

Facility Name & ID Number Lexington of Wheeling

0040923 Report Period Beginning: 01/01/2007 Ending: 12/31/2007

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 1/10/07

	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>221</u>	Skilled (SNF)	<u>215</u>	<u>81,337</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>221</u>	TOTALS	<u>215</u>	<u>81,337</u>	7

B. Census-For the entire report period.

	1 Level of Care	2 Patient Days by Level of Care and Primary Source of Payment				5 Total	
		3 Medicaid Recipient	3 Private Pay	4 Other	4 Total		
8	SNF	<u>3,353</u>	<u>1,028</u>	<u>7,448</u>	<u>11,829</u>	8	
9	SNF/PED					9	
10	ICF	<u>41,304</u>	<u>9,043</u>		<u>50,347</u>	10	
11	ICF/DD					11	
12	SC					12	
13	DD 16 OR LESS					13	
14	TOTALS	<u>44,657</u>	<u>10,071</u>	<u>7,448</u>	<u>62,176</u>	14	

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 76.44%

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

None (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

Note: Non-allowable costs have been eliminated in Schedule V, Column 7.

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 05/12/95

J. Was the facility purchased or leased after January 1, 1978?

YES Date New Construction NO

K. Was the facility certified for Medicare during the reporting year?

YES NO If YES, enter number of beds certified 215 and days of care provided 7,448

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.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling # 0040923 Report Period Beginning: 01/01/2007 Ending: 12/31/2007

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	326,667	35,110	14,239	376,016		376,016		376,016		1
2	Food Purchase		306,606		306,606		306,606	(14,336)	292,270		2
3	Housekeeping	305,415	35,430		340,845		340,845	323	341,168		3
4	Laundry	78,752	18,369		97,121		97,121		97,121		4
5	Heat and Other Utilities			215,326	215,326		215,326	5,944	221,270		5
6	Maintenance	33,405		126,198	159,603		159,603	46,267	205,870		6
7	Other (specify):* Mgmt. Co. Alloc Bene							5,790	5,790		7
8	TOTAL General Services	744,239	395,515	355,763	1,495,517		1,495,517	43,988	1,539,505		8
	B. Health Care and Programs										
9	Medical Director			36,000	36,000		36,000		36,000		9
10	Nursing and Medical Records	3,623,411	216,099	20,567	3,860,077		3,860,077	12,302	3,872,379		10
10a	Therapy			810,635	810,635		810,635		810,635		10a
11	Activities	183,843	29,635	8,860	222,338		222,338		222,338		11
12	Social Services	125,740		9,517	135,257		135,257		135,257		12
13	CNA Training										13
14	Program Transportation										14
15	Other (specify):* Mgmt. Co. Alloc Bene							1,099	1,099		15
16	TOTAL Health Care and Programs	3,932,994	245,734	885,579	5,064,307		5,064,307	13,401	5,077,708		16
	C. General Administration										
17	Administrative	100,198		1,048,962	1,149,160		1,149,160	(947,040)	202,120		17
18	Directors Fees										18
19	Professional Services			108,996	108,996		108,996	(1,290)	107,706		19
20	Dues, Fees, Subscriptions & Promotions			31,618	31,618		31,618	633	32,251		20
21	Clerical & General Office Expenses	263,891	29,093	23,246	316,230		316,230	372,314	688,544		21
22	Employee Benefits & Payroll Taxes			738,847	738,847		738,847	14,262	753,109		22
23	Inservice Training & Education			449	449		449		449		23
24	Travel and Seminar			9,971	9,971		9,971	511	10,482		24
25	Other Admin. Staff Transportation			563	563		563	17,440	18,003		25
26	Insurance-Prop.Liab.Malpractice			220,824	220,824		220,824	3,809	224,633		26
27	Other (specify):* Mgmt. Co. Alloc Bene							68,736	68,736		27
28	TOTAL General Administration	364,089	29,093	2,183,476	2,576,658		2,576,658	(470,625)	2,106,033		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	5,041,322	670,342	3,424,818	9,136,482		9,136,482	(413,236)	8,723,246		29

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

SEE ACCOUNTANTS' COMPILATION REPORT

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 Lexington of Wheeling

#0040923

Report Period Beginning:

01/01/2007

Ending:

12/31/2007

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			120,907	120,907		120,907	215,954	336,861			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			208,312	208,312		208,312	177,955	386,267			32
33	Real Estate Taxes							455,732	455,732			33
34	Rent-Facility & Grounds			1,778,830	1,778,830		1,778,830	(1,774,863)	3,967			34
35	Rent-Equipment & Vehicles			76,851	76,851		76,851	4,555	81,406			35
36	Other (specify):*											36
37	TOTAL Ownership			2,184,900	2,184,900		2,184,900	(920,667)	1,264,233			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		326,672	22,163	348,835		348,835		348,835			39
40	Barber and Beauty Shops			19,641	19,641		19,641		19,641			40
41	Coffee and Gift Shops			5,179	5,179		5,179		5,179			41
42	Provider Participation Fee			122,068	122,068		122,068		122,068			42
43	Other (specify):* Non-allowable Cos			82,123	82,123		82,123	(82,123)				43
44	TOTAL Special Cost Centers		326,672	251,174	577,846		577,846	(82,123)	495,723			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	5,041,322	997,014	5,860,892	11,899,228		11,899,228	(1,416,026)	10,483,202			45

