

		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.

<p><b>I.</b></p> <p>Facility Name: <u>Hawthorne Inn of Princeton</u></p> <p>Address: <u>140 North Street</u> <u>Princeton</u> <u>61356</u>          Number City Zip Code</p> <p>County: <u>Bureau</u></p> <p>Telephone Number: ( <u>815</u> ) <u>875-6600</u> Fax # _____</p> <p>Federal Employer ID Number: <u>37-1223846</u></p> <p>Date Current Owners were Certified: <u>01/29/2007</u></p> <p>Type of Ownership:</p> <table border="0"> <tr> <td><input type="checkbox"/> VOLUNTARY, NON-PROFIT</td> <td><input type="checkbox"/> PROPRIETARY</td> <td><input type="checkbox"/> GOVERNMENTAL</td> </tr> <tr> <td><input checked="" type="checkbox"/> Charitable Corp.</td> <td><input type="checkbox"/> Individual</td> <td><input type="checkbox"/> State</td> </tr> <tr> <td><input type="checkbox"/> Trust</td> <td><input type="checkbox"/> Partnership</td> <td><input type="checkbox"/> County</td> </tr> <tr> <td>IRS Exemption Code <u>501(C)3</u></td> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Other _____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> "Sub-S" Corp.</td> <td></td> </tr> <tr> <td></td> <td><input type="checkbox"/> Limited Liability Co.</td> <td></td> </tr> <tr> <td></td> <td><input type="checkbox"/> Trust</td> <td></td> </tr> <tr> <td></td> <td><input type="checkbox"/> Other _____</td> <td></td> </tr> </table> <p>In the event there are further questions about this report, please contact:          Name: <u>Ron Wilson</u> Telephone Number: ( <u>309</u> ) <u>343-1550</u></p>	<input type="checkbox"/> VOLUNTARY, NON-PROFIT	<input type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL	<input checked="" 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 <u>501(C)3</u>	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other _____		<input type="checkbox"/> "Sub-S" Corp.			<input type="checkbox"/> Limited Liability Co.			<input type="checkbox"/> Trust			<input type="checkbox"/> Other _____		<p><b>II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER</b></p> <p>I have examined the contents of the accompanying report to the State of Illinois, for the period from <u>01/29/07</u> to <u>12/31/07</u> 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.</p> <p>Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.</p> <table border="1"> <tr> <td rowspan="2">Officer or Administrator of Provider</td> <td>(Signed) _____ (Date) _____</td> </tr> <tr> <td>(Type or Print Name) <u>Tim Bledsoe</u></td> </tr> <tr> <td></td> <td>(Title) <u>Director of Operations</u></td> </tr> <tr> <td rowspan="4">Paid Preparer</td> <td>(Signed) <u>See Attached Independent Accountant's Report</u> (Date) _____</td> </tr> <tr> <td>(Print Name and Title) <u>McGladrey &amp; Pullen, LLP</u> <u>117 East Main Street, Suite 200</u></td> </tr> <tr> <td>(Firm Name &amp; Address) <u>PO Box 1070</u> <u>Galesburg, IL 61401</u></td> </tr> <tr> <td>(Telephone) <u>(309) 342-1175</u> Fax <u>(309) 342-7816</u></td> </tr> </table> <p align="center">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</p>	Officer or Administrator of Provider	(Signed) _____ (Date) _____	(Type or Print Name) <u>Tim Bledsoe</u>		(Title) <u>Director of Operations</u>	Paid Preparer	(Signed) <u>See Attached Independent Accountant's Report</u> (Date) _____	(Print Name and Title) <u>McGladrey &amp; Pullen, LLP</u> <u>117 East Main Street, Suite 200</u>	(Firm Name & Address) <u>PO Box 1070</u> <u>Galesburg, IL 61401</u>	(Telephone) <u>(309) 342-1175</u> Fax <u>(309) 342-7816</u>
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Facility Name Hawthorne Inn of Princeton

Report Period Beginning: 01/29/07 Ending: 12/31/07

**III. STATISTICAL DATA**

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

Date of change in certified units 01/29/2007

	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	5,055	1
2	0	Double Unit Apartment	6	2,022	2
3		Other			3
4		TOTALS	21	7,077	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	318	3,097		3,415	5
6	Double Unit	1,360	1,936		3,296	6
7	Other					7
8	TOTALS	1,678	5,033		6,711	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 94.83%

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

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning:

