

Facility Name & ID Number Heather Health Care Center

0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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 _____

	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	<u>173</u>	Skilled (SNF)	<u>173</u>	<u>63,145</u>	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	<u>173</u>	TOTALS	<u>173</u>	<u>63,145</u>	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				
		Medicaid Recipient	Private Pay	Other	Total	
8	SNF	<u>7,743</u>	<u>43</u>	<u>1,592</u>	<u>9,378</u>	8
9	SNF/PED					9
10	ICF	<u>33,827</u>	<u>459</u>	<u>42</u>	<u>34,328</u>	10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	<u>41,570</u>	<u>502</u>	<u>1,634</u>	<u>43,706</u>	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 69.22%

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

N/A (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)

N/A

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

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 4/1/78

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 173 and days of care provided 811

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

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

Facility Name & ID Number Heather Health Care Center # 0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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 BHF USE ONLY	
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10
	A. General Services										
1	Dietary	238,889	28,639	12,000	279,528	962	280,490	1,600	282,090		1
2	Food Purchase		297,892		297,892	(25,476)	272,416	(38,485)	233,931		2
3	Housekeeping	189,969	33,860		223,829	863	224,692	3,536	228,228		3
4	Laundry	54,047	18,925		72,972	226	73,198		73,198		4
5	Heat and Other Utilities			130,216	130,216		130,216	(1,532)	128,684		5
6	Maintenance	59,463		142,136	201,599	116	201,715	38,793	240,508		6
7	Other (specify):* Security/Relat. Party			192	192		192	6,143	6,335		7
8	TOTAL General Services	542,368	379,316	284,544	1,206,228	(23,309)	1,182,919	10,055	1,192,974		8
	B. Health Care and Programs										
9	Medical Director			21,000	21,000		21,000		21,000		9
10	Nursing and Medical Records	1,683,878	82,107	6,137	1,772,122	9,247	1,781,369	45,818	1,827,187		10
10a	Therapy										10a
11	Activities	219,723	16,328	1,950	238,001	26	238,027		238,027		11
12	Social Services	58,055			58,055		58,055		58,055		12
13	CNA Training										13
14	Program Transportation										14
15	Other (specify):* Rel. Party Benefits							7,478	7,478		15
16	TOTAL Health Care and Programs	1,961,656	98,435	29,087	2,089,178	9,273	2,098,451	53,296	2,151,747		16
	C. General Administration										
17	Administrative	74,301			74,301		74,301	82,059	156,360		17
18	Directors Fees										18
19	Professional Services			538,216	538,216	(8,299)	529,917	(451,023)	78,894		19
20	Dues, Fees, Subscriptions & Promotions			75,605	75,605		75,605	(63,729)	11,876		20
21	Clerical & General Office Expenses	168,469	21,796	37,339	227,604	412	228,016	187,666	415,682		21
22	Employee Benefits & Payroll Taxes			426,482	426,482	15,910	442,392	(5,803)	436,589		22
23	Inservice Training & Education										23
24	Travel and Seminar			6,662	6,662		6,662	2,100	8,762		24
25	Other Admin. Staff Transportation			3,662	3,662		3,662	10,577	14,239		25
26	Insurance-Prop.Liab.Malpractice			167,411	167,411	(786)	166,625	5,227	171,852		26
27	Other (specify):* Rel. Party Benefits			71,694	71,694		71,694	(23,607)	48,087		27
28	TOTAL General Administration	242,770	21,796	1,327,071	1,591,637	7,237	1,598,874	(256,533)	1,342,341		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	2,746,794	499,547	1,640,702	4,887,043	(6,799)	4,880,244	(193,182)	4,687,062		29

*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.

Facility Name & ID Number Heather Health Care Center

#0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

V. COST CENTER EXPENSES (continued)

	Capital Expense	Cost Per General Ledger				Reclass-ification 5	Reclassified Total 6	Adjust-ments 7	Adjusted Total 8	FOR BHF USE ONLY		
		Salary/Wage 1	Supplies 2	Other 3	Total 4					9	10	
	D. Ownership											
30	Depreciation			78,793	78,793		78,793	67,439	146,232			30
31	Amortization of Pre-Op. & Org.							317	317			31
32	Interest			92,182	92,182	786	92,968	154,471	247,439			32
33	Real Estate Taxes							363,929	363,929			33
34	Rent-Facility & Grounds			450,351	450,351		450,351	(450,351)				34
35	Rent-Equipment & Vehicles			11,552	11,552		11,552	31,977	43,529			35
36	Other (specify):*							7,915	7,915			36
37	TOTAL Ownership			632,878	632,878	786	633,664	175,697	809,361			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		78,840	63,661	142,501	6,013	148,514	(815)	147,699			39
40	Barber and Beauty Shops											40
41	Coffee and Gift Shops											41
42	Provider Participation Fee			94,718	94,718		94,718		94,718			42
43	Other (specify):*											43
44	TOTAL Special Cost Centers		78,840	158,379	237,219	6,013	243,232	(815)	242,417			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	2,746,794	578,387	2,431,959	5,757,140		5,757,140	(18,300)	5,738,840			45

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

Heather Health Care Center Inc.

IDPH Facility ID Number:

002-3945

Page 4A

Reporting Period Beginning

1/1/2007

Reporting Period Ending

12/31/2007

Reclassifications - Pgs 3 and 4

<u>From Line</u>	<u>To Line</u>	<u>Amount</u>	<u>Description</u>
19		(9170.00)	Reclass Clinical Coordinators
	10	9170.00	Reclass Clinical Coordinators
2		(25,476.00)	Employee Meals
	22	25,476.00	Employee Meals
10		(6,013.00)	Oxygen Costs
	39	6,013.00	Oxygen Costs
26		(786.00)	Insurance Expense
	32	786.00	Insurance Expense
22		(9,566.00)	Employee Uniforms
	1	962.00	Employee Uniforms
	3	863.00	Employee Uniforms
	4	226.00	Employee Uniforms
	6	116.00	Employee Uniforms
	10	6,961.00	Employee Uniforms
	11	26.00	Employee Uniforms
	21	412.00	Employee Uniforms

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Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning: 1/1/07

Ending: 12/31/07

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	BHF USE ONLY	
1	Day Care	\$		\$	1
2	Other Care for Outpatients				2
3	Governmental Sponsored Special Programs				3
4	Non-Patient Meals				4
5	Telephone, TV & Radio in Resident Rooms				5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients				8
9	Non-Straightline Depreciation	64,642	30		9
10	Interest and Other Investment Income	(2)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(246)	2		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	(1,595)	21		17
18	Fines and Penalties	(17,270)	32		18
19	Entertainment	(2,391)	20		19
20	Contributions	(7,703)	20		20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers	(11,548)	19		22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(71,694)	27		24
25	Fund Raising, Advertising and Promotional	(12,005)	20		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				29
30	SUBTOTAL (A): (Sum of lines 1-29)	\$ (59,812)		\$	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)	56,790		34
35	Other- Attach Schedule	(15,278)		35
36	SUBTOTAL (B): (sum of lines 31-35)	\$ 41,512		36
37	TOTAL ADJUSTMENTS (A) and (B)	\$ (18,300)		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			x			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

Heather Health Care Center

ID# 0023945

Report Period Beginning: 1/1/07

Ending: 12/31/07

NON-ALLOWABLE EXPENSES		Amount	Sch. V Line Reference	
1	Late fees on utilities	\$ (3,980)	5	1
2	Intercompany Interest	(74,913)	32	2
3	Misc Income (AR imports)	(655)	10	3
4	Misc Income (AR imports)	(160)	2	4
5	Marketing Manager & Aides	(37,373)	21	5
6	Back out % of Employee Benefits	(5,803)	22	6
7	Back out 29.31 % (for 2007) of PAC fees	(2,799)	20	7
8	Vendor Settlements	63	21	8
9	Vendor Settlements	(63)	5	9
10	Reduce deprec exp on Pg 13 items under \$2,500	(1,730)	30	10
11	Reduce deprec exp on Pg 12 items under \$2,500	(1,887)	30	11
12	Expense capital items > \$2500 on Pg 13 items	6,448	6	12
13	Expense capital items > \$2500 on Pg 12 items	17,680	6	13
14				14
15	Elimin. Interest related to '06 build. Purchase	(16,222)	32	15
16	Mortgage Interest	133,963	32	16
17	Mortgage Insurance	7,915	36	17
18	To correct depr to actual	1,661	30	18
19	Adj Def Maint to Actual	(403)	6	19
20	"SMS Prior Year Adjustment"	6,066	19	20
21	Marzullo Reclass (ANI Related)	(180)	19	21
22	Deming Related Costs	154	24	22
23	Eliminate non-care G+A costs	(75)	21	23
24	Eliminate non-care R+M costs	(75)	6	24
25	Eliminate Late Fees on Unpaid Real Estate Taxes	(42,835)	33	25
26	PAC Dinner	(75)	24	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	(15,278)		49