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

**See schedule of adjustments attached at end of cost report.

SEE ACCOUNTANTS' COMPILATION REPORT

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	(74)	2		4
5	Telephone, TV & Radio in Resident Rooms	(4,729)	43		5
6	Rented Facility Space				6
7	Sale of Supplies to Non-Patients				7
8	Laundry for Non-Patients				8
9	Non-Straightline Depreciation				9
10	Interest and Other Investment Income	(192,970)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(945)	43		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				17
18	Fines and Penalties	(30)	43		18
19	Entertainment				19
20	Contributions				20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers	(67)	19		22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(34,433)	43		24
25	Fund Raising, Advertising and Promotional	(24,958)	43		25
26	Income Taxes and Illinois Personal Property Replacement Tax	458	43		26
27	CNA Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule See Pg. 5A	(254,770)			29
30	SUBTOTAL (A): (Sum of lines 1-29)	\$ (512,518)		\$	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)	(903,508)		34
35	Other- Attach Schedule			35
36	SUBTOTAL (B): (sum of lines 31-35)	\$ (903,508)		36
	(sum of SUBTOTALS			
37	TOTAL ADJUSTMENTS (A) and (B))	\$ (1,416,026)		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						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	

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington of Wheeling

ID# 0040923

Report Period Beginning: 01/01/2007

Ending: 12/31/2007

NON-ALLOWABLE EXPENSES		Amount	Reference	Sch. V Line
1	Radiology	\$ (6,386)	43	1
2	Laboratory	(10,359)	43	2
3	Misc. Income	(574)	21	3
4	Trust Fees	(205)	43	4
5	Loss from extinguishment of debt	(189,601)	43	5
6	Personal Item Replacement	(741)	43	6
7	Disallow Collections	(17,652)	19	7
8	Dues & Subscriptions	(680)	20	8
9	Marketing Salary	(48,722)	21	9
10	Real Estate Tax Expense	20,150	33	10
11				11
12				12
13				13
14				14
15				15
16				16
17				17
18				18
19				19
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40				40
41				41
42				42
43				43
44				44
45				45
46				46
47				47
48				48
49	Total	(254,770)		49

SEE ACCOUNTANTS' COMPILATION REPORT

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
James Samatas Discretionary Trust	33.33	See attached Schedule B		Lexington Health		
John Samatas Discretionary Trust	33.33			Care Systems of		
Cynthia Thiem Discretionary Trust	33.34			Wheeling Ltd. Ptsp.	Wheeling	Lessor
				Royal Mgmt. Corp.	Lombard	Mgmt. Co.
				Lexington Financial		
				Services II, L.L.C	Lombard	Finance Co.

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)		
1	V	19 Professional fees	\$	Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	\$ 100	\$ 100	1	
2	V	30 Depreciation		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	164,293	164,293	2	
3	V	32 Amortization of mortgage costs		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	729	729	3	
4	V	32 Interest expense		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	356,000	356,000	4	
5	V	33 Property taxes		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	431,830	431,830	5	
6	V	34 Rental expense	1,778,830	Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**		(1,778,830)	6	
7	V	43 Trust fees		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	205	205	7	
8	V	43 Loss from extinguishment of debt		Lexington Health Care Systems of Wheeling Ltd. Ptsp.	**	189,601	189,601	8	
9	V							9	
10	V							10	
11	V							11	
12	V							12	
13	V	**The owners of Lexington Health Care Center of Wheeling, Inc. own 100% of Lexington Health Care Systems of Wheeling Ltd. Ptsp.							13
14	Total		\$ 1,778,830			\$ 1,142,758	\$ *	(636,072)	14

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

SEE ACCOUNTANTS' COMPILATION REPORT

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	3 Housekeeping supplies	\$	Royal Management Corp.	**	\$ 323	\$	323	15	
16	V	5 Utilities - gas & electric		Royal Management Corp.	**	4,936		4,936	16	
17	V	5 Utilities - water & sewer		Royal Management Corp.	**	123		123	17	
18	V	5 Utilities - maintenance office		Royal Management Corp.	**	885		885	18	
19	V	6 Management allocation - salaries		Royal Management Corp.	**	42,296		42,296	19	
20	V	6 Repairs & maintenance		Royal Management Corp.	**	3,778		3,778	20	
21	V	6 Scavenger & exterminating		Royal Management Corp.	**	185		185	21	
22	V	6 Security service		Royal Management Corp.	**	8		8	22	
23	V	7 Management allocation - employee benefits		Royal Management Corp.	**	5,790		5,790	23	
24	V	10 Medical consultant		Royal Management Corp.	**	4,271		4,271	24	
25	V	10 Management allocation - salaries		Royal Management Corp.	**	8,031		8,031	25	
26	V	15 Management allocation - employee benefits		Royal Management Corp.	**	1,099		1,099	26	
27	V	17 Management allocation - salaries		Royal Management Corp.	**	101,922		101,922	27	
28	V	19 Computer consultant & supplies		Royal Management Corp.	**	12,622		12,622	28	
29	V	19 Professional fees		Royal Management Corp.	**	3,707		3,707	29	
30	V	20 Dues & subscriptions		Royal Management Corp.	**	533		533	30	
31	V	21 Communications		Royal Management Corp.	**	126		126	31	
32	V	20 Advertising - help wanted		Royal Management Corp.	**	780		780	32	
33	V	21 Management allocation - salaries		Royal Management Corp.	**	400,215		400,215	33	
34	V	21 Bank charges		Royal Management Corp.	**	1,134		1,134	34	
35	V	21 Office supplies & printing		Royal Management Corp.	**	10,079		10,079	35	
36	V	21 Postage		Royal Management Corp.	**	3,683		3,683	36	
37	V								37	
38	V	** Certain owners of Lexington Health Care Center of Wheeling, Inc. own 100% of Royal Management Corp.								38
39	Total		\$			\$ 606,526	\$ *	606,526	39	