01/29/07

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	Supplies	Other	Total			
	A. General Services	1	2	3	4	5	6	
1	Dietary and Food Purchase	210,158	239,681	4,140	453,979	(388,089)	65,890	1
2	Housekeeping, Laundry and Maintenance	191,646	109,139	41,110	341,895	(301,468)	40,427	2
3	Heat and Other Utilities			152,568	152,568	(119,626)	32,942	3
4	Other (specify):							4
5	<b>TOTAL General Services</b>	<b>401,804</b>	<b>348,820</b>	<b>197,818</b>	<b>948,442</b>	<b>(809,183)</b>	<b>139,259</b>	<b>5</b>
<b>B. Health Care and Programs</b>								
6	Health Care/ Personal Care	1,365,397	229,864	664,688	2,259,949	(2,094,178)	165,771	6
7	Activities and Social Services	88,279	4,885		93,164	(92,580)	584	7
8	Other (specify):							8
9	<b>TOTAL Health Care and Programs</b>	<b>1,453,676</b>	<b>234,749</b>	<b>664,688</b>	<b>2,353,113</b>	<b>(2,186,758)</b>	<b>166,355</b>	<b>9</b>
<b>C. General Administration</b>								
10	Administrative and Clerical	201,230	42,355	219,248	462,833	(404,097)	58,736	10
11	Marketing Materials, Promotions and Advertising	30,615		102,763	133,378	(131,619)	1,759	11
12	Employee Benefits and Payroll Taxes			363,768	363,768	(321,313)	42,455	12
13	Insurance-Property, Liability and Malpractice			61,981	61,981	(53,483)	8,498	13
14	Other (specify): <b>See Att Sch II</b>			41,779	41,779	(41,779)		14
15	<b>TOTAL General Administration</b>	<b>231,845</b>	<b>42,355</b>	<b>789,539</b>	<b>1,063,739</b>	<b>(952,291)</b>	<b>111,448</b>	<b>15</b>
16	<b>TOTAL Operating Expense</b> (Sum of lines 5, 9 and 15)	<b>2,087,325</b>	<b>625,924</b>	<b>1,652,045</b>	<b>4,365,294</b>	<b>(3,948,232)</b>	<b>417,062</b>	<b>16</b>
<b>Capital Expenses</b>								
<b>D. Ownership</b>								
17	Depreciation			48,199	48,199	(33,988)	14,211	17
18	Interest					1,765	1,765	18
19	Real Estate Taxes			85,248	85,248	(66,493)	18,755	19
20	Rent -- Facility and Grounds			721,379	721,379	(525,507)	195,872	20
21	Rent -- Equipment							21
22	Other (specify):							22
23	<b>TOTAL Ownership</b>			<b>854,826</b>	<b>854,826</b>	<b>(624,223)</b>	<b>230,603</b>	<b>23</b>
24	<b>GRAND TOTAL (Sum of lines 16 and 23)</b>	<b>2,087,325</b>	<b>625,924</b>	<b>2,506,871</b>	<b>5,220,120</b>	<b>(4,572,455)</b>	<b>647,665</b>	<b>24</b>

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning 01/29/07 Ending: 12/31/07

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses		\$	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants			3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook	0	10.03	6
7	Cook Helpers/Assistants	1	8.30	7
8	Dishwashers	1	8.30	8
9	Maintenance Workers	0	9.53	9
10	Housekeepers	1	8.81	10
11	Laundry	0	8.63	11
12	Managers	0	21.63	12
13	Other Administrative			13
14	Clerical	1	8.56	14
15	Marketing	0	8.97	15
16	Other	10	8.17	16
17	<b>Total (lines 1 thru 16)</b>	<b>14</b>	<b>\$ 100.93</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	None			\$	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 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).

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning:

01/29/07

Ending:

12/31/07

## 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
	<b>Improvement Type</b>										
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	56,625	14,156	14,156		4	32,132	19
20	TOTAL (lines 18 and 19)	\$ 56,625	\$ 14,156	\$ 14,156	\$		\$ 32,132	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	\$ 140,191	\$ 20,867	\$ 63,219	21
22	SNF Leasehold Impr - Various	19,238	1,446	2,572	22
23	SNF Ford E350 Van - 2006	46,919	11,730	34,212	23
24	TOTALS (lines 21, 22 and 23)	\$ 206,348	\$ 34,043	\$ 100,003	24