STATE OF ILLINOIS

Summary A

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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

	Operating Expenses	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)	
	A. General Services													
1	Dietary	0	0	5,071	(3,471)	0	0	0	0	0	0	0	1,600	1
2	Food Purchase	(406)	0	0	(38,079)	0	0	0	0	0	0	0	(38,485)	2
3	Housekeeping	0	0	3,536	0	0	0	0	0	0	0	0	3,536	3
4	Laundry	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Heat and Other Utilities	(4,043)	0	2,511	0	0	0	0	0	0	0	0	(1,532)	5
6	Maintenance	23,650	0	15,620	0	0	0	(477)	0	0	0	0	38,793	6
7	Other (specify):*	0	0	5,674	469	0	0	0	0	0	0	0	6,143	7
8	TOTAL General Services	19,201	0	32,412	(41,081)	0	0	(477)	0	0	0	0	10,055	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	(655)	0	42,840	1,707	1,926	0	0	0	0	0	0	45,818	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	7,478	0	0	0	0	0	0	0	0	7,478	15
16	TOTAL Health Care and Programs	(655)	0	50,318	1,707	1,926	0	0	0	0	0	0	53,296	16
	C. General Administration													
17	Administrative	0	0	82,059	0	0	0	0	0	0	0	0	82,059	17
18	Directors Fees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Professional Services	(5,662)	0	(445,361)	0	0	0	0	0	0	0	0	(451,023)	19
20	Fees, Subscriptions & Promotions	(24,898)	250	(39,081)	0	0	0	0	0	0	0	0	(63,729)	20
21	Clerical & General Office Expenses	(38,980)	0	212,581	10,439	3,626	0	0	0	0	0	0	187,666	21
22	Employee Benefits & Payroll Taxes	(5,803)	0	0	0	0	0	0	0	0	0	0	(5,803)	22
23	Inservice Training & Education	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Travel and Seminar	79	0	2,021	0	0	0	0	0	0	0	0	2,100	24
25	Other Admin. Staff Transportation	0	0	10,577	0	0	0	0	0	0	0	0	10,577	25
26	Insurance-Prop.Liab.Malpractice	0	5,041	186	0	0	0	0	0	0	0	0	5,227	26
27	Other (specify):*	(71,694)	0	47,093	975	19	0	0	0	0	0	0	(23,607)	27
28	TOTAL General Administration	(146,958)	5,291	(129,925)	11,414	3,645	0	0	0	0	0	0	(256,533)	28
29	TOTAL Operating Expense (sum of lines 8,16 & 28)	(128,412)	5,291	(47,195)	(27,960)	5,571	0	(477)	0	0	0	0	(193,182)	29

STATE OF ILLINOIS

Summary B

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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

	Capital Expense	PAGES	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	PAGE	SUMMARY	
	D. Ownership	5 & 5A	6	6A	6B	6C	6D	6E	6F	6G	6H	6I	TOTALS	
		(to Sch V, col.7)												
30	Depreciation	62,686	0	3,226	0	1,527	0	0	0	0	0	0	67,439	30
31	Amortization of Pre-Op. & Org.	0	260	57	0	0	0	0	0	0	0	0	317	31
32	Interest	25,556	16,222	112,467	0	206	20	0	0	0	0	0	154,471	32
33	Real Estate Taxes	(42,835)	402,827	3,870	0	67	0	0	0	0	0	0	363,929	33
34	Rent-Facility & Grounds	0	(450,351)	0	0	0	0	0	0	0	0	0	(450,351)	34
35	Rent-Equipment & Vehicles	0	0	31,977	0	0	0	0	0	0	0	0	31,977	35
36	Other (specify):*	7,915	0	0	0	0	0	0	0	0	0	0	7,915	36
37	TOTAL Ownership	53,322	(31,042)	151,597	0	1,800	20	0	0	0	0	0	175,697	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	(15,656)	98	14,743	0	0	0	0	0	(815)	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):*	0	0	0	0	0	0	0	0	0	0	0	0	43
44	TOTAL Special Cost Centers	0	0	0	(15,656)	98	14,743	0	0	0	0	0	(815)	44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	(75,090)	(25,751)	104,402	(43,616)	7,469	14,763	(477)	0	0	0	0	(18,300)	45

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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
The Alden Group Limited	100	See Pg 6K		See Pg 6K		

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: Adjustments for Related Organization Costs (7 minus 4)	
Schedule V	Line	Item	Amount	Name of Related Organization	Percent of Ownership	Operating Cost of Related Organization		
1	V	34 Rental Income	\$ 450,351	Heather Health Care Center II, LLC		\$	\$ (450,351)	1
2	V							2
3	V	33 Real Estate Tax		Heather Health Care Center II, LLC		402,827	402,827	3
4	V	26 General Insurance Exp		Heather Health Care Center II, LLC		5,041	5,041	4
5	V	32 Interest-Other		Heather Health Care Center II, LLC		16,222	16,222	5
6	V	31 Amortization		Heather Health Care Center II, LLC		260	260	6
7	V							7
8	V	20 Dues & Subscriptions		Heather Health Care Center II, LLC		250	250	8
9	V							9
10	V							10
11	V							11
12	V							12
13	V							13
14	Total		\$ 450,351			\$ 424,600	\$ * (25,751)	14

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

Facility Name & ID Number Heather Health Care Center # 0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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	19 Professional Fees	\$	Alden Management Services, Inc.	0.00%	\$		15
16	V	5 Utilities		Alden Management Services, Inc.		2,511	2,511	16
17	V	24 Travel & Seminar		Alden Management Services, Inc.		2,021	2,021	17
18	V	25 Other Admin Travel		Alden Management Services, Inc.		10,577	10,577	18
19	V	26 Forum Allocated Insurance		Alden Management Services, Inc.		186	186	19
20	V	20 Dues, Subscriptions	39,510	Alden Management Services, Inc.		429	(39,081)	20
21	V	30 Depreciation		Alden Management Services, Inc.		3,226	3,226	21
22	V	31 Amortization		Alden Management Services, Inc.		57	57	22
23	V	33 Real Estate Taxes		Alden Management Services, Inc.		3,870	3,870	23
24	V	35 Rent-Equip & Vehic		Alden Management Services, Inc.		31,977	31,977	24
25	V	32 Interest		Alden Management Services, Inc.		112,467	112,467	25
26	V	1 Dietary Aid Coord Salary		Alden Management Services, Inc.		5,071	5,071	26
27	V	3 Housekeeping Coord Salary		Alden Management Services, Inc.		3,536	3,536	27
28	V	7 Employee Benefit % Genl Servs		Alden Management Services, Inc.		5,674	5,674	28
29	V	10 Nurs & Med Records Salary		Alden Management Services, Inc.		42,840	42,840	29
30	V	15 Empl'ee benefit %: Health Care		Alden Management Services, Inc.		7,478	7,478	30
31	V	17 Administrative Salary		Alden Management Services, Inc.		82,059	82,059	31
32	V							32
33	V	27 Empl'ee benefit %: Administrative		Alden Management Services, Inc.		47,093	47,093	33
34	V	19 Professional: Salary & Non Salary	483,600	Alden Management Services, Inc.		38,239	(445,361)	34
35	V	21 Gen'l & Admin Salary & Non Salary		Alden Management Services, Inc.		212,581	212,581	35
36	V	6 Repair & Maint Salary & Non Salary	16,753	Alden Management Services, Inc.		32,373	15,620	36
37	V							37
38	V							38
39	Total		\$ 539,863			\$ 644,265	\$ * 104,402	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		\$	Prism Health Care Services, Inc.	0.00%	\$	\$
16	V	1 Diet. Cons.	12,000	Prism Health Care Services, Inc.		4,124	(7,876)
17	V	2 Tube Feed	49,945	Prism Health Care Services, Inc.		11,866	(38,079)
18	V	10 Equip Rent	3,060	Prism Health Care Services, Inc.		4,767	1,707
19	V	39 Ancillary Supplies	30,994	Prism Health Care Services, Inc.		15,338	(15,656)
20	V	1 Diet: Salary		Prism Health Care Services, Inc.		4,405	4,405
21	V	21 Salary G&A		Prism Health Care Services, Inc.		4,154	4,154
22	V	27 Emp Benef		Prism Health Care Services, Inc.		975	975
23	V	7 Emp Benef		Prism Health Care Services, Inc.		469	469
24	V	21 G&A		Prism Health Care Services, Inc.		6,285	6,285
25	V						
26	V						
27	V						
28	V						
29	V						
30	V						
31	V						
32	V						
33	V						
34	V						
35	V						
36	V						
37	V						
38	V						
39	Total		\$ 95,999			\$ 52,383	\$ * (43,616)

