

		FOR BHF USE			

LL2

Supportive Living Facility

**2009
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2009)**

IMPORTANT NOTICE
THIS AGENCY IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY TO ACCOMPLISH THE STATUTORY PURPOSE AS OUTLINED IN SECTION 146.265 OF THE 89 IL ADMIN CODE. DISCLOSURE OF THIS INFORMATION IS MANDATORY. FAILURE TO PROVIDE ANY INFORMATION ON OR BEFORE THE DUE DATE WILL RESULT IN CESSATION OF PROGRAM PAYMENTS.

I.

Facility Name: Hawthorne Inn of Freeport

Address: 2140 West Navajo Drive Freeport 61032
Number City Zip Code

County: Stephenson

Telephone Number: (815) 232-3407 Fax # ()

Federal Employer ID Number: 37-1223846

Date Current Owners were Certified: 11/19/2007

Type of Ownership:

<input type="checkbox"/> VOLUNTARY, NON-PROFIT	<input type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL
<input checked="" type="checkbox"/> Charitable Corp.	<input type="checkbox"/> Individual	<input type="checkbox"/> State
<input type="checkbox"/> Trust	<input type="checkbox"/> Partnership	<input type="checkbox"/> County
IRS Exemption Code <u>501(C) 3</u>	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other
	<input type="checkbox"/> "Sub-S" Corp.	
	<input type="checkbox"/> Limited Liability Co.	
	<input type="checkbox"/> Trust	
	<input type="checkbox"/> Other	

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 04/01/2008 to 03/31/2009 and certify to the best of my knowledge and belief that the said contents are true, accurate and complete statements in accordance with applicable instructions. Declaration of preparer (other than provider) is based on all information of which preparer has any knowledge.

Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.

Officer or Administrator of Provider

(Signed) _____ (Date) _____

(Type or Print Name) Tim Bledsoe

(Title) Director of Operations

Paid Preparer

(Signed) See Attached Independent Accountant's Report (Date) _____

(Print Name and Title) McGladrey & Pullen, LLP
117 E Main Street, Suite 210

(Firm Name & Address) P.O. Box 1070
Galesburg, IL 61401

(Telephone) (309) 342-1175 Fax (309)342-7816

In the event there are further questions about this report, please contact:

Name: Ron Wilson Telephone Number: (309) 343-1550
Email Address: rjwilson@rfmsinc.com

MAIL TO: BUREAU OF HEALTH FINANCE
IL DEPT OF HEALTHCARE AND FAMILY SERVICES
201 S. Grand Avenue East
Springfield, IL 62763-0001 Phone # (217) 782-1630

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning:

04/01/2008

Ending: 03/31/2009

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage 1	Supplies 2	Other 3	Total 4			
A. General Services								
1	Dietary and Food Purchase	75,657	99,055	1,772	176,484		176,484	1
2	Housekeeping, Laundry and Maintenance	27,203	10,325	19,222	56,750		56,750	2
3	Heat and Other Utilities			56,948	56,948		56,948	3
4	Other (specify):							4
5	TOTAL General Services	102,860	109,380	77,942	290,182		290,182	5
B. Health Care and Programs								
6	Health Care/ Personal Care	147,568	130	48	147,746		147,746	6
7	Activities and Social Services		1,232	129	1,361		1,361	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	147,568	1,362	177	149,107		149,107	9
C. General Administration								
10	Administrative and Clerical	52,819	902	57,783	111,504	481	111,985	10
11	Marketing Materials, Promotions and Advertising			14,084	14,084	(14,084)		11
12	Employee Benefits and Payroll Taxes			42,191	42,191		42,191	12
13	Insurance-Property, Liability and Malpractice			12,173	12,173	382	12,555	13
14	Other (specify):			933	933	(933)		14
15	TOTAL General Administration	52,819	902	127,164	180,885	(14,154)	166,731	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	303,247	111,644	205,283	620,174	(14,154)	606,020	16
Capital Expenses								
D. Ownership								
17	Depreciation			5,031	5,031		5,031	17
18	Interest					1,672	1,672	18
19	Real Estate Taxes			49,440	49,440		49,440	19
20	Rent -- Facility and Grounds			309,774	309,774		309,774	20
21	Rent -- Equipment							21
22	Other (specify):							22
23	TOTAL Ownership			364,245	364,245	1,672	365,917	23
24	GRAND TOTAL (Sum of lines 16 and 23)	303,247	111,644	569,528	984,419	(12,482)	971,937	24

