300	11
C. Non-Operating Revenue			
12	Contributions	85	12
13	Interest and Other Investment Income	294	13
SUBTOTAL Non-Operating Revenue			
14	(sum of lines 12 and 13)	\$ 379	14
D. Other Revenue (specify):			
15	See Attached Schedule	3,260	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 3,260	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 6,075,827	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	1,181,493	19
20	Health Care/ Personal Care	2,503,948	20
21	General Administration	1,401,906	21
B. Capital Expense			
22	Ownership	1,301,948	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)	\$ 6,389,295	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ (313,468)	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ (313,468)	31

FACILITY NAME: Hawthorne Inn of Clinton
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BEGINNING: 01/02/07
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ATTACHED SCHEDULE I

VII. Related Organizations

A.Related SLF's and Health Care Businesses

<u>Name</u>	<u>City and State</u>	<u>Type of Business</u>
1 SLF's and Health Care divisions of Residential Alternatives of Illinois, Inc.:		
Hawthorne Inn of Danville	Danville, IL	Skilled nursing facility
Manor Court of Clinton	Clinton, IL	Skilled nursing and supportive living facility
Manor Court of Freeport	Freeport, IL	Skilled nursing and assisted living facility
Manor Court of Peoria	Peoria, IL	Skilled nursing facility
Manor Court of Peru	Peru, IL	Skilled nursing facility
Manor Court of Princeton	Princeton, IL	Skilled nursing and supportive living facility
Hawthorne Inn of Freeport	Freeport, IL	Supportive living facility
Hawthorne Inn of Peoria	Peoria, IL	Assisted living facility
Hawthorne Inn of Peru	Peru, IL	Assisted living facility
Liberty Estates of Geneseo	Geneseo, IL	Assisted living and independent living facility
Liberty Estates of Streator	Streator, IL	Assisted living and independent living facility
2 Residentail Alternatives of Iowa (common Board of Directors)	Coralville, IA	Long-term care facilities

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Manor Court of Clinton (skilled nursing) and Hawthorne Inn of Clinton (supportive living) are both housed in the same bldg and reported as a single division of Residential Alternatives of Illinois, Inc. Therefore, the divisional income statement and balance sheet report both operations. The SNF related costs have been adjusted out of this cost report

Attached Schedule II

SUMMARY SCHEDULE

Sch. IV		of Allocation of Skilled Nursing Facility Costs			
Line #		Salaries	Supplies	Other	Total
1	Dietary and Food	224,411	283,595	6,630	514,636
2	Hskp, Laundry, Main	208,000	103,416	28,870	340,286
3	Heat & Other Utilities			163,031	163,031
4	Other				-
6	Health Care/personal	1,686,358	242,723	335,145	2,264,226
7	Activities & Soc Serv	87,902	5,093	34	93,029
8	Other				-
10	Admin/Clerical	170,650	38,940	397,517	607,107
11	Mkt, Promo, Adv	35,390		93,638	129,028
12	Emp Ben & PR taxes			396,897	396,897
13	Insurance			93,831	93,831
14	Other			79,410	79,410
17	Depreciation			44,811	44,811
18	Interest				-
19	Real Estate Taxes			89,142	89,142
20	Rent			945,393	945,393
					-
TOTALS		2,412,711	673,767	2,674,349	5,760,827

Net adjustment required

5,760,827

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BEGINNING: 01/02/07
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ATTACHED SCHEDULE III

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line

	Description	Adjustments Col 5
See Att Sch II	Allocation to SNF cost report	(5,760,827)
See Att Sch V	Home office allocation	6,673
<i>Total Adjustments on Schedule IV</i>		(5,754,154)

ATTACHED SCHEDULE IV

Bed Listing & Home Office Allocation

Facility	Weighted beds @ 12/31/2007					Estate Units 10%	Weighted Average Total	All Homes Percentage of Total	SLF Percentage of Total
	Nursing	Horr	Sheltered	SLF	ALC				
	Beds 100%	Care	Beds 50%	Beds 50%	Beds 50%				
Liberty Estates of Danville	0	0	0	0	0	8	8	1.15%	0.00%
Liberty Estates of Freeport	0	0	0	0	0	8	8	1.15%	0.00%
Liberty Estates of Peoria	0	0	0	0	0	8	8	1.15%	0.00%
Geneseo Estates	0	0	0	0	0	8	8	1.15%	0.00%
Liberty Estates of Peru	0	0	0	0	0	8	8	1.15%	0.00%
Liberty Estates of Streator	0	0	0	0	4	8	12	1.72%	0.00%
Hawthorne Inn of Danville	64	38	0	0	0	0	102	14.61%	0.00%
Manor Court of Princeton	69	14	13	0	0	0	96	13.75%	1.86%
Manor Court of Clinton	134	0	14	0	0	0	148	21.20%	2.01%
Manor Court of Peoria	50	0	0	0	0	0	50	7.16%	0.00%
Manor Court of Peru	75	14	0	0	0	0	89	12.75%	0.00%
Manor Court of Freeport	45	17	0	12	0	0	74	10.60%	0.00%
Hawthorne Inn of Peoria	0	0	0	0	34	0	34	4.87%	0.00%
Hawthorne Inn of Peru	0	0	0	0	34	0	34	4.87%	0.00%
Hawthorne Inn of Freeport	0	0	19	0	0	0	19	2.72%	2.72%
							698	100%	6.59%

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BEGINNING: 1/1/2007
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ATTACHED SCHEDULE IV ALLOCATION OF HOME OFFICE INDIRECT COSTS
SUMMARY SCHEDULE

Sch. V (See attached detail schedule)

Line #		Salaries	Other	Total
1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0	0	-
3	Heat & Other Utilities		0	-
4	Other		0	-
6	Health Care/personal		0	-
7	Activities & Soc Serv		0	-
8	Other		0	-
10	Admin/Clerical	1,513	2,789	4,302
11	Mkt, Promo, Adv		0	-
12	Emp Ben & PR taxes		233	233
13	Insurance		8	8
14	Other		0	-
17	Depreciation		60	60
18	Interest		2,070	2,070
19	Real Estate Taxes		0	-
			0	-
			0	-
TOTALS		1,513	5,160	6,673

Net adjustment required

6,673

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ATTACHED SCHEDULE VI

Depreciation Reconciliation

<u>Schedule</u>	<u>Line</u>	<u>Description</u>	<u>Amount</u>
VIII	17-7	Total buildings and improvements	-
VIII	20-3	Total equipment and transportation	11,303
Attached schedule V		Home office allocation adj depreciation	60
		<i>Subtotal</i>	<u>11,363</u>
IV	17-6	Total cost center depreciation	<u>11,363</u>
		<i>Difference</i>	<u><u>-</u></u>

ATTACHED SCHEDULE VII

XII Income Statement Line 15

Activity Fund Income	1,492
Misc Income	901
Durable Equipment	867
	<u>3,260</u>