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

SEE ACCOUNTANTS' COMPILATION REPORT

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	21 Telephone	\$	Royal Management Corp.	**	\$ 6,373	\$ 6,373	
16	V	24 Travel & seminar		Royal Management Corp.	**	511	511	
17	V	25 Auto expense		Royal Management Corp.	**	17,440	17,440	
18	V	26 Insurance general		Royal Management Corp.	**	3,809	3,809	
19	V	27 Management allocation - employee benefits		Royal Management Corp.	**	68,736	68,736	
20	V	30 Depreciation		Royal Management Corp.	**	51,661	51,661	
21	V	32 Interest		Royal Management Corp.	**	14,170	14,170	
22	V	32 Amortization of mortgage costs		Royal Management Corp.	**	26	26	
23	V	33 Property taxes		Royal Management Corp.	**	3,752	3,752	
24	V	34 Rent expense		Royal Management Corp.	**	3,967	3,967	
25	V	35 Equipment rental		Royal Management Corp.	**	1,149	1,149	
26	V	17 Management fees	1,048,962	Royal Management Corp.	**		(1,048,962)	
27	V	35 Auto Lease		Royal Management Corp.	**	3,406	3,406	
28	V							
29	V							
30	V							
31	V							
32	V							
33	V							
34	V							
35	V							
36	V							
37	V							
38	V	** Certain owners of Lexington Health Care Center of Wheeling, Inc. own 100% of Royal Management Corp.						
39	Total		\$ 1,048,962			\$ 175,000	\$ * (873,962)	

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

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington Health Care Center of Wheeling, Inc.
Provider # 0040923
1/1/07-12/31/07

Schedule 6B

VII. Related Parties
Related Nursing Homes

Name of facility

City

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

See Accountants' Compilation Report

Facility Name & ID Number Lexington of Wheeling # 0040923 Report Period Beginning: 01/01/2007 Ending: 12/31/2007

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	James Samatas	Owner/officer	Administrative	33.33%	See Schedule C	4	8.00	Salary	\$ 34,362	L17, C7	1
2	John Samatas	Owner/Offier	Admin/Plant Ops	33.33%	See Schedule C	3	6.00	Salary	24,544	L17, C7	2
3	Cynthia Thiem	Owner/officer	Administrative	33.34%	See Schedule C	3	6.00	Salary	24,544	L17, C7	3
4	Jason Samatas	VP of Operations	Administrative	0.00%	See Schedule C	5	10.00	Salary	18,472	L17, C7	4
5	Daniel Thiem	Staff Accountant	Accounting	0.00	See Schedule C	3	6.00	Salary	3,934	L10, C7	5
6											6
7											7
8						All individuals work in excess of 40 hours per week.					8
9											9
10											10
11											11
12											12
13								TOTAL	\$ 105,856		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

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007

Ending: 2/31/2007

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

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

Name of Related Organization Royal Management Corp.
 Street Address 665 W. North Avenue, Suite 500
 City / State / Zip Code Lombard, IL 60148
 Phone Number (630) 458-4700
 Fax Number (630) 458-4796

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	3	Housekeeping supplies	Bed Days	748,545	10	\$ 2,970	\$ 81,337	\$ 323	1
2	5	Utilities - gas & electric	Bed Days	748,545	10	45,421	81,337	4,935	2
3	5	Utilities - water & sewer	Bed Days	748,545	10	1,129	81,337	123	3
4	5	Utilities - maintenance office	Bed Days	748,545	10	8,141	81,337	885	4
5	6	Management allocation - salaries	Bed Days	748,545	10	389,246	389,246	42,296	5
6	6	Repairs & maintenance	Bed Days	748,545	10	34,773	81,337	3,778	6
7	6	Scavenger & exterminating	Bed Days	748,545	10	1,705	81,337	185	7
8	6	Security service	Bed Days	748,545	10	78	81,337	8	8
9	7	Management allocation - employee	Bed Days	748,545	10	53,283	81,337	5,790	9
10	10	Medical consultant	Bed Days	748,545	10	39,304	81,337	4,271	10
11	10	Management allocation - salaries	Bed Days	748,545	10	73,905	73,905	8,031	11
12	15	Management allocation - employee	Bed Days	748,545	10	10,117	81,337	1,099	12
13	17	Management allocation - salaries	Bed Days	748,545	10	937,986	937,986	101,922	13
14	19	Computer consultant & supplies	Bed Days	748,545	10	116,160	81,337	12,622	14
15	19	Professional fees	Bed Days	748,545	10	34,111	81,337	3,707	15
16	20	Dues & subscriptions	Bed Days	748,545	10	4,903	81,337	533	16
17	21	Communications	Bed Days	748,545	10	1,161	81,337	126	17
18	20	Advertising - help wanted	Bed Days	748,545	10	7,177	81,337	780	18
19	21	Management allocation - salaries	Bed Days	748,545	10	3,683,186	3,683,186	400,215	19
20	21	Bank charges	Bed Days	748,545	10	10,433	81,337	1,134	20
21	21	Office supplies & printing	Bed Days	748,545	10	92,754	81,337	10,079	21
22	21	Postage	Bed Days	748,545	10	33,908	81,337	3,684	22
23	21	Telephone	Bed Days	748,545	10	58,647	81,337	6,373	23
24	24	Travel and Seminar	Bed Days	748,545	10	4,702	81,337	511	24
25	TOTALS					\$ 5,645,200	\$ 5,084,323	\$ 613,410	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007

Ending: 2/31/2007

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 Royal Management
 Street Address 665 W. North Avenue, Suite 500
 City / State / Zip Code Lombard, IL 60148
 Phone Number (630) 458-4700
 Fax Number (630) 458-4796