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning 04/01/2008 Ending: 03/31/2009

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

	Personnel	Number of FTE	Average Hourly Wage	
1	Registered Nurses		\$	1
2	Licensed Practical Nurses			2
3	Certified Nurse Assistants	17	10.95	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook	0	21.05	6
7	Cook Helpers/Assistants	2	9.77	7
8	Dishwashers	0	7.50	8
9	Maintenance Workers	0	10.00	9
10	Housekeepers	1	7.71	10
11	Laundry	1	7.71	11
12	Managers	0	31.25	12
13	Other Administrative			13
14	Clerical	0	11.22	14
15	Marketing	0	21.41	15
16	Other Personal asst			16
17	Total (lines 1 thru 16)	23	\$	17

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

	NAME and FUNCTION	Ownership Interest	Average Hours Per Work Week Devoted to this Business	Amount of Compensation for this Reporting Period	
1	See Att Sch Va for Directors fees			\$ 469	1
2					2
3					3
4					4
5					5
Total				\$ 469	6

VI. (B) Management fees paid to unrelated parties

	Amount of Fee	
1	\$	1
2		2
Total		\$ 3

VII. RELATED ORGANIZATIONS

A. Enter below the names of all related organizations. Attach an additional schedule if necessary.

RELATED SLF's & HEALTH CARE BUSINESSES

Name	1	City	2
See Attached Schedule I			

OTHER RELATED BUSINESS ENTITIES

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

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

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

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

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

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning:

04/01/2008

Ending:

03/31/2009

VIII. OWNERSHIP COSTS

A. Purchase price of land _____ Year land was acquired _____

B. Building Depreciation -- Including Fixed Equipment. Round all numbers to the nearest dollar.

*Total units on this schedule must agree with page 2.

	1 Units*	FOR BHF USE ONLY	2 Year Acquired	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
1					\$	\$		\$	\$	\$	1
2											2
3											3
4											4
5											5
	Improvement Type										
6	Landscaping		2002		3,672	367	10	367		2,540	6
7	Light/Surge Protection		2004		22,900	3,271	7	3,271		14,176	7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$ 26,572	\$ 3,638		\$ 3,638	\$	\$ 16,716	17

C. Equipment Depreciation -- Including Transportation.

	Type	1 Cost	2 Current Book Depreciation	3 Straight Line Depreciation	4 Adjustments	5 Life in Years	6 Accumulated Depreciation	
18	Movable Equipment	\$ 25,170	\$ 1,393	\$ 1,393	\$	5-15 yrs	\$ \$ 20,234	18
19	Vehicles				\$			19
20	TOTAL (lines 18 and 19)		\$ 25,170	\$ 1,393	\$ 1,393	\$	\$ 20,234	20

D. Depreciable Non-Care Assets Included in General Ledger.

	1 Description and Year Acquired	2 Cost	3 Current Book Depreciation	4 Accumulated Depreciation	
21		\$	\$	\$	21
22					22
23					23
24	TOTALS (lines 21, 22 and 23)		\$	\$	24