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

Facility Name & ID Number Heather Health Care Center # 0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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	39	Drugs	\$ 26,309	Forum Extended Care Services II, Inc.	0.00%	\$ 39,022	\$ 12,713	15
16	V	39	I.V.	13,184	Forum Extended Care Services II, Inc.		1,446	(11,738)	16
17	V	39	Wound Care	4,265	Forum Extended Care Services II, Inc.		3,388	(877)	17
18	V	10	House Stock	4,119	Forum Extended Care Services II, Inc.		3,931	(188)	18
19	V	10	Pharmacy Consultant	6,137	Forum Extended Care Services II, Inc.		8,251	2,114	19
20	V	27	Employ. Vaccin.	1,099	Forum Extended Care Services II, Inc.		862	(237)	20
21	V	27	Emp Benef: G&A		Forum Extended Care Services II, Inc.		256	256	21
22	V	21	Salary: G&A		Forum Extended Care Services II, Inc.		1,945	1,945	22
23	V	21	Gen'l & Admin		Forum Extended Care Services II, Inc.		1,681	1,681	23
24	V	32	Interest		Forum Extended Care Services II, Inc.		206	206	24
25	V	33	Real Estate Tax		Forum Extended Care Services II, Inc.		67	67	25
26	V	30	Depreciation		Forum Extended Care Services II, Inc.		1,527	1,527	26
27	V								27
28	V								28
29	V								29
30	V								30
31	V								31
32	V								32
33	V								33
34	V								34
35	V								35
36	V								36
37	V								37
38	V								38
39	Total		\$ 55,113				\$ 62,582	\$ * 7,469	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	39	Therapy	\$ 62,369	Community Physical Therapy & Associates, Ltd.	0.00%	\$ 77,112	\$ 14,743	15	
16	V	32	Interest		Community Physical Therapy & Associates, Ltd.		20	20	16	
17	V								17	
18	V								18	
19	V								19	
20	V								20	
21	V								21	
22	V								22	
23	V								23	
24	V								24	
25	V								25	
26	V								26	
27	V								27	
28	V								28	
29	V								29	
30	V								30	
31	V								31	
32	V								32	
33	V								33	
34	V								34	
35	V								35	
36	V								36	
37	V								37	
38	V								38	
39	Total			\$ 62,369			\$ 77,132	\$ *	14,763	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	6	Repairs & Maintenance	\$ 34,979	Alden Bennett Construction Company, Inc.	0.00%	\$ 34,502	\$	(477)	15
16	V									16
17	V									17
18	V									18
19	V									19
20	V									20
21	V									21
22	V									22
23	V									23
24	V									24
25	V									25
26	V									26
27	V									27
28	V									28
29	V									29
30	V									30
31	V									31
32	V									32
33	V									33
34	V									34
35	V									35
36	V									36
37	V									37
38	V									38
39	Total			\$ 34,979			\$ 34,502	\$ *	(477)	39

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

STATE OF ILLINIOS

Facility Name & ID Number

Heather Health Care Center Inc.

Provider No.

002-3945

Report Period Beginning:

1/1/2007

Ending:

12/31/2007

RELATED NURSING HOMES		OTHER RELATED BUSINESS ENTITIES		
Name	City	Name	City	Type of Business
Heather Health Care Center, Inc.	Harvey	The Forum Professional Center, LP	Chicago	Home Office rental
Alden-Long Grove Rehabilitation and Health Care Center, Inc.	Long Grove	Forum Extended Care Services II, Inc.	Chicago	Pharmacy
Alden-Lincoln Park Rehabilitation and Health Care Center, Inc.	Chicago	Alden Management Services, Inc.	Chicago	Management
Alden-Northmoor Rehabilitation and Health Care Center, Inc.	Chicago			
Alden-Lakeland Rehabilitation and Health Care Center, Inc.	Chicago			
Alden of Old Town East, Inc.	Bloomingtondale	Alden Garden Courts of DesPlaines, LLC	DesPlaines	Assisted Living/Alzheimers Facility
Alden Terrace of McHenry Rehabilitation and Health Care Center, Inc.	McHenry	Alden Courts of Waterford, LLC	Aurora	Alzheimers Facility
Alden - Wentworth Rehabilitation and Health Care Center, Inc.	Chicago	Alden Gardens of Waterford, LLC	Aurora	Assisted Living
Alden - Naperville Rehabilitation and Health Care Center, Inc.	Naperville	Prism Health Care Services, Inc.	Schaumburg	Nursing and Durable Equipment
Alden - Valley Ridge Rehabilitation and Health Care Center, Inc.	Bloomingtondale	Community Physical Therapy & Associates, Ltd.	Wood Dale	Therapy Provider
Alden Village Health Facility for Children and Young Adults, Inc.	Bloomingtondale	Alden Bennett Construction Company, Inc.	Chicago	General Contractor
Alden - Orland Park Rehabilitation and Health Care Center, Inc.	Orland Park			
Alden - Princeton Rehabilitation and Health Care Center, Inc.	Chicago			
Alden of Old Town West, Inc.	Bloomingtondale			
Alden - Town Manor Rehabilitation and Health Care Center, Inc.	Cicero			
Alden Trails, Inc.	Bloomingtondale			
Alden - Poplar Creek Rehabilitation and Health Care Center, Inc.	Hoffman Estates			
Alden - North Shore Rehabilitation and Health Care Center, Inc.	Skokie			
Alden - Des Plaines Rehabilitation and Health Care Center, Inc.	Des Plaines			
Alden Estates of Evanston, Inc.	Evanston			
Alden - Alma Nelson Manor, Inc.	Rockford			
Alden - Park Strathmoor, Inc.	Rockford			
Alden - Meadow Park Health Care Center, Inc.	Clinton, WI			
Alden Estates of Barrington, Inc.	Barrington			
Alden of Waterford, LLC	Aurora			
Alden Springs, Inc.	Bloomingtondale			

Facility Name & ID Number Heather Health Care Center # 0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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	Floyd A. Schlossberg	President	CEO	100.00	164,528	1.516	0.04	Salary	\$ 6,472	17-7	1
2	Lauren Magnusson	Dir. Of Clinical Servi	Technical Nursing	0.00	62,039	1.516	0.04	Salary	2,441	10-7	2
3	Terry Magnusson	Dir. of Purchasing	Supervise Mainten	0.00	36,523	1.516	0.04	Salary	1,437	6-7	3
4											4
5											5
6	A. Floyd Schlossberg is the President and sole stockholder of Alden Management Services, Inc.										6
7	B. Lauren Magnusson is the daughter of Floyd Schlossberg. Lauren is the Director of Clinical Services and provides technical support for the entire nursing staff.										7
8	C. Terry Magnusson is the son-in-law of Floyd Schlossberg. Terry coordinates the purchase of all building maintenance items as well as supervise building engineers.										8
9											9
10											10
11											11
12											12
13								TOTAL	\$ 10,350		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.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending: 12/31/07