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	25	Auto expense	Bed Days	748,545	10	\$ 160,505	\$ 81,337	\$ 17,440	1
2	26	Insurance general	Bed Days	748,545	10	35,055	81,337	3,809	2
3	27	Management allocation - employee	Bed Days	748,545	10	632,578	81,337	68,736	3
4	30	Depreciation	Bed Days	748,545	10	475,433	81,337	51,661	4
5	32	Interest	Bed Days	748,545	10	130,405	81,337	14,170	5
6	32	Amortization of mortgage costs	Bed Days	748,545	10	242	81,337	26	6
7	33	Property taxes	Bed Days	748,545	10	34,533	81,337	3,752	7
8	34	Rent expense	Bed Days	748,545	10	36,507	81,337	3,967	8
9	35	Equipment rental	Bed Days	748,545	10	10,570	81,337	1,149	9
10	35	Auto Lease	Bed Days	748,545	10	31,346	81,337	3,406	10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20
21									21
22									22
23									23
24									24
25	TOTALS					\$ 1,547,174	\$	\$ 168,116	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number

Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007

Ending:

12/31/2007

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	Name of Lender	2		3	4	5	6		7	8	9	10						
		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	Lexington Financial	X		Mortgage	\$49,514.00	12/29/98	\$ 6,513,000	\$	12/29/08	0.0675	\$ 109,922	1						
2	Services II, L.L.C	X		Mortgage	Varies	4/30/07	6,705,000	6,644,655	5/1/2017	0.0625	288,525	2						
3												3						
4												4						
5												5						
Working Capital																		
6	Shareholders	X		Working Capital	None	Various	675,000	2,775,240	Demand	Prime +1	147,970	6						
7	JP Morgan Chase N.A.		X	Line of Credit	Various	4/30/07	1,100,000	400,000	5/1/2010	Libor	8,223	7						
8	LaSalle Bank NA		X	Line of Credit	Various	12/1/02	100,000		5/31/07	Prime/libor	9,672	8						
9	TOTAL Facility Related				\$49,514.00		\$ 15,093,000	\$ 9,819,895			\$ 564,312	9						
B. Non-Facility Related*																		
10										Amortization of loan cost	755	10						
11										Interest income offset	(45,000)	11						
12										Allocated from management co.	14,170	12						
13										Less: Interest to shareholders	(147,970)	13						
14	TOTAL Non-Facility Related						\$	\$			\$ (178,045)	14						
15	TOTALS (line 9+line14)						\$ 15,093,000	\$ 9,819,895			\$ 386,267	15						

16) Please indicate the total amount of mortgage insurance expense and the location of this expense on Sch. V. \$ None Line # N/A

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

(See instructions.)

SEE ACCOUNTANTS' COMPILATION REPORT

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

(See instructions.)

IX. INTEREST EXPENSE AND REAL ESTATE TAX EXPENSE (continued)

B. Real Estate Taxes

Important, please see the next worksheet, "RE_Tax". The real estate tax statement and bill must accompany the cost report.

1. Real Estate Tax accrual used on 2006 report.		\$	425,000	1
2. Real Estate Taxes paid during the year: (Indicate the tax year to which this payment applies. If payment covers more than one year, detail below.)	2006	\$	417,477	2
3. Under or (over) accrual (line 2 minus line 1).		\$	(7,523)	3
4. Real Estate Tax accrual used for 2007 report. (Detail and explain your calculation of this accrual on the lines below.)		\$	453,600	4
5. Direct costs of an appeal of tax assessments which has NOT been included in professional fees or other general operating costs on Schedule V, sections A, B or C. (Describe appeal cost below. Attach copies of invoices to support the cost and a copy of the appeal filed with the county.)		\$	25,074	5
	Allocated from Management Co.		3,752	
6. Subtract a refund of real estate taxes. You must offset the full amount of any direct appeal costs classified as a real estate tax cost plus one-half of any remaining refund. TOTAL REFUND \$ For Tax Year. (Attach a copy of the real estate tax appeal board's decision.)		\$	(19,171)	6
7. Real Estate Tax expense reported on Schedule V, line 33. This should be a combination of lines 3 thru 6.		\$	455,732	7

Real Estate Tax History:

Real Estate Tax Bill for Calendar Year:	2002	410,289	8
	2003	390,362	9
	2004	391,007	10
	2005	412,618	11
	2006	417,477	12

2006 tax bill paid \$417,477

Est. Tax with 3% Increase \$453,473

Use: \$453,600

FOR BHF USE ONLY			
13	FROM R. E. TAX STATEMENT FOR 2006	\$	13
14	PLUS APPEAL COST FROM LINE 5	\$	14
15	LESS REFUND FROM LINE 6	\$	15
16	AMOUNT TO USE FOR RATE CALCULATION	\$	16

NOTES:

1. Please indicate a negative number by use of brackets(). Deduct any overaccrual of taxes from prior year.
2. If facility is a non-profit which pays real estate taxes, you must attach a denial of an application for real estate tax exemption unless the building is rented from a for-profit entity.
This denial must be no more than four years old at the time the cost report is filed.

SEE ACCOUNTANTS' COMPILATION REPORT

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 Lexington of Wheeling COUNTY Cook

FACILITY IDPH LICENSE NUMBER 0040923

CONTACT PERSON REGARDING THIS REPORT Sue Rojek

TELEPHONE (630) 458-4700 FAX #: (630) 458-4795

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>03-10-401-027-0000</u>	<u>Land & Building</u>	\$ <u>417,476.62</u>	\$ <u>417,476.62</u>
2. <u>Royal Management Corp. (Samvest of Lombard II)</u>		\$ <u>132,281.84</u>	\$ <u>3,752.00</u>
3. <u>05-01-202-019</u>		\$ _____	\$ _____
4. _____		\$ _____	\$ _____
5. _____		\$ _____	\$ _____
6. _____		\$ _____	\$ _____
7. _____		\$ _____	\$ _____
8. _____		\$ _____	\$ _____
9. _____		\$ _____	\$ _____
10. _____		\$ _____	\$ _____
TOTALS		\$ <u>549,758.46</u>	\$ <u>421,228.62</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 Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007 Ending:

12/31/2007

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 85,551 B. General Construction Type: Exterior Brick Frame Steel Number of Stories 3

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).