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning: 04/01/2008

Ending: 12/31/2009

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: Edwin Enterprises, LLC

2. Does the facility also pay real estate taxes in addition to rental amount shown below on line 7, column 4? YES NO

		1	2	3	4	5	6	
		Year Constructed	Number of Units	Date of Lease	Rental Amount	Total Yrs. of Lease	Total Years Renewal Option*	
3	Original Building	2002	29	07/01/02	\$ 26,110	9	15	3
4	Additions			/ /				4
5				/ /				5
6				/ /				6
7	TOTAL		29		\$ 26,110			7

8. Is movable equipment rental included in building rental?

YES NO

9. Rental amount for movable equipment \$ not determined

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

X. INTEREST EXPENSE

	1	2	3	4	6	7	8	9		
	Name of Lender	Related**		Purpose of Loan	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense
		YES	NO			Original	Balance			
	A. Directly Facility Related									
	Long-Term									
1				/ /	\$	\$	/ /		\$	1
2				/ /			/ /			2
3				/ /			/ /			3
	Working Capital									
4				/ /			/ /			4
5	Home office allocation	X		/ /			/ /		1,672	5
6	Less: Interest Income		X	/ /			/ /		-86	6
7	TOTAL Facility Related				\$	\$			\$ 1,586	7
	B. Non-Facility Related									
8				/ /			/ /			8
9				/ /			/ /			9
10	TOTALS (lines 7, 8 and 9)				\$	\$			\$ 1,586	10

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

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

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning: 04/01/2008

Ending:

03/31/2009

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 03/31/2009

(last day of reporting year)

		1	2	
		Operating	After	
			Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 21,623	\$	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance)	27,968		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	3,472		6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify): <u>Intercompany receivable</u>	966,262		9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,019,325	\$	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land			13
14	Buildings, at Historical Cost			14
15	Leasehold Improvements, at Historical Cost	26,572		15
16	Equipment, at Historical Cost	25,170		16
17	Accumulated Depreciation (book methods)	(36,950)		17
18	Deferred Charges			18
19	Organization & Pre-Operating Costs			19
20	Accumulated Amortization - Organization & Pre-Operating Costs			20
21	Restricted Funds			21
22	Other Long-Term Assets (specify):			22
23	Other(specify):			23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 14,792	\$	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,034,117	\$	25

*(See instructions.)

		1	2	
		Operating	After	
			Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 14,371	\$	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable			30
31	Accrued Taxes Payable	66,419		31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	<u>Interdivision payable</u>			35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 80,790	\$	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable			38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	<u>Security deposits</u>	37,500		42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 37,500	\$	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 118,290	\$	45
46	TOTAL EQUITY	\$ 915,827	\$	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,034,117	\$	47

Facility Name: Hawthorne Inn of Freeport

Report Period Beginning: 04/01/2008

Ending:

03/31/2009

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

	Revenue	Amount	
	A. SLF Resident Care		
1	Gross SLF Resident Revenue	\$ 1,282,236	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 1,282,236	3
	B. Other Operating Revenue		
4	Special Services		4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	5,905	8
9	Non-Resident Meals	18	9
10	Laundry		10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 5,923	11
	C. Non-Operating Revenue		
12	Contributions		12
13	Interest and Other Investment Income	86	13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 86	14
	D. Other Revenue (specify):		
15			15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 1,288,245	18

	Expenses	Amount	
	A. Operating Expenses		
19	General Services	290,182	19
20	Health Care/ Personal Care	149,107	20
21	General Administration	180,885	21
	B. Capital Expense		
22	Ownership	364,245	22
	C. Other Expenses		
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
28	TOTAL EXPENSES (sum of lines 19 thru 27)	\$ 984,419	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 303,826	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 303,826	31