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

Name of Related Organization Alden Management Services, Inc.
 Street Address 4200 W. Peterson
 City / State / Zip Code Chicago, IL 60646
 Phone Number (773)286-3883
 Fax Number (773)286-8038

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

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	5	Utilities	Patient Days	1,154,703	29	\$ 66,329	\$ 43,706	\$ 2,511	1	
2	24	Trav & Seminar	Patient Days	1,154,703	29	53,403	43,706	2,021	2	
3	25	Other Admin Travel	Patient Days	1,154,703	29	279,431	43,706	10,577	3	
4	26	Insurance	Patient Days	1,154,703	29	4,925	43,706	186	4	
5	20	Dues & Subscriptions	Patient Days	1,154,703	29	11,328	43,706	429	5	
6	30	Depreciation	No. of Providers/usage	29	29	93,554	1	3,226	6	
7	31	Amortization	Patient Days	1,154,703	29	1,500	43,706	57	7	
8	33	Real Estate Tax	Patient Days/usage	1,154,703	29	102,244	43,706	3,870	8	
9	35	Rent-Equip & Vehicles	Patient Days	1,154,703	29	844,835	43,706	31,977	9	
10	32	Interest	Patient Days/usage	1,154,703	29	2,971,354	43,706	112,467	10	
11	1	Dietary	Patient Days	1,154,703	29	133,965	133,965	43,706	5,071	11
12	3	Housekeeping	Patient Days	1,154,703	29	93,421	93,421	43,706	3,536	12
13	7	Employee Benefits-Gen'l Servs	Patient Days	1,154,703	29	149,914	43,706	5,674	13	
14	10	Nurs & Med Records Salary	Patient Days	1,154,703	29	1,131,823	1,178,420	43,706	42,840	14
15	15	Employee Benefits-Health Care	Patient Days	1,154,703	29	197,574	43,706	7,478	15	
16	17	Administrative Salary	Patient Days/usage	1,154,703	29	2,167,981	1,091,420	43,706	82,059	16
17									17	
18	27	Employee Benefits-Admin	Patient Days	1,154,703	29	1,244,181	43,706	47,093	18	
19	19	Professional Fees	Patient Days	1,154,703	29	1,010,272	531,592	43,706	38,239	19
20	21	Gen'l & Admin	Patient Days	1,154,703	29	5,616,348	4,942,836	43,706	212,581	20
21	6	Repair & Maint.	Patient Days	1,154,703	29	855,298	666,770	43,706	32,373	21
22									22	
23									23	
24									24	
25	TOTALS					\$ 17,029,680	\$ 8,638,424	\$ 644,265	25	

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	2	3	4	5	6	7	8	9	10											
										Name of Lender	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										1										
2	Proforma allocation of mortg. Int									2										
3	due to sale/leaseback		mortgage	\$17,353.57	6/1/80	2,430,000	1,583,056	12/31/2019	8.2500	133,963										
4										4										
5	Insurance Interest-see reclass									785										
Working Capital																				
6	Related Party - CPT									20										
7	Related Party - AMS									112,467										
8	Related Party - FECII									206										
9	TOTAL Facility Related			\$17,353.57		\$ 2,430,000	\$ 1,583,056			\$ 247,441										
B. Non-Facility Related*																				
10	Interest Income of R.R.									10										
11	Interest Income on Corp									(2)										
12										12										
13										13										
14	TOTAL Non-Facility Related					\$	\$			(2)										
15	TOTALS (line 9+line14)					\$ 2,430,000	\$ 1,583,056			\$ 247,439										

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. \$ 7,915 Line # 36

* Any interest expense reported in this section should be adjusted out on page 5, line 14 and, consequently, page 4, col. 7. (See instructions.)

** 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:** 2006 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 2006 real estate tax costs, as well as copies of your original real estate tax bills for calendar 2006.

Please complete the Real Estate Tax Statement below and forward with a copy of your 2006 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 2007 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.

2006 LONG TERM CARE REAL ESTATE TAX STATEMENT

FACILITY NAME Heather Health Care Center COUNTY COOK

FACILITY IDPH LICENSE NUMBER 0023945

CONTACT PERSON REGARDING THIS REPORT Steven M. Kroll

TELEPHONE (773) 286-3883 FAX #: (773)286-8038

A. Summary of Real Estate Tax Cost

Enter the tax index number and real estate tax assessed for 2006 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 2006.

(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>29-18-410-054-0000</u>	<u>nursing home</u>	\$ <u>918.69</u>	\$ <u>918.69</u>
2. <u>29-18-410-063-0000</u>	<u>nursing home</u>	\$ <u>407,071.96</u>	\$ <u>407,071.96</u>
3. <u>See Attached</u>	<u>Related Party-AMS</u>	\$ <u>241,399.00</u>	\$ <u>3,870.00</u>
4. <u>See Attached</u>	<u>Related Party-Forum</u>	\$ <u>37,806.00</u>	\$ <u>67.00</u>
5. _____	_____	\$ _____	\$ _____
6. _____	_____	\$ _____	\$ _____
7. _____	_____	\$ _____	\$ _____
8. _____	_____	\$ _____	\$ _____
9. _____	_____	\$ _____	\$ _____
10. _____	_____	\$ _____	\$ _____
TOTALS		\$ <u>687,195.65</u>	\$ <u>411,927.65</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 2006 tax bills which were listed in Section A to this statement. Be sure to use the 2006 tax bill which is normally paid during 2007.

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 Heather Health Care Center

0023945 Report Period Beginning:

1/1/07 Ending:

12/31/07

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 48,971 B. General Construction Type: Exterior Brick/Concrete Frame Steel Number of Stories 1, partial 2

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).

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>Patient Care</u>	<u>62,115</u>	<u>2005</u>	<u>\$ 187,500</u>	1
2					2
3	TOTALS	62,115		\$ 187,500	3

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

XI. OWNERSHIP COSTS (continued)**B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.**

	1 Beds*	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	
4	49		1978	1975	\$ 496,626	\$	27	\$	\$	\$ 496,626	4
5	123		1980	1980	1,789,311		30	59,644	59,644	1,681,774	5
6	addition		1979	1979	38,500		30	1,283	1,283	35,506	6
7											7
8	Related Party-Forum			1978	14,541		25			14,541	8
		Improvement Type**									
9		LAND IMPROVEMENT/ROFFING/HVAC		1980	168,496		10-27	3,279	3,279	168,307	9
10		PAVING/PAINTING/DRAINAGE TILE		1981	13,153		10-30	436	436	13,153	10
11		ROOFING		1983	3,100		12			3,100	11
12		DOOR WINDOW/BEARING ASSEMBLE/WATER PUMP		1984	15,805		5			15,805	12
13		ROOFING/HEAT EXCHANGE/MOTOR/BASEBOARD		1985	17,603		8-10			17,603	13
14		ROOF REPAIR/SEAL PARKING LOT/HEAT EXCHANGE		1986	40,170		2-10			40,170	14
15		COMPRESSOR REPR/INSTLL FLOW/SWTCH/REWIRE ALARM		1988	15,385		5 & 10			15,385	15
16		REPL HEAT EXCHANGE/ROOFTOP EXHST/RE-BRICK WALL		1991	22,663	486	5-25	486		20,535	16
17		HOT WATER TANK/SEWER REPAIR		1992	15,092	160	5 & 15	160		15,092	17
18		SEWAGE EJECTOR/VALVE/MOTOR		1993	12,871		5&10			12,871	18
19		ROOF REPAIR/BOILEER/PUMP REPAAIR/ALARM REPAIR		1994	32,136		3			32,136	19
20		ALARM REPAIR/LOCK SET & KEYS/FLOOR REPAIR		1995	43,408	964	3-20	964		43,408	20
21		TILE INSTALLED & REPAIR CORRIDOR		1996	1,558		10			1,558	21
22		REMOVED & REPLACED NEW MOTOR		1996	3,292		10			3,292	22
23		REMOVED & INSTALLED NEW MOTOR		1996	1,714		10			1,714	23
24		ELECTRICAL REPAIR		1996	3,127	156	20	156		1,823	24
25		WINDOW REPAIR		1996	6,466	323	20	323		3,744	25
26		VALVE REPAIR		1996	1,523	102	15	102		1,178	26
27		BOILER LEAKING		1996	6,876	458	15	458		5,156	27
28		WINDOW REPAIR		1996	2,713	136	20	136		1,505	28
29		WINDOW REPAIR		1993	7,441		5			7,441	29
30		WINDOW REPAIR		1994	13,715		5			13,715	30
31		FLOOR TILE & BASE		1995	788	39	20	39		455	31
32		INSTALL ASPHALT		1996	16,215	945	10	945		16,215	32
33		INSTALL DOOR FRAME		1997	2,517	251	10	251		2,431	33
34		INSTALL VENT PIPE FOR DRYER		1997	6,180		5			6,180	34
35		INSTALL TILE		1997	1,706		5			1,706	35
36											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

