

Facility Name & ID Number Lexington of Orland Park

0041855 Report Period Beginning: 01/01/2009 Ending: 12/31/2009

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 N/A

	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>278</u>	Skilled (SNF)	<u>278</u>	<u>101,470</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>278</u>	TOTALS	<u>278</u>	<u>101,470</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				
		3 Medicaid Recipient	4 Private Pay	5 Other	6 Total	
8	SNF			<u>20,943</u>	<u>20,943</u>	8
9	SNF/PED					9
10	ICF	<u>60,854</u>	<u>5,709</u>		<u>66,563</u>	10
11	ICF/DD					11
12	SC					12
13	DD 16 OR LESS					13
14	TOTALS	<u>60,854</u>	<u>5,709</u>	<u>20,943</u>	<u>87,506</u>	14

C. Percent Occupancy. (Column 5, line 14 divided by total licensed bed days on line 7, column 4.) 86.24%

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)
None

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 accounts have been removed on schedule V, line 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 7/8/96

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 278 and days of care provided 14,974

Medicare Intermediary National Government Services

IV. ACCOUNTING BASIS

ACCRAUAL MODIFIED CASH* CASH*

Is your fiscal year identical to your tax year? YES NO

Tax Year: 12/31/09 Fiscal Year: 12/31/09

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

Facility Name & ID Number Lexington of Orland Park # 0041855 Report Period Beginning: 01/01/2009 Ending: 12/31/2009

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	421,700	54,123	20,011	495,834		495,834		495,834		1
2	Food Purchase		431,153		431,153		431,153	(21,029)	410,124		2
3	Housekeeping	387,921	50,206		438,127		438,127	691	438,818		3
4	Laundry	70,180	30,133		100,313		100,313		100,313		4
5	Heat and Other Utilities			311,565	311,565		311,565	11,432	322,997		5
6	Maintenance	66,104		157,255	223,359		223,359	75,131	298,490		6
7	Other (specify):* Alloc. From Mgmt Co							7,761	7,761		7
8	TOTAL General Services	945,905	565,615	488,831	2,000,351		2,000,351	73,986	2,074,337		8
	B. Health Care and Programs										
9	Medical Director			38,000	38,000		38,000		38,000		9
10	Nursing and Medical Records	5,239,149	374,078	60,237	5,673,464		5,673,464	63,183	5,736,647		10
10a	Therapy			1,243,587	1,243,587		1,243,587		1,243,587		10a
11	Activities	278,273	34,451	8,378	321,102		321,102		321,102		11
12	Social Services	235,632		7,047	242,679		242,679		242,679		12
13	CNA Training										13
14	Program Transportation										14
15	Other (specify):* Alloc. From Mgmt Co							7,628	7,628		15
16	TOTAL Health Care and Programs	5,753,054	408,529	1,357,249	7,518,832		7,518,832	70,811	7,589,643		16
	C. General Administration										
17	Administrative	201,427		1,657,785	1,859,212		1,859,212	(1,596,660)	262,552		17
18	Directors Fees										18
19	Professional Services			209,859	209,859		209,859	15,792	225,651		19
20	Dues, Fees, Subscriptions & Promotions			67,047	67,047		67,047	585	67,632		20
21	Clerical & General Office Expenses	439,554	43,597	33,753	516,904		516,904	576,705	1,093,609		21
22	Employee Benefits & Payroll Taxes			1,008,233	1,008,233		1,008,233	20,716	1,028,949		22
23	Inservice Training & Education			5,565	5,565		5,565	27	5,592		23
24	Travel and Seminar			8,182	8,182		8,182	1,518	9,700		24
25	Other Admin. Staff Transportation			3,155	3,155		3,155	24,908	28,063		25
26	Insurance-Prop.Liab.Malpractice			294,782	294,782		294,782	8,783	303,565		26
27	Other (specify):* Alloc. From Mgmt Co							87,472	87,472		27
28	TOTAL General Administration	640,981	43,597	3,288,361	3,972,939		3,972,939	(860,154)	3,112,785		28
29	TOTAL Operating Expense (sum of lines 8, 16 & 28)	7,339,940	1,017,741	5,134,441	13,492,122		13,492,122	(715,357)	12,776,765		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 Orland Park