N/A

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:

	1	2	3	4	
A. Land.	Use	Square Feet	Year Acquired	Cost	
1	<u>Resident Care</u>	<u>137,650</u>	<u>1993</u>	<u>\$ 595,000</u>	<u>1</u>
2	<u>Allocated from Management Company</u>		<u>2002</u>	<u>17,446</u>	<u>2</u>
3	TOTALS	137,650		\$ 612,446	3

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007 Ending: 12/31/2007

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		
Beds*	FOR BHF USE ONLY	Year Acquired	Year Constructed	Cost	Current Book Depreciation	Life in Years	Straight Line Depreciation	Adjustments	Accumulated Depreciation	
4	211	1995	1995	\$ 6,537,447	\$	10-40	\$ 163,223	\$ 163,223	\$ 2,076,014	4
5	10	2000	2000	98,710	2,468	40	2,468		18,508	5
6										6
7										7
8										8
	Improvement Type**									
9	Building improvement	1995	1995	3,587			239	239	3,029	9
10	Land improvement - sidewalk replacement	1996	1996	1,927	128	15	128		1,478	10
11	Leasehold improvement - pines & sod	1996	1996	3,431	229	15	229		2,631	11
12	Basement rehab	1997	1997	18,611	931	15	931		18,611	12
13	Building improvement - curtains/track	1997	1997	1,936		10	55	55	581	13
14	Landscaping	1997	1997	2,002	134	35	134		1,402	14
15	Wiring for MDS	1998	1998	3,552	355	15	355		3,374	15
16	Parking Lot	1998	1998	2,952	295	10	295		2,804	16
17	Roof repair	2000	2000	1,980	198	10	198		1,485	17
18	Remodel HVAC/exhaust system - office area	2000	2000	7,480	374	10	374		2,805	18
19	Automatic Door	2000	2000	1,300	130	20	130		975	19
20	Rods for beside curtains	2000	2000	2,525	252	10	252		1,893	20
21	Floor tile	2000	2000	10,298	1,030	10	1,030		7,724	21
22	Parking lot seal coating and repair	2001	2001	2,177	218	10	218		1,415	22
23	Infrared curtain units for 3 elevators	2001	2001	4,500		10			4,500	23
24	Boiler vent repairs	2001	2001	3,084	308	5	308		2,005	24
25	Kitchen wall rebuild	2003	2003	22,500	1,125	10	1,125		4,875	25
26	Elevator upgrade	2004	2004	11,077	554	20	554		2,031	26
27	Landscaping	2005	2005	450	23	20	23		56	27
28	HVAC system	2005	2005	27,711	1,386	20	1,386		3,117	28
29	Lobby, lounge, and reception rehab	2005	2005	22,731	1,137	20	1,137		2,273	29
30	Lower level therapy room rehab	2005	2005	8,100	405	20	405		1,181	30
31	First floor therapy room addition	2005	2005	32,167	1,608	20	1,608		4,825	31
32	Transitional unit addition	2005	2005	18,758	938	20	938		2,110	32
33	Basement rehab	2005	2005	13,105	655	20	655		1,638	33
34	Countertops	2005	2005	845	169	5	169		451	34
35	Window treatments	2005	2005	4,090	818	5	818		2,454	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

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning:

01/01/2007 Ending: 12/31/2007

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	Landscaping Enhancement	2006	\$ 4,558	\$ 304	15	\$ 304	\$	\$ 430	37
38	HVAC	2006	10,034	1,003	10	1,003		1,087	38
39	Emergency A/C	2006	8,110	811	10	811		1,014	39
40	Administration HVAC	2006	6,058	606	10	606		757	40
41	Modular units attached to wall	2006	11,010	1,101	10	1,101		1,560	41
42	Transitional Unit	2006	8,017	401	10	401		401	42
43	Employee lunch room rehab	2006	2,361	236	10	236		374	43
44	Alzheimers Remodel	2007	606		40				44
45	Alzheimers Remodel	2007	10,535		40				45
46	Install wireless LAN	2006	5,307	531	10	531		531	46
47	Automatic Doors Patio	2006	2,232	223	10	223		395	47
48	Parking Lot	2007	3,777	63	20	63		63	48
49	HVAC	2007	4,842						49
50	First Floor Remodel-carpentry, flooring, door frames, plumbing	2007	484,373	12,109	40	12,109		12,109	50
51	First Floor Remodel-painting, carpentry, flooring, plumbing	2007	161,654	4,041	40	4,041		4,041	51
52									52
53									53
54									54
55									55
56									56
57									57
58									58
59									59
60									60
61	Land improvements - management company	2002	27,497		15	1,680	1,680	10,846	61
62	Building - management company	2002	213,924		40	40,602	40,602	31,643	62
63	HVAC, electrical, security system - management company	2003	2,120		30	147	147	644	63
64	Key card system - management company	2004	333		20	17	17	57	64
65	VAV TX controls - management company	2005	101		20	5	5	14	65
66	Interior Signs-management company	2006	74		5	5	5	6	66
67									67
68									68
69									69
70	TOTAL (lines 4 thru 69)		\$ 7,836,557	\$ 37,297		\$ 243,271	\$ 205,974	\$ 2,242,218	70

SEE ACCOUNTANTS' COMPILATION REPORT

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

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	\$ 274,794	\$ 41,581	\$ 42,356	\$ 775	5	\$ 126,901	71
72	Current Year Purchases	238,788	42,030	42,030		5	47,330	72
73	Fully Depreciated Assets	18,685					18,685	73
74	Allocated from Management Co	264,244		4,217	4,217	5	134,249	74
75	TOTALS	\$ 796,511	\$ 83,611	\$ 88,603	\$ 4,992		\$ 327,165	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	Allocated from management company			41,915		4,988	4,988		27,480	79
80	TOTALS			\$ 41,915	\$	\$ 4,988	\$ 4,988		\$ 27,480	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)	\$ 9,287,429	81
82	Current Book Depreciation	(line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 120,908	82
83	Straight Line Depreciation	(line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 336,861	83**
84	Adjustments	(line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ 215,953	84
85	Accumulated Depreciation	(line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 2,596,863	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	N/A	\$	\$	\$	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.