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 01/29/07

Ending: 12/31/07

**IX. RENTAL COSTS**

**A. Building and Fixed Equipment**

1. Name of Party Holding Lease: Hawthorne Inn of Princeton, LLC

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	01/03/05	\$ 85,994	10	5	3
4	Additions			/ /				4
5	See attached Sch III			/ /				5
6				/ /				6
7	TOTAL		21		\$ 85,994			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		
	Name of Lender	Related**		Purpose of Loan	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense
		YES	NO			Original	Balance			
	<b>A. Directly Facility Related</b>									
	<b>Long-Term</b>									
1						\$	\$			\$
2				/ /				/ /		
3				/ /				/ /		
	<b>Working Capital</b>									
4				/ /				/ /		
5	Home office allocation	X		/ /				/ /		1,916
6	Less: Interest Income		X	/ /				/ /		-151
7	TOTAL Facility Related					\$	\$			\$ 1,765
	<b>B. Non-Facility Related</b>									
8				/ /				/ /		
9				/ /				/ /		
10	TOTALS (lines 7, 8 and 9)					\$	\$			\$ 1,765

\* 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

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Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 01/29/07

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	\$ 357,702	\$ 1
2	Cash-Patient Deposits	4,540	2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance 5,603 )	1,041,559	3
4	Supply Inventory (priced at )		4
5	Short-Term Investments		5
6	Prepaid Insurance	62,406	6
7	Other Prepaid Expenses		7
8	Accounts Receivable (owners or related parties)		8
9	Other(specify):		9
10	<b>TOTAL Current Assets</b> (sum of lines 1 thru 9)	\$ 1,466,207	\$ 10
<b>B. Long-Term Assets</b>			
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	19,238	15
16	Equipment, at Historical Cost	243,735	16
17	Accumulated Depreciation (book methods)	(132,135)	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	<b>TOTAL Long-Term Assets</b> (sum of lines 11 thru 23)	\$ 130,838	\$ 24
25	<b>TOTAL ASSETS</b> (sum of lines 10 and 24)	\$ 1,597,045	\$ 25

	1	2	
	Operating	After	
		Consolidation*	
<b>C. Current Liabilities</b>			
26	Accounts Payable	\$ 202,105	\$ 26
27	Officer's Accounts Payable		27
28	Accounts Payable-Patient Deposits	4,540	28
29	Short-Term Notes Payable		29
30	Accrued Salaries Payable	40,788	30
31	Accrued Taxes Payable	80,131	31
32	Accrued Interest Payable		32
33	Deferred Compensation		33
34	Federal and State Income Taxes		34
	<b>Other Current Liabilities(specify):</b>		
35	Interdivision Payable	1,854,597	35
36			36
37	<b>TOTAL Current Liabilities</b> (sum of lines 26 thru 36)	\$ 2,182,161	\$ 37
<b>D. Long-Term Liabilities</b>			
38	Long-Term Notes Payable		38
39	Mortgage Payable		39
40	Bonds Payable		40
41	Deferred Compensation		41
	<b>Other Long-Term Liabilities(specify):</b>		
42	Security deposits	100,500	42
43			43
44	<b>TOTAL Long-Term Liabilities</b> (sum of lines 38 thru 43)	\$ 100,500	\$ 44
45	<b>TOTAL LIABILITIES</b> (sum of lines 37 and 44)	\$ 2,282,661	\$ 45
46	<b>TOTAL EQUITY</b>	\$ (685,616)	\$ 46
47	<b>TOTAL LIABILITIES AND EQUITY</b> (sum of lines 45 and 46)	\$ 1,597,045	\$ 47

\*(See instructions.)

Facility Name: Hawthorne Inn of Princeton

Report Period Beginning: 01/29/07

Ending:

12/31/07

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

		1	
Revenue		Amount	
<b>A. SLF Resident Care</b>			
1	Gross SLF Resident Revenue	\$ 645,236	1
2	Discounts and Allowances		2
<b>SUBTOTAL Resident Care</b>			
3	(line 1 minus line 2)	\$ 645,236	3
<b>B. Other Operating Revenue</b>			
4	Special Services		4
5	Other Health Care Services	4,735,521	5
6	Special Grants		6
7	Gift and Coffee Shop	8,102	7
8	Barber and Beauty Care	2,133	8
9	Non-Resident Meals	30	9
10	Laundry		10
<b>SUBTOTAL OTHER OPERATING REVENUE</b>			
11	(sum of lines 4 thru 10)	\$ 4,745,786	11
<b>C. Non-Operating Revenue</b>			
12	Contributions	100	12
13	Interest and Other Investment Income	151	13
<b>SUBTOTAL Non-Operating Revenue</b>			
14	(sum of lines 12 and 13)	\$ 251	14
<b>D. Other Revenue (specify):</b>			
15	Durable Medical Equipment	5,008	15
16	Gain on disposal of equipment	1,000	16
<b>SUBTOTAL Other Revenue</b>			
17	(sum of lines 15 and 16)	\$ 6,008	17
<b>TOTAL REVENUE</b>			
18	(sum of lines 3, 11, 14 and 17)	\$ 5,397,281	18