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

BEGINNING: 04/01/2008
ENDING: 03/31/2009

ATTACHED SCHEDULE I

VII. Related Organizations

**A.Related SLF's and Health Care Businesses
and Other Related Business Entities**

Name	City and State	Type of Business
1 SLF's and Health Care divisions of Residential Alternatives of Illinois, Inc.:		
Hawthorne Inn of Danville	Danville, IL	Skilled nursing facility
Manor Court of Clinton	Clinton, IL	Skilled nursing and supportive living facility
Manor Court of Freeport	Freeport, IL	Skilled nursing and assisted living facility
Manor Court of Peoria	Peoria, IL	Skilled nursing facility
Manor Court of Peru	Peru, IL	Skilled nursing facility
Manor Court of Princeton	Princeton, IL	Skilled nursing and supportive living facility
Hawthorne Inn of Freeport	Freeport, IL	Assisted and supportive living facility
Hawthorne Inn of Peoria	Peoria, IL	Assisted living facility
Hawthorne Inn of Peru	Peru, IL	Assisted living facility
Liberty Estates of Geneseo	Geneseo, IL	Assisted living and independent living facility
Liberty Estates of Streator	Streator, IL	Assisted living and independent living facility
Freeport Rehab & Healthcare	Freeport, IL	Skilled nursing facility
Other facilities operated by Residential Alternatives of Illinois, Inc.		
Liberty Estates of Danville	Danville, IL	Independent living facility
Liberty Estates of Freeport	Freeport, IL	Independent living facility
Liberty Estates of Peoria	Peoria, IL	Independent living facility
Liberty Estates of Peru	Peru, IL	Independent living facility
2 Residential Alternatives of Iowa (common Board of Directors)	Coralville, IA	Long-term care facilities
3 Frances House, Inc.(sole corporate member of Residential Alternatives of Illinois, Inc.) operates the following DD facilities		
Casa Willis	Sterling, IL	
Freeport Terrace	Freeport, IL	
Gordon Jones Terrace	Lanark, IL	
Hallam Terrace	Rockford, IL	
Hammett House	Sterling, IL	
Kanthak House	Ottawa, IL	
Olson Terrace	Rockford, IL	
Ridge Terrace	Freeport, IL	
Rockford Group Homes:		
Cantebury Place	Rockford, IL	
Glenwood Villa	Rockford, IL	
Rockton Court	Rockford, IL	
Rose House	Moline, IL	
Seborg Terrace	Rockford, IL	
Smith Square	Moline, IL	
Stern Square	Sterling, IL	
Stouffer Terrace	Oregon, IL	

4 Pioneer Concepts, Inc (Frances House, Inc is the sole corporate member) operates the following DD facilities

Broadway Terrace	Chicago Heights, IL
Carole Lane Terrace	Sauk Village, IL

Cook County I Group Homes:

Flossmoor Terrace	Flossmoor, IL
Ravisloe Terrace	Country Club Hills, IL
Spaulding Terrace	Markham, IL

Cook County II Group Homes:

Calumet City Terrace	Calumet City, IL
Dolton Terrace	Dolton, IL
Lynwood Terrace	Lynwood, IL
Holland Terrace	South Holland, IL
Matteson Court	Matteson, IL
Prairie House	Sauk Village, IL
Torrence Place	Sauk Village, IL

5 Pinnacle Opportunities, Inc (Frances House, Inc is the sole corporate member) operated the following DD facilities

Chamness Square	Bourbannais, IL
Collins Square	Bradley, IL
Gravlin Square	Bradley, IL
Hunt Terrace	Kankakee, IL

Kankakee I Group Homes:

Dearborn Court	Kankakee, IL
River Court	Kankakee, IL
Station Court	Kankakee, IL

Kankakee II Group Homes:

Eagle Court	Kankakee, IL
Kankakee Court	Kankakee, IL
Roy Court	Bourbannais, IL

6 Concepts Plus, Inc. (Frances House, Inc is the sole corporate member) operated the following DD facilities

Lake County Group Homes:

Lewis Terrace	North Chicago, IL
Seymour Terrace	North Chicago, IL
Waukegan Terrace	Waukegan, IL
Pine Terrace	Waukegan, IL

7 LTC Support Services, LLC (RAI is one of eight members of the LLC)

LTC provides consulting services that include, but are not limited to:
training, regulatory compliance, quality assurance programs, human resource
support, marketing and maintenance.