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	REPLACE BOILER ROOM- TOP A/C	1997	\$ 6,000	\$	5	\$	\$	\$ 6,000	37
38	INSTALL GAS PIPE	1997	4,220		5			4,220	38
39	INSTALL NEW VALVE AND RECOPPER	1998	1,864		5			1,864	39
40	PIPING	1998	7,104		25			7,104	40
41	ROOF REPAIR	1998	2,920	292	10	292		2,871	41
42	REPAIR & CHECK VOLTAGE OUTPUT	1998	1,780		5			1,780	42
43	REPLACED VALVE - HOT WATER	1998	3,270		5			3,270	43
44	REMODELED & DECORATED ROOMS	1998	28,760	1,917	15	1,917		18,533	44
45	WHIRLPOOL TURBINE	1998	1,599		5			1,599	45
46	REPLACE EXHAUST FAN	1998	1,950	130	15	130		1,257	46
47	FIX FLOOR TILE	1998	3,626	363	10	363		3,537	47
48	INSTALL DOOR MONITORING SYSTEM	1998	1,587	159	10	159		1,495	48
49	INSTALL SECURITRON ANNUNCIATOR	1998	1,764	176	10	176		1,660	49
50	REPLACE BOILER ON STEAMER	1998	4,283	428	10	428		4,103	50
51	INSTALL RESET CONTROL ON BOILER	1998	3,900	195	20	195		1,836	51
52	WRAP CHILLER PIPES	1998	2,682	134	20	134		1,095	52
53	REPLACE PUMP MOTOR	1998	4,425	295	15	295		2,704	53
54	PAINT	1998	7,845	392	5	392		2,921	54
55	CLIMATE SERICE (CLEANED BOILER, VALVE)	1999	1,374	69	20	69		619	55
56	CLIMATE SERVICE (REPLACE MISING VALVE	1999	3,317	221	15	221		1,990	56
57	CLIMATE SERVICE (INSTALLL HOT WATER HEATER)	1999	7,391	493	15	493		4,394	57
58	CLIMATE SERVICE (INSTALL ROOF TOP REPLACEMENT)	1999	9,935	994	10	994		8,860	58
59	CLIMATE SERVICE (REPAIR HEATING UNIT)	1999	1,643	110	15	110		579	59
60	ENVIRON VISION ENVIRONMENT	1999	2,919	292	10	292		2,603	60
61	CHICAGO COOLING CORP (SHUTDOWN BOILER & AC	1999	2,117	212	10	212		1,818	61
62	ABC CARPENTRY	1999	2,031	203	10	203		1,743	62
63									63
64									64
65									65
66									66
67									67
68									68
69									69
70	TOTAL (lines 4 thru 69)		\$ 2,934,997	\$ 11,095		\$ 75,737	\$ 64,642	\$ 2,784,580	70