		2	
Expenses		Amount	
<b>A. Operating Expenses</b>			
19	General Services	948,442	19
20	Health Care/ Personal Care	2,353,113	20
21	General Administration	1,063,739	21
<b>B. Capital Expense</b>			
22	Ownership	854,826	22
<b>C. Other Expenses</b>			
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
<b>TOTAL EXPENSES</b>			
28	(sum of lines 19 thru 27)	\$ 5,220,120	28
<b>Income Before Income Taxes</b>			
29	(line 18 minus line 28)	\$ 177,161	29
<b>Income Taxes</b>			
30		\$	30
<b>NET INCOME OR LOSS FOR THE YEAR</b>			
31	(line 29 minus line 30)	\$ 177,161	31

**FACILITY NAME:** Hawthorne Inn of Princeton  
**ID#:** 37-1223846

**BEGINNING:** 01/29/07  
**ENDING:** 12/31/07

**ATTACHED SCHEDULE I**

**VII. Related Organizations**

**A.Related SLF's and Health Care Businesses**

<b><u>Name</u></b>	<b><u>City and State</u></b>	<b><u>Type of Business</u></b>
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

**FACILITY NAME: Hawthorne Inn of Princeton**  
**ID#: 37-1223846**

**BEGINNING: 01/29/07**  
**ENDING: 12/31/07**

Manor Court of Princeton (skilled nursing) and Hawthorne Inn of Princeton (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**

<b>Sch. IV</b>		<b>of Allocation of Skilled Nursing Facility Costs</b>			
<b>Line #</b>		<b>Salaries</b>	<b>Supplies</b>	<b>Other</b>	<b>Total</b>
1	Dietary and Food	179,375	204,574	4,140	388,089
2	Hskp, Laundry, Main	168,731	96,544	36,193	301,468
3	Heat & Other Utilities			119,626	119,626
4	Other				-
6	Health Care/personal	1,199,626	229,864	664,688	2,094,178
7	Activities & Soc Serv	88,279	4,301		92,580
8	Other				-
10	Admin/Clerical	173,508	37,681	196,889	408,078
11	Mkt, Promo, Adv	30,615		101,004	131,619
12	Emp Ben & PR taxes			321,529	321,529
13	Insurance			53,490	53,490
14	Other			41,779	41,779
17	Depreciation			34,043	34,043
18	Interest				-
19	Real Estate Taxes			66,493	66,493
20	Rent			525,507	525,507
					-
<b>TOTALS</b>		<b>1,840,134</b>	<b>572,964</b>	<b>2,165,381</b>	<b>4,578,479</b>

Net adjustment required

4,578,479

FACILITY NAME: Hawthorne Inn of Princeton  
 ID#: 37-1223846

BEGINNING: 01/29/07  
 ENDING: 12/31/07

**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	(4,578,479)
See Att Sch V	Home office allocation	6,175
<i>Total Adjustments on Schedule IV</i>		(4,572,304)

**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%

**FACILITY NAME:** Hawthorne Inn of Princeton  
**ID#:** 37-1223846

**BEGINNING:** 1/1/2007  
**ENDING:** 12/31/2007

**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	1,400	2,581	3,981
11	Mkt, Promo, Adv		0	-
12	Emp Ben & PR taxes		216	216
13	Insurance		7	7
14	Other		0	-
17	Depreciation		55	55
18	Interest		1,916	1,916
19	Real Estate Taxes		0	-
			0	-
			0	-
<b>TOTALS</b>		<b>1,400</b>	<b>4,775</b>	<b>6,175</b>

Net adjustment required

6,175



**FACILITY NAME:** Hawthorne Inn of Princeton

**ID#:** 37-1223846

6

**BEGINNING:** 01/29/07

**ENDING:** 12/31/07

**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	14,156
Attached schedule V		Home office allocation adj depreciation	55
		<i>Subtotal</i>	<u>14,211</u>
IV	17-6	Total cost center depreciation	<u>14,211</u>
		<i>Difference</i>	<u><u>-</u></u>