SEE ACCOUNTANTS' COMPILATION REPORT

XII. RENTAL COSTS

A. Building and Fixed Equipment (See instructions.)

1. Name of Party Holding Lease: _____

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? _____

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:				\$ _____			3
4	Additions							4
5								5
6	Allocated from management company				3,967			6
7	TOTAL				\$ 3,967			7

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: \$ 78,000 Description: Copier-\$9,716; Fax machine-\$128; Postage meter-\$179; Medical Equip-\$66,828;Mgmt Alloc-\$1,149

(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			\$ _____	\$ _____	17
18	Allocated from management company			3,406	18
19					19
20					20
21	TOTAL		\$ _____	\$ 3,406	21

10. Effective dates of current rental agreement:

Beginning _____

Ending _____

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

Fiscal Year Ending Annual Rent

12. _____/2008 \$ _____

13. _____/2009 \$ _____

14. _____/2010 \$ _____

* 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.

SEE ACCOUNTANTS' COMPILATION REPORT

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?</p> <p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>It is the policy of this facility to only hire certified nurses aides. If "yes", please complete the remainder of this schedule. If "no", provide an explanation as to why this training was not necessary.</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.
- SEE ACCOUNTANTS' COMPILATION REPORT**

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	L10A,C3	hrs	\$	4,690	\$ 317,107	\$	4,690	\$ 317,107	1
2	Licensed Speech and Language Development Therapist	L10A,C3	hrs		1,700	104,243		1,700	104,243	2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	L10A,C3	hrs		6,110	389,285		6,110	389,285	4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	L39,C2	# of prescrpts				326,672		326,672	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Exceptional Care Program									12
13	Other (specify): <u>Wound Therapy</u>	L39,C3				22,163			22,163	13
14	TOTAL			\$	12,500	\$ 832,798	\$ 326,672	12,500	\$ 1,159,470	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.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number **Lexington of Wheeling** # **0040923** Report Period Beginning: **01/01/2007** Ending: **12/31/2007**
XV. BALANCE SHEET - Unrestricted Operating Fund. As of **12/31/2007** (last day of reporting year)

This report must be completed even if financial statements are attached.

		1	2	
		Operating	After Consolidation*	
A. Current Assets				
1	Cash on Hand and in Banks	\$ 398,263	\$ 438,647	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance <u>591,834</u>)	1,799,602	1,799,602	3
4	Supply Inventory (priced at _____)			4
5	Short-Term Investments			5
6	Prepaid Insurance	40,540	40,540	6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)	(887,954)	883,333	8
9	Other(specify): _____			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,350,451	\$ 3,162,122	10
B. Long-Term Assets				
11	Long-Term Notes Receivable			11
12	Long-Term Investments	7,389	7,389	12
13	Land		612,446	13
14	Buildings, at Historical Cost		6,636,157	14
15	Leasehold Improvements, at Historical Cost	1,049,698	1,200,400	15
16	Equipment, at Historical Cost	524,508	838,426	16
17	Accumulated Depreciation (book methods)	(299,245)	(2,596,863)	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): <u>Mort Cost & Accum Amort</u>		34,203	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 1,282,350	\$ 6,732,158	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,632,801	\$ 9,894,280	25

		1	2	
		Operating	After Consolidation*	
C. Current Liabilities				
26	Accounts Payable	\$ 228,866	\$ 228,866	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable	3,175,240	3,175,240	29
30	Accrued Salaries Payable	234,642	234,642	30
31	Accrued Taxes Payable (excluding real estate taxes)	4,590	4,590	31
32	Accrued Real Estate Taxes(Sch.IX-B)		453,600	32
33	Accrued Interest Payable		43,561	33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
Other Current Liabilities(specify):				
36	<u>See attached schedule 17A</u>	4,038,633	306,200	36
37	_____			37
38	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 7,681,971	\$ 4,446,699	38
D. Long-Term Liabilities				
39	Long-Term Notes Payable			39
40	Mortgage Payable		6,644,655	40
41	Bonds Payable			41
42	Deferred Compensation			42
Other Long-Term Liabilities(specify):				
43	_____			43
44	_____			44
45	TOTAL Long-Term Liabilities (sum of lines 39 thru 44)	\$	\$ 6,644,655	45
46	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 7,681,971	\$ 11,091,354	46
47	TOTAL EQUITY(page 18, line 24)	\$ (5,049,170)	\$ (1,197,074)	47
48	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 2,632,801	\$ 9,894,280	48

SEE ACCOUNTANTS' COMPILATION REPORT

*(See instructions.)