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	
1	Totals from Page 12A, Carried Forward		\$ 2,934,997	\$ 11,095		\$ 75,737	\$ 64,642	\$ 2,784,580	1
2	ABC WINDOW SCREENS	1999	3,916	392	10	392		3,363	2
3	ABC INSULATION	1999	3,203	214	10	214		856	3
4	CLIMATE SERVICE, INC. (INSTALL CONDENSER)	1999	4,565	304	15	304		2,586	4
5	WIGDAHL ELECTRIC (RECEPTACLES INSTALLED)	1999	5,457	273	20	273		2,320	5
6	CLIMATE SERVICE, INC. (REPLACE MOTOR ON FAN)	1999	2,772	277	10	277		2,356	6
7	CLIMATED SERVICE, INC. - REPLACE FAN MOTOR	1999	1,693	169	10	169		1,438	7
8	ADVANCED PARTS -GARBAGE DISPOSAL	1999	6,515		5			6,515	8
9	THE FLOOR SOURCE -INSTALL CARPET	1999	2,469		5			2,469	9
10	FOX VALLEY FIRE & SAFETY-DOOR ALARM SYSTEM	1999	2,540	169	15	169		1,382	10
11	CLIMATE SERVICE, INC.-BOILER	1999	8,437	422	20	422		3,410	11
12	ABC - GENERAL	1999	4,099	410	10	410		3,314	12
13									13
14	ABC ROOF	1999	2,501	250	10	250		2,021	14
15	ABC HARDWARE	1999	1,793	179	10	179		1,448	15
16	CLIMATE SERVICE, INC. REPAIR BURNER	1999	1,615	162	10	162		1,307	16
17	FOX VALLEY FIRE & SAFETY -SMOKE DETECTORS	1999	7,500	750	10	750		6,000	17
18	DELETE ABOVE ITEM	2000	(7,500)	(750)	10	(750)		(6,000)	18
19	ABC-BUILDING CONSTRUCTION/VARIOUS	2000	3,244	324	10	324		2,107	19
20	FOX VALLEY -SMOKE DETECTORS	2000	7,500	750	10	750		6,000	20
21	FOX VALLEY-DOOR ALARMS	2000	1,931	193	10	193		1,545	21
22	LONG ELEVATOR-ATTACHMENTS	2000	1,751	88	20	88		702	22
23	CLIMATE SERVICES-BOILER ROOM	2000	4,422	221	20	221		1,750	23
24	CI-SERVICE DRAPES/RODS	2000	9,460		5			9,460	24
25	ADJUST 1999 TOTAL TO CORRECT AMOUNTS	2000	10	1	10	1		8	25
26	ABC-BUILDING MAINT CONSTRUCT-VARIOUS	2000	19,015	1,901	10	1,901		14,260	26
27	NEW HORIZONS-TELEPHONE SYSTEM	2000	1,670	167	10	167		1,266	27
28	ABC-SEAL & STRIPE PARK. LOT	2000	4,154	415	10	415		2,976	28
29	CSI CORKER SERVICE	2001	4,773	239	20	239		1,552	29
30	ABC-TIME & MATERIAL BILLING (JULY 2001)	2001	6,028	603	10	603		3,818	30
31	ABC-TIME & MATERIAL BILLING (OCT 2001)	2001	7,272	727	10	727		4,423	31
32	CAPPS PLUMBING	2001	12,236	1,223	10	1,223		7,641	32
33	GT MECHANICAL - WATER HEATER	2001	4,559	304	15	304		1,900	33
34	TOTAL (lines 1 thru 33)		\$ 3,074,597	\$ 21,472		\$ 86,114	\$ 64,642	\$ 2,878,773	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	
1	Totals from Page 12B, Carried Forward		\$ 3,074,597	\$ 21,472		\$ 86,114	\$ 64,642	\$ 2,878,773	1
2	Refile Basement Corridor 1	2002	3,650	365	10	365		2,068	2
3	Refile Basement Corridor 2	2002	3,650	365	10	365		2,007	3
4	Replace 4 Windows	2002	782	78	10	78		430	4
5	Replace 10 Windows	2002	2,204	220	10	220		1,321	5
6	Repiping 15' 2" galv pipe	2002	1,165	47	25	47		265	6
7	Replace RPZ Valve main Boiler Room	2002	545	36	15	36		211	7
8	Replace RPZ Valves 1 small Boiler Room	2002	1,865	124	15	124		724	8
9	Replace 3 outside valves	2002	1,165	78	15	78		422	9
10	ABC - Replace doors	2002	4,103	410	10	410		2,085	10
11	Security Services - Keypad entry system	2002	1,575	105	15	105		534	11
12	Security Services - Door Alarm System	2002	2,035	136	15	136		691	12
13	CAPPS Replace Drain Line	2002	2,965	148	20	148		864	13
14	GT Mechanical - replace chiller condensor motor	2002	2,876	192	15	192		1,039	14
15	GT Mechanical - Replace Bearing assem. Big Boiler	2002	1,357	90	15	90		534	15
16	GT Mechanical - Hot water circ pump lg. Boiler room	2002	698	47	15	47		281	16
17	CSI - Replace valves, steamer & timer on ovens	2002	1,761	117	15	117		703	17
18	Healthcare Products - Repair wheelchairs	2002	2,282		3			2,282	18
19	CAPPS - Repair Sprinkler System	2002	1,165	78	15	78		422	19
20	GT Mechanical - Repair Heater	2002	1,658	111	15	111		582	20
21	A&B Custom Cabel install 21 cable outlets	2003	1,731	173	10	173		836	21
22	ABC - New floor in PT Room	2003	3,896	390	10	390		1,852	22
23	A&B Custom Cabel install 27 cable outlets	2003	2,318	232	10	232		1,063	23
24	A&B Custom Cabel install 97 cable outlets	2003	6,969	697	10	697		3,194	24
25	Security Service - Door alarm service	2003	2,284	152	15	152		684	25
26	Capps - Repair 1st floor drains	2003	1,553	155	10	155		763	26
27	GT Mech- Repair water pump	2003	1,674	334	5	334		1,674	27
28	CSI - Repair Dishwasher	2003	1,953	391	5	391		1,791	28
29	Capps - Repair Sewer	2003	3,755	250	15	250		1,146	29
30	New Horizons Comm - Repair Phone system	2003	1,908	382	5	382		1,750	30
31	Capps - New Laundry Tub 1of2	2003	1,800	180	10	180		810	31
32	Capps - New Laundry Tub 2of2	2003	2,214	221	10	221		995	32
33	New Horizons Comm - Repair Phone system	2003	2,897	579	5	579		2,606	33
34	TOTAL (lines 1 thru 33)		\$ 3,147,050	\$ 28,355		\$ 92,997	\$ 64,642	\$ 2,915,402	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	
1	Totals from Page 12C, Carried Forward		\$ 3,147,050	\$ 28,355		\$ 92,997	\$ 64,642	\$ 2,915,402	1
2									2
3	Related Party-Forum Prof Center Building:								3
4	Leasehold Improvement-Remodeling	1980	11,034		15			11,034	4
5	Leasehold Improvement-Remodeling	1980	17,284		20			17,284	5
6	Leasehold Improvement-Tenant Improvement	1987	893		13			893	6
7	Leasehold Improvement-AMS Remodel	1988	14,339		10			14,339	7
8	Leasehold Improvement-Roof	1994	3,204	200	16	200		2,604	8
9	Leasehold Improvement-Build.Improv.	1996	1,130	71	16	71		843	9
10	Leasehold Improvement-Asphalting	2000	88		3			88	10
11	Leasehold Improvement-DAI	2001	154	15	10	15		95	11
12	Leasehold Improvement-Bathrooms	2002	667	73	7	73		391	12
13	Leasehold Improvement-Suite Renovation	2003	1,638	164	10	164		819	13
14	Leasehold Improvement-Plumbing, Construct, Concrete, Doors, etc	2004	2,050	391	7	391		1,213	14
15	Leasehold Improvement-sidewalks-City of Chic.	2007	106	21	5	21		21	15
16	Leasehold Improvement-Carpet: Superior Install.	2007	97	19	5	19		19	16
17	Leasehold Improvement-Condensing Unit: Suite 140	2007	841	168	5	168		168	17
18	Leasehold Improvement-Add-on Improvement, fixture base	1980	71		23			71	18
19	Leasehold Improvement-Add-on Improvement, lighting base	2001	123		5			123	19
20	Leasehold Improvements-fire extinguishers	2007	10	2	5	2		2	20
21									21
22									22
23									23
24	Related Party-AMS:								24
25	Leasehold Improvement-Remodeling	1993	5,938		7			5,938	25
26	Leasehold Improvement-Remodeling	2002	4,861	694	7	694		3,386	26
27	Leasehold Improvement-Remodeling	2003	5,085	726	7	726		3,525	27
28									28
29									29
30	Forum Extended Care, LLC-building/building improv	1999	10,485	266	30	266		2,420	30
31									31
32									32
33									33
34	TOTAL (lines 1 thru 33)		\$ 3,227,149	\$ 31,166		\$ 95,808	\$ 64,642	\$ 2,980,678	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	
1	Totals from Page 12D, Carried Forward		\$ 3,227,149	\$ 31,166		\$ 95,808	\$ 64,642	\$ 2,980,678	1
2	ABC - Repair Roof	2003	10,191	1,019	10	1,019		4,501	2
3	CSI - Repair Drain	2003	1,768	354	5	354		1,622	3
4	CAPPS - CLEAR BASIN & CLEAN DRAIN	2004	975	195	5	195		650	4
5	CAPPS - POWER RODDED MAIN SEWER	2004	1,720	344	5	344		1,147	5
6	CSI - WATER HEATER PARTS AND REPAIR	2004	1,760	352	5	352		1,188	6
7	ABC - REPAIR LEAKY ROOF	2004	3,203	641	5	641		2,137	7
8	TNS/TERMINX - PEST CONTROL DRVC OF 6 LOCATIONS	2004	2,028	406	5	406		1,556	8
9	ABC - HVAC WORK/INSULATION	2004	7,090	709	10	709		2,600	9
10	ABC - WATER HEATER	2004	8,891	889	10	889		3,408	10
11	Top Notch - Door & Frame w/Hardware	2005	3,595	180	10	180		540	11
12	ABC - Bathroom Repairs	2005	4,307	431	10	431		1,293	12
13	CAPPS - Install new Basin, backflow valave in manhole	2005	4,200	770	5	770		2,310	13
14	CAPPS - Replaced Pipe, Power Rodded	2005	2,400	440	5	440		1,320	14
15	ABC - Bathroom Repairs	2005	10,661	1,066	10	1,066		3,020	15
16	GT Mechanical - Repair Boiler	2005	4,334	433	10	433		1,191	16
17	CAPPS - New RPZ	2005	1,965	196	10	196		539	17
18	GT Mechanical - Bell and Gosset Bearing Assembly/GE Motor	2005	2,398	239	10	239		618	18
19	Cybor Fire Protection - Sprinkler System Pipe Work	2005	2,985	597	5	597		1,493	19
20	Oak Fire - Alarm Repair (new pit, connect Ansul to Fire Alarm, Ins	2005	4,980	498	10	498		1,245	20
21	ABC - Bathroom Repairs	2005	14,900	1,490	10	1,490		3,477	21
22	Long Elevator - Repairs to electric eye	2005	1,509	75	20	75		169	22
23	ABC - New Outdoor Sign Install	2005	1,637	136	12	136		283	23
24	ABC - New Mental Institution Unit	2006	32,303	1,615	20	1,615		1,615	24
25	GT MECH - new thermostats-repair	2006	3,355	671	5	671		727	25
26	Top Notch- Replace Sink Heater	2006	2,975	298	10	298		571	26
27	Roof Repairs	2006	3,060	306	10	306		408	27
28	GT MECH - Repair thermostat and replaced blower	2006	5,077	508	10	508		508	28
29	AMS-Generator Install remote Annunicator	2006	3,192	213	15	213		408	29
30	AC Compressor and Repair	2006	10,386	692	15	692		923	30
31	ABC - Fire ID plate and sprinkler system repairs	2006	10,563	704	15	704		763	31
32									32
33									33
34	TOTAL (lines 1 thru 33)		\$ 3,395,556	\$ 47,631		\$ 112,273	\$ 64,642	\$ 3,022,908	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	
1	Totals from Page 12E, Carried Forward		\$ 3,395,556	\$ 47,631		\$ 112,273	\$ 64,642	\$ 3,022,908	1
2	New MI Unit	2007	9,497	633	10	633	(0)	633	2
3	Masonry	2007	43,549	484	15	484	0	484	3
4	Hot Water Storage	2007	5,984	549	10	549	0	549	4
5	Compressor Contractor	2007	7,052	431	15	431		431	5
6	Heating/Vent	2007	9,645	884	10	884		884	6
7	Cubicle Repair	2007	3,015	276	10	276		276	7
8	Lockset Replacement	2007	2,538	212	10	212		212	8
9	Roof Replacements	2007	3,556	267	10	267		267	9
10	Duct Work	2007	3,201	120	20	120		120	10
11	Fan Motor and Compressor	2007	3,696	216	10	216		216	11
12	New Paving	2007	14,960	779	8	779		779	12
13	New Carpet	2007	3,101	258	5	258		258	13
14	New Roof Installation	2007	4,956	206	10	206		206	14
15	Refrigeration Leak Repair	2007	5,864	244	10	244		244	15
16	Circulation Pump	2007	6,842	228	10	228		228	16
17	New Hot Water Heater	2007	8,605	143	10	143		143	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	TOTAL (lines 1 thru 33)		\$ 3,531,617	\$ 53,560		\$ 118,203	\$ 64,642	\$ 3,028,838	34