Total fees expensed during the current year for SLF portio \$ 6,960

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

BEGINNING: 04/01/2008
 ENDING: 03/31/2009

ATTACHED SCHEDULE II

IV. Cost Center Expenses

Reclassifications and Adjustments

Reported on Schedule IV on Line

	Description	Adjustments Col 5
Line 14	Non-allowable vending expense	(933)
Line 11	Non-allowable advertising	(14,084)
See Att Sch V	Home office allocation	2,535
<i>Total Adjustments on Schedule IV</i>		(12,482)

ATTACHED SCHEDULE III

Bed Listing & Home Office Allocation

Facility	Weighted beds @ 03/31/09					Estate Units 10%	Weighted Average Total	All Homes Percentage of Total	SLF Percentage of Total
	Nursing	Horr	Sheltered	SLF	ALC				
	Beds 100%	Care 50%	Beds 50%	Beds 50%	Beds 50%				
Liberty Estates of Danville	0	0	0	0	0	8	8	1.00%	0.00%
Liberty Estates of Freeport	0	0	0	0	0	7	7	0.88%	0.00%
Liberty Estates of Peoria	0	0	0	0	0	8	8	1.00%	0.00%
Geneseo Estates	0	0	0	7	7	3	10	1.25%	0.00%
Liberty Estates of Peru	0	0	0	0	0	7	7	0.88%	0.00%
Liberty Estates of Streator	0	0	0	8	8	3	11	1.38%	0.00%
Hawthorne Inn of Danville	64	38	0	0	0	0	102	12.77%	0.00%
Manor Court of Princeton	69	14	13	0	0	0	96	12.02%	1.63%
Manor Court of Clinton	134	0	14	0	0	0	148	18.52%	1.75%
Manor Court of Peoria	50	0	0	0	0	0	50	6.26%	0.00%
Manor Court of Peru	75	14	0	0	0	0	89	11.14%	0.00%
Manor Court of Freeport	45	17	0	12	0	0	74	9.26%	0.00%
Hawthorne Inn of Peoria	0	0	0	34	0	0	34	4.26%	0.00%
Hawthorne Inn of Peru	0	0	0	34	0	0	34	4.26%	0.00%
Hawthorne Inn of Freeport	0	0	19	0	0	0	19	2.38%	2.38%
Freeport Rehab & Healthcare	102						102	12.77%	0.00%
							799	100%	5.76%

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

BEGINNING:
ENDING:

ATTACHED SCHEDULE IV

ALLOCATION OF HOME OFFICE INDIRECT COSTS

SUMMARY SCHEDULE

(See attached detail schedule)

Sch. V

Line #

		Salaries	Other	Total
1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0		-
3	Heat & Other Utilities		0	-
4	Other		0	-
6	Health Care/personal		0	-
7	Activities & Soc Serv		0	-
8	Other		0	-
10	Admin/Clerical	0	481	481
11	Mkt, Promo, Adv		0	-
12	Emp Ben & PR taxes		0	-
13	Insurance		382	382
14	Other		0	-
17	Depreciation		0	-
18	Interest		1,672	1,672
19	Real Estate Taxes		0	-

TOTALS

0

2,535

2,535

Net adjustment required

2,535

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

BEGINNING: 04/01/2008
ENDING: 03/31/2009

ATTACHED SCHEDULE V

Depreciation Reconciliation

<u>Schedule</u>	<u>Line</u>	<u>Description</u>	<u>Amount</u>
VIII	17-7	Total buildings and improvements	3,638
VIII	20-3	Total equipment and transportation	1,393
Attached schedule V		Home office allocation adj depreciation	-
		<i>Subtotal</i>	<u>5,031</u>
IV	17-6	Total cost center depreciation	<u>5,031</u>
		<i>Difference</i>	<u><u>-</u></u>