Lexington Health Care Center of Wheeling, Inc.
Provider # 0040923
1/1/07 - 12/31/07

Schedule 17A

XV. Balance Sheet
C. Current Liabilities

36. Other Current Liabilities

<u>Description</u>	<u>Operating</u>	<u>After Consolidation</u>
Escrow-Insurance	75,873	75,873
Bond Withholding	167	167
401k withholding	1,707	1,707
Accrued 401k	14,373	14,373
Due to - Republic Construction	10,185	10,185
Accrued expenses	207,010	207,010
Accrued royl genl mgmt fees	2,152	2,152
Accrued rent	3,732,433	-
Accrued wage assignment	49	49
Advance - biweekly Part A	(5,316)	(5,316)
Total line 36	<u>4,038,633</u>	<u>306,200</u>

See Accountants' Compilation Report

XVI. STATEMENT OF CHANGES IN EQUITY

		1	
		Total	
1	Balance at Beginning of Year, as Previously Reported	\$ (4,233,844)	1
2	Restatements (describe):		2
3			3
4	Post Closing Adjustments	156,212	4
5			5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ (4,077,632)	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	(971,538)	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)	\$ (971,538)	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)	\$ (5,049,170)	24 *

Operating entity only

* This must agree with page 17, line 47.

SEE ACCOUNTANTS' COMPILATION REPORT

**VII. 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	\$ 14,340,008	1
2	Discounts and Allowances for all Levels	(5,740,097)	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 8,599,911	3
B. Ancillary Revenue			
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	1,633,468	6
7	Oxygen		7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 1,633,468	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	4,407	12
13	Barber and Beauty Care	20,132	13
14	Non-Patient Meals	74	14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	513,675	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	25,680	19
20	Radiology and X-Ray	12,640	20
21	Other Medical Services	103,178	21
22	Laundry		22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$ 679,786	23
D. Non-Operating Revenue			
24	Contributions		24
25	Interest and Other Investment Income***	13,757	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 13,757	26
E. Other Revenue (specify):****			
27	Settlement Income (Insurance, Legal, Etc.)		27
28	<u>Miscellaneous & Investment Income</u>	768	28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$ 768	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 10,927,690	30

2

Expenses		Amount	
A. Operating Expenses			
31	General Services	1,495,517	31
32	Health Care	5,064,307	32
33	General Administration	2,576,658	33
B. Capital Expense			
34	Ownership	2,184,900	34
C. Ancillary Expense			
35	Special Cost Centers	455,778	35
36	Provider Participation Fee	122,068	36
D. Other Expenses (specify):			
37			37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 11,899,228	40
41	Income before Income Taxes (line 30 minus line 40)**	(971,538)	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ (971,538)	43

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

** Does this agree with taxable income (loss) per Federal Income Tax Return? No If not, please attach a reconciliation.
This entity is a cash basis taxpayer.

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

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

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning: 01/01/2007

Ending: 12/31/2007

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	1,437	1,735	\$ 84,703	\$ 48.82	1
2	Assistant Director of Nursing	6,018	6,502	221,168	34.02	2
3	Registered Nurses	47,930	51,487	1,658,395	32.21	3
4	Licensed Practical Nurses	6,196	6,848	183,987	26.87	4
5	CNAs & Orderlies	98,057	105,516	1,306,742	12.38	5
6	CNA Trainees					6
7	Licensed Therapist					7
8	Rehab/Therapy Aides	9,518	10,298	138,554	13.45	8
9	Activity Director	927	989	17,560	17.76	9
10	Activity Assistants	15,050	16,410	166,283	10.13	10
11	Social Service Workers	5,544	5,917	125,740	21.25	11
12	Dietician	498	601	9,951	16.56	12
13	Food Service Supervisor	2,114	2,204	31,885	14.47	13
14	Head Cook					14
15	Cook Helpers/Assistants	13,647	14,701	135,031	9.19	15
16	Dishwashers	19,299	20,290	149,800	7.38	16
17	Maintenance Workers	1,913	2,174	33,405	15.37	17
18	Housekeepers	35,901	38,666	305,415	7.90	18
19	Laundry	8,883	9,657	78,752	8.15	19
20	Administrator	2,022	2,210	100,198	45.34	20
21	Assistant Administrator					21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	16,991	18,219	263,891	14.48	24
25	Vocational Instruction					25
26	Academic Instruction					26
27	Medical Director					27
28	Qualified MR Prof. (QMRP)					28
29	Resident Services Coordinator					29
30	Habilitation Aides (DD Homes)					30
31	Medical Records	1,966	2,099	29,862	14.23	31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	293,911	316,523	\$ 5,041,322 *	\$ 15.93	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	318	\$ 14,239	L1,C3	35
36	Medical Director	Monthly	36,000	L9,C3	36
37	Medical Records Consultant	15	226	L10,C3	37
38	Nurse Consultant				38
39	Pharmacist Consultant	Monthly	2,400	L10,C3	39
40	Physical Therapy Consultant				40
41	Occupational Therapy Consultant				41
42	Respiratory Therapy Consultant				42
43	Speech Therapy Consultant				43
44	Activity Consultant	189	8,860	L11,C3	44
45	Social Service Consultant	152	6,480	L12,C3	45
46	Other(specify) <u>MDS</u>		460	L10,C3	46
47	<u>Psychosocial</u>	61	3,037	L12,C3	47
48	<u>Medical Consultant-Mgmt. Co.</u>	Monthly	4,271	L10,C3	48
49	TOTAL (lines 35 - 48)	734	\$ 75,973		49

C. CONTRACT NURSES

	1	2	3		
	Number of Hrs. Paid & Accrued	Total Contract Wages	Schedule V Line & Column Reference		
50	Registered Nurses	143	\$ 7,827	L10,C3	50
51	Licensed Practical Nurses	226	9,654	L10,C3	51
52	Certified Nurse Assistants/Aides				52
53	TOTAL (lines 50 - 52)	368	\$ 17,481		53