**Improvement type must be detailed in order for the cost report to be considered complete.

Facility Name & ID Number Heather Health Care Center # 0023945 Report Period Beginning: 1/1/07 Ending: 12/31/07

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	\$ 265,130	\$ 22,773	\$ 22,773	\$	Various	\$ 157,738	71
72	Current Year Purchases	65,996	4,649	4,649		Various	4,649	72
73	Fully Depreciated Assets	288,273	578	578		Various	288,273	73
74								74
75	TOTALS	\$ 619,399	\$ 28,000	\$ 28,000	\$		\$ 450,660	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	Related Party-AMS	Lumina/Chev/2004	2004	117	29	29		3	117	79
80	TOTALS			\$ 117	\$ 29	\$ 29	\$		\$ 117	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)	\$ 4,338,633	81
82	Current Book Depreciation (line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 81,590	82
83	Straight Line Depreciation (line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 146,232	83
84	Adjustments (line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ 64,642	84
85	Accumulated Depreciation (line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 3,479,615	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					87
88					88
89					89
90					90
91	TOTALS	\$	\$	\$	91

G. Construction-in-Progress

	Description	Cost	
92		\$	92
93			93
94			94
95		\$	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.

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease: Related Party - Cost is eliminated.

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:		172		\$			3
4	Additions							4
5								5
6								6
7	TOTAL		172		\$			7

10. Effective dates of current rental agreement:

Beginning 07/01/05

Ending 06/30/15

11. Rent to be paid in future years under the current rental agreement:

Fiscal Year Ending Annual Rent

12.	<u>/2008</u>	\$ <u>Varies</u>
13.	<u>/2009</u>	\$ <u>Varies</u>
14.	<u>/2010</u>	\$ <u>Varies</u>

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: \$ 5,204 Description: Copy Machine Lease

(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	<u>transport-non-patients</u>		\$ <u>529.00</u>	\$ <u>6,348</u>	17
18	<u>related party -AMS</u>		<u>#####</u>	<u>31,977</u>	18
19					19
20					20
21	TOTAL		\$ <u>#####</u>	\$ <u>38,325</u>	21

* 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? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.</p> <p><u>Skilled Nursing on site</u></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.

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	39-3	hrs	\$		\$ 21,428	\$		\$ 21,428	1
2	Licensed Speech and Language Development Therapist	39-3	hrs			6,287			6,287	2
3	Licensed Recreational Therapist		hrs			34,655			34,655	3
4	Licensed Physical Therapist	39-3	hrs							4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	See Pg 16A	# of prescrpts				39,022		39,022	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Exceptional Care Program	39-1, 39-3, if any								12
13	Other (specify): See Pg 16A					14,743	31,565		46,308	13
14	TOTAL			\$		\$ 77,112	\$ 70,587		\$ 147,699	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.

Page 16
Col 5: PT,OT, & ST
Col 6: Supplies

XIV. Special Services (Direct Cost)

Service Description	Col. 1: Ref. No.	To Pg 16: Col. No.	
1. OT	39-3	To Col 5	\$21,427.71
2. ST	39-3	To Col 5	6,287.01
3.			
4. PT	39-3	To Col 5	34,654.61
5.			
6.			
7.			
8.			
Pharmacy Supplies per GL			26,309.14
Manual Input from Related Party- Forum Drugs			12,713.00
9. Total to line 9 Pharmacy	See Pg 16A	To Col 6	39,022.14
10.			
11.			
12. Exceptional Care-Salaries:	See pg 16A	To Col. 3	0.00
12. Exceptional Care-Supplies:	See pg 16A	To Col. 6	0.00
Total Exceptional Care (Line 12, Col 8)			0.00
13. Other:	See Pg 16A		
13. Col 5: Manual Input: Related Party - CPT		To Col 5	14,743.00
Other			53,822.15
Manual Input: Related Party - Prism			(15,656.00)
Manual Input: Related Party FECII - I.V.			(11,738.00)
Oxygen, from reclass worksheet			6,013.00
Wound Care			(877.00)
13. Col 6: Supplies Total		To Col 6	31,564.15
13. Total Line 13, Column 8			46,307.15
14. Total			147,698.62

Facility Name & ID Number Heather Health Care Center# 0023945Report Period Beginning: 1/1/07

Ending:

12/31/07

XV. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/07

(last day of reporting year)

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	\$	\$	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance <u>40,000</u>)	839,055	839,055	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance		3,786	6
7	Other Prepaid Expenses	5,435	5,435	7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify): <u>Due from 3rd parties</u>	75,266	75,266	9
	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 919,756	\$ 923,542	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land		197,659	13
14	Buildings, at Historical Cost			14
15	Leasehold Improvements, at Historical Cost	1,049,830	1,049,830	15
16	Equipment, at Historical Cost	556,894	556,894	16
17	Accumulated Depreciation (book methods)	(1,016,261)	(1,016,911)	17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify): <u>Financing Fees</u>		1,300	23
	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 590,463	\$ 788,772	24
	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,510,219	\$ 1,712,314	25

		1 Operating	2 After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 605,990	\$ 605,990	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	168,049	168,049	28
29	Short-Term Notes Payable		26,012	29
30	Accrued Salaries Payable	301,265	301,265	30
	Accrued Taxes Payable (excluding real estate taxes)	16,454	16,454	31
32	Accrued Real Estate Taxes(Sch.IX-B)		683,749	32
33	Accrued Interest Payable		1,567	33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
	Other Current Liabilities(specify):			
36	<u>accrued insurance and accrued expense</u>	81,493	129,795	36
37				37
	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 1,173,251	\$ 1,932,881	38
	D. Long-Term Liabilities			
39	Long-Term Notes Payable		99,184	39
40	Mortgage Payable			40
41	Bonds Payable			41
42	Deferred Compensation			42
	Other Long-Term Liabilities(specify):			
43	<u>Due to Affiliates</u>	10,825,318	10,035,132	43
44				44
	TOTAL Long-Term Liabilities (sum of lines 39 thru 44)	\$ 10,825,318	\$ 10,134,316	45
	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 11,998,569	\$ 12,067,196	46
47	TOTAL EQUITY (page 18, line 24)	\$ (10,488,351)	\$ (10,354,882)	47
	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 1,510,219	\$ 1,712,314	48

*(See instructions.)

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	Balance at Beginning of Year, as Previously Reported	\$ (9,628,764)	1
2	Restatements (describe):		2
3	external audit adjustments made after 2006 cost report		3
4	was submitted. These have no effect on prior years report:	(1,095)	4
5	Bad Debt, Medicare revenues (non-allowables)		5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ (9,629,859)	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	(858,492)	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)	\$ (858,492)	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)	\$ (10,488,351)	24 *

* This must agree with page 17, line 47.

Facility Name & ID Number Heather Health Care Center# 0023945Report Period Beginning: 1/1/07Ending: 12/31/07**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	\$ 4,878,534	1
2	Discounts and Allowances for all Levels	()	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 4,878,534	3
B. Ancillary Revenue			
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	3,625	6
7	Oxygen	1,454	7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 5,079	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		12
13	Barber and Beauty Care		13
14	Non-Patient Meals		14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	344	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory		19
20	Radiology and X-Ray		20
21	Other Medical Services	5,834	21
22	Laundry		22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$ 6,178	23
D. Non-Operating Revenue			
24	Contributions		24
25	Interest and Other Investment Income***	2	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 2	26
E. Other Revenue (specify):****			
27	Settlement Income (Insurance, Legal, Etc.)		27
28	<u>Adj to 06 expense & 07 Misc Income Adj</u>	8,855	28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$ 8,855	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 4,898,648	30

		2	
Expenses		Amount	
A. Operating Expenses			
31	General Services	1,206,228	31
32	Health Care	2,089,178	32
33	General Administration	1,591,637	33
B. Capital Expense			
34	Ownership	632,878	34
C. Ancillary Expense			
35	Special Cost Centers	142,501	35
36	Provider Participation Fee	94,718	36
D. Other Expenses (specify):			
37			37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 5,757,140	40
41	Income before Income Taxes (line 30 minus line 40)**	(858,492)	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ (858,492)	43

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

** Does this agree with taxable income (loss) per Federal Income Tax Return? not yet done If not, please attach a reconciliation.

*** See the instructions. If this total amount has not been offset against interest expense on Schedule V, line 32, please include a detailed explanation.

****Provide a detailed breakdown of "Other Revenue" on an attached sheet.

Facility Name & ID Number Heather Health Care Center

0023945

Report Period Beginning:

1/1/07

Ending:

12/31/07

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	2,080	2,200	\$ 86,014	\$ 39.10	1
2	Assistant Director of Nursing	1,562	1,562	49,006	31.37	2
3	Registered Nurses	9,943	10,301	299,040	29.03	3
4	Licensed Practical Nurses	26,122	27,556	675,835	24.53	4
5	CNAs & Orderlies	48,104	51,777	537,317	10.38	5
6	CNA Trainees					6
7	Licensed Therapist					7
8	Rehab/Therapy Aides					8
9	Activity Director	2,080	2,080	32,992	15.86	9
10	Activity Assistants	4,136	4,415	36,843	8.34	10
11	Social Service Workers	3,456	3,464	58,055	16.76	11
12	Dietician					12
13	Food Service Supervisor	3,435	3,670	56,526	15.40	13
14	Head Cook	4,886	5,491	63,115	11.49	14
15	Cook Helpers/Assistants	11,057	12,201	119,249	9.77	15
16	Dishwashers					16
17	Maintenance Workers	2,080	2,080	59,463	28.59	17
18	Housekeepers	18,338	19,513	189,969	9.74	18
19	Laundry	5,152	5,694	54,047	9.49	19
20	Administrator	2,080	2,080	74,301	35.72	20
21	Assistant Administrator					21
22	Other Administrative	5,552	5,560	116,715	20.99	22
23	Office Manager	2,080	2,080	33,753	16.23	23
24	Clerical	2,215	2,353	18,000	7.65	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator	1,680	1,680	36,666	21.83	29
30	Habilitation Aides (DD Homes)					30
31	Medical Records					31
32	Other Health Care(specify)	7,508	7,770	149,888	19.29	32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	163,546	173,527	\$ 2,746,794 *	\$ 15.83	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	Monthly	\$ 12,000	1-3	35
36	Medical Director	Monthly	21,000	9-3	36
37	Medical Records Consultant				37
38	Nurse Consultant				38
39	Pharmacist Consultant	Monthly	4,152	10-3	39
40	Physical Therapy Consultant				40
41	Occupational Therapy Consultant				41
42	Respiratory Therapy Consultant				42
43	Speech Therapy Consultant				43
44	Activity Consultant	33	1,950	11-3	44
45	Social Service Consultant				45
46	Other(specify)				46
47					47
48					48
49	TOTAL (lines 35 - 48)	33	\$ 39,102		49

C. CONTRACT NURSES

	1	2	3	
	Number of Hrs. Paid & Accrued	Total Contract Wages	Schedule V Line & Column Reference	
50	Registered Nurses			50
51	Licensed Practical Nurses			51
52	Certified Nurse Assistants/Aides			52
53	TOTAL (lines 50 - 52)		\$	53

Facility Name & ID Number Heather Health Care Center

Report Period Beginning: 1/1/07 Ending:

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
(See instructions.)

	1 Improvement Type	2 Month & Year Improvement Was Made	3 Total Cost	4 Useful Life	Amount of Expense Amortized Per Year								
					5 FY2004	6 FY2005	7 FY2006	8 FY2007	9 FY2008	10 FY2009	11 FY2010	12 FY2011	13 FY2012
1	Repair boiler	1991	\$ 5,878	5	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	A/C compressor	1992	8,561	5-15	180	180	180	120					
3	Fan/Misc. HVAC	1993	32,328	3-10	1	0							
4	Painting/HVAC	1995	32,616	3-15	513	513	513	513	513	513	513	513	513
5	Painting/HVAC	1996	38,397	3-15	831	831	676	494	494	494	494	494	494
6	Repair boiler	1/97	2,242	3									
7	Repair Exhaust pipe	2/97	1,583	3									
8	Replace mixing val.	3/97	1,850	3									
9	Repair hot water tank	12/97	5,170	3									
10	Replace heat exchange	10/97	2,287	3									
11	Repair hot water pipes	3/99	3,038	3									
12	Sump pump repair	8/99	3,450	3									
13	Painting>1500	7/99	11,105	3									
14	ABC-construction/maint	6/00	1,907	3									
15	GT Mechan-water storage	6/00	3,088	3									
16	ABC - wall deco/paint	9/00	13,642	3									
17	Painting >1500	7/00	9,031	3									
18	GT Mechan-circ pump	2/01	1,604	3	44								
19	CSI Corker Ser.	8/01	3,568	3	695								
20	TOTALS		\$ 181,345		\$ 2,264	\$ 1,524	\$ 1,369	\$ 1,127	\$ 1,007	\$ 1,007	\$ 1,007	\$ 1,007	\$

Facility Name & ID Number ALDEN NURSING CENTER - HEATHER

XIX-H. SUPPORT SCHEDULE - DEFERRED MAINTENANCE COSTS (which have been included in Sch. V, line 6, col. 3).
 (See instructions.)

1 Improvement Type	2 Month/Yr Improvement	3 Total Cost	4 Useful Life	5		6		7		8		9		10		11		12		13
				FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012								
From pg 22		181,345		2,264	1,524	1,369	1,127	1,007	1,007	1,007	1,007	1,007	1,007							
ABC - wall deco/paint	7/2003	3,043	3	1,014	1,014	507														
Painting	5/2004	927	15	41	62	62	62	62	62	62	62	62	62							
Total to page 22, line 11		185,315		3,319	2,600	1,938	1,188	1,068	1,068	1,068	1,068	1,068	1,069	1,069						1,069

Facility Name & ID Number Heather Health Care Center

XX. GENERAL INFORMATION:

- (1) Are nursing employees (RN,LPN,NA) represented by a union? Yes
- (2) Are there any dues to nursing home associations included on the cost report? Yes
If YES, give association name and amount. Il. Health Care Assoc. \$7,546
- (3) Did the nursing home make political contributions or payments to a political action organization? Yes If YES, have these costs been properly adjusted out of the cost report? Yes
- (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? _____
- (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? 10 yrs
- (6) Indicate the total amount of both disposable and non-disposable diaper expense and the location of this expense on Sch. V. \$ 16,568 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. _____
- (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.

- (11) Indicate the amount of the Provider Participation Fees paid and accrued to the Department during this cost report period. \$ 94,718
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. \$ 25,476 Has any meal income been offset against related costs? No Indicate the amount. \$ _____
- (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. \$ _____
c. What percent of all travel expense relates to transportation of nurses and patients? 0
d. Have vehicle usage logs been maintained? No
e. Are all vehicles stored at the nursing home during the night and all other times when not in use? No
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. \$ _____
- (17) Has an audit been performed by an independent certified public accounting firm? No
Firm Name: _____ The instructions for the cost report require that a copy of this audit be included with the cost report. Has this copy been attached? No If no, please explain. Not required.
- (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 \$5,000, 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.