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Wheeling

0040923

Report Period Beginning: 01/01/2007

Ending: 12/31/2007

XIX. SUPPORT SCHEDULES

A. Administrative Salaries				D. Employee Benefits and Payroll Taxes			F. Dues, Fees, Subscriptions and Promotions		
Name	Function	Ownership %	Amount	Description	Amount	Description	Amount		
Brian Celerio	Administrator	0	\$ 100,198	Workers' Compensation Insurance	\$ 78,088	IDPH License Fee	\$ 1,990		
				Unemployment Compensation Insurance	56,935	Advertising: Employee Recruitment	20,378		
				FICA Taxes	363,461	Health Care Worker Background Check			
				Employee Health Insurance	195,587	(Indicate # of checks performed <u>125</u>)	1,250		
				Employee Meals	14,262	Patient Background Checks	3,750		
				Illinois Municipal Retirement Fund (IMRF)*		Miscellaneous Licenses & Fees	2,961		
				401K Contributions	14,373	Miscellaneous Dues & Subscriptions	609		
				Life Insurance	2,757	Allocated from Management Co	1,313		
				Other Employee Benefits	27,646				
TOTAL (agree to Schedule V, line 17, col. 1) (List each licensed administrator separately.)			\$ 100,198	TOTAL (agree to Schedule V, line 22, col.8)		\$ 753,109	TOTAL (agree to Sch. V, line 20, col. 8)		\$ 32,251
B. Administrative - Other				E. Schedule of Non-Cash Compensation Paid to Owners or Employees			G. Schedule of Travel and Seminar**		
Description			Amount	Description	Line #	Amount	Description	Amount	
Management Fees-Royal Operating			\$ 722,772	N/A			Out-of-State Travel	\$	
Management Fees-Royal General			326,190				In-State Travel		
TOTAL (agree to Schedule V, line 17, col. 3) (Attach a copy of any management service agreement)			\$ 1,048,962	TOTAL		\$	Seminar Expense	9,971	
C. Professional Services							Allocated from Management Co.	511	
Vendor/Payee	Type	Amount					Entertainment Expense	()	
Grabowski Law Center, LLC	Collections	\$ 17,652					(agree to Sch. V, line 24, col. 8)		
Cassiday Schade	Legal	32,670					TOTAL	\$ 10,482	
JSO Valuation Group, LTD	Appraisal Services	3,000							
McGladrey & Pullen, LLP	Accounting	17,940							
Personnel Planners	U/C Consulting	930							
Reed Smith/Sachnoff & Weaver	Legal	1,642							
RSM McGladrey, Inc.	Accounting	5,950							
James Samatas, Atty at Law	Legal	100							
Systematic Mgmt Systems	Billing Services	5,278							
National Data Care Corp	Computer Services	1,885							
Information Controls	Computer Services	578							
See attached Schedule 21C		21,371							
TOTAL (agree to Schedule V, line 19, column 3) (If total legal fees exceed \$5,000, attach copy of invoices.)			\$ 108,996						

* Attach copy of IMRF notifications
SEE ACCOUNTANTS' COMPILATION REPORT

**See instructions.

Lexington Health Care Center of Wheeling, Inc.

Provider # 0040923

1/1/07-12/31/07

Schedule 21C

XIX. Support Schedules

C. Professional Services

<u>Vendor/Payee</u>	<u>Type</u>	<u>Amount</u>
ING	401(k) Consulting	955
AAOD	Computer Consulting	1,089
Ehealth	Computer Consulting	2,400
Krakau	Computer Consulting	598
Action Computer Service	Computer Consulting	324
Microsoft	Computer Consulting	7,057
Visual Click	Computer Consulting	97
CDW	Computer Consulting	218
Lanac	Computer Consulting	3,734
Lintech	Computer Consulting	3,369
Alperian Technology	Computer Consulting	215
Infiniti Rehab	Computer Consulting	189
Royal/Shaker Advertising	Computer Consulting	650
Andrew Campbell Photography	Computer Consulting	476
		<u>21,371</u>

Total, Agrees to Schedule V, Line 19, Column 3 108,996

Allocated from Management Co.

James Samatas	Legal-Filing Fees	8
Sachnoff & Weaver	Legal	163
McGladrey & Pullen, LLP	Accounting	374
RSM McGladrey, Inc.	Accounting	547
Aronberg, Goldgehn Davis	Accounting	309
Gilson Labus & Silverman	Accounting	502
ING Life & Annuity	Pension Consultation	6
Elizabeth Schwarz	Physician credentialing consultant	182
Pension Administrators, Inc.	401(k) Administration	511
Addison Search	Billing Consulting	51
Gene Whitehorn	Medicaid Reimb Specialist	914
Lintech	Computer Consulting	4,418
Lanac Technology	Computer Consulting	3,787
Lifecare software, Inc.	Computer Consulting	2,524
CDW Direct	Computer Consulting	1,893
		16,189

Allocated from building partership 100

Allocated from Samvest of Lombard II

Gilson, Labus & Silverman	Accounting	140
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Nonallowable legal fees

Cassiday Schade	Legal-out of period fees	(67)
Grabowski Law Center	Collections	<u>(17,652)</u>
		<u>(17,719)</u>

Total, Agrees to Schedule V, Line 19, Column 8 107,706

See Accountants' Compilation Report

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

1	2	3	4	5	6	7	8	9	10	11	12	13												
													Improvement Type	Month & Year Improvement Was Made	Total Cost	Useful Life	Amount of Expense Amortized Per Year							
																	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
1	N/A			\$	\$	\$	\$	\$	\$	\$	\$	\$												
2																								
3																								
4																								
5																								
6																								
7																								
8																								
9																								
10																								
11																								
12																								
13																								
14																								
15																								
16																								
17																								
18																								
19																								
20	TOTALS			\$	\$	\$	\$	\$	\$	\$	\$	\$												

SEE ACCOUNTANTS' COMPILATION REPORT