#0041855

Report Period Beginning:

01/01/2009

Ending:

12/31/2009

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			99,245	99,245		99,245	462,719	561,964			30
31	Amortization of Pre-Op. & Org.											31
32	Interest			19,628	19,628		19,628	708,241	727,869			32
33	Real Estate Taxes							502,204	502,204			33
34	Rent-Facility & Grounds			2,300,929	2,300,929		2,300,929	(2,289,473)	11,456			34
35	Rent-Equipment & Vehicles			68,268	68,268		68,268	5,356	73,624			35
36	Other (specify):*											36
37	TOTAL Ownership			2,488,070	2,488,070		2,488,070	(610,953)	1,877,117			37
	Ancillary Expense											
	E. Special Cost Centers											
38	Medically Necessary Transportation											38
39	Ancillary Service Centers		498,285	4,832	503,117		503,117		503,117			39
40	Barber and Beauty Shops			29,154	29,154		29,154		29,154			40
41	Coffee and Gift Shops			4,706	4,706		4,706		4,706			41
42	Provider Participation Fee			152,205	152,205		152,205		152,205			42
43	Other (specify):* Non-allowable cost			117,341	117,341		117,341	(117,341)				43
44	TOTAL Special Cost Centers		498,285	308,238	806,523		806,523	(117,341)	689,182			44
45	GRAND TOTAL COST (sum of lines 29, 37 & 44)	7,339,940	1,516,026	7,930,749	16,786,715		16,786,715	(1,443,651)	15,343,064			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	(313)	2		4
5	Telephone, TV & Radio in Resident Rooms	(7,357)	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	(128)	30		9
10	Interest and Other Investment Income	(28,084)	32		10
11	Discounts, Allowances, Rebates & Refunds				11
12	Non-Working Officer's or Owner's Salary				12
13	Sales Tax	(1,144)	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	(10,000)	43		18
19	Entertainment	(4,421)	43		19
20	Contributions	(3,611)	43		20
21	Owner or Key-Man Insurance				21
22	Special Legal Fees & Legal Retainers				22
23	Malpractice Insurance for Individuals				23
24	Bad Debt	(24,326)	43		24
25	Fund Raising, Advertising and Promotional	(24,739)	43		25
26	Income Taxes and Illinois Personal Property Replacement Tax	(6,710)	43		26
27	CNA Training for Non-Employees				27
28	Yellow Page Advertising				28
29	Other-Attach Schedule See PG5A	(151,094)			29
30	SUBTOTAL (A): (Sum of lines 1-29)	\$ (261,927)		\$	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)	(1,181,724)		34
35	Other- Attach Schedule			35
36	SUBTOTAL (B): (sum of lines 31-35)	\$ (1,181,724)		36
	(sum of SUBTOTALS			
37	TOTAL ADJUSTMENTS (A) and (B))	\$ (1,443,651)		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						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

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington of Orland Park

ID# 0041855

Report Period Beginning: 01/01/2009

Ending: 12/31/2009

NON-ALLOWABLE EXPENSES		Amount	Sch. V Line Reference	
1	Labs-Part A	\$ (8,146)	43	1
2	X-Rays-Part A	(26,445)	43	2
3	Diagnostics Managed Care	(1,066)	43	3
4	Miscellaneous Income	(40)	21	4
5	Marketing Salary	(92,915)	21	5
6	Collections	(13,540)	19	6
7	Out of period legal	(12,987)	19	7
8	To reclass LHI under 2500	4,450	6	8
9	Chamber of Commerce dues	(405)	20	9
10				10
11				11
12				12
13				13
14				14
15				15
16				16
17				17
18				18
19				19
20				20
21				21
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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	(151,094)		49

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	30%					
John Samatas Discretionary Trust	30%	See attached Schedule B				
Cynthia Thiem Discretionary Trust	30%			See Schedule B		
Dean Sweitzer	10%					

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	19 Professional Fees	\$	Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	\$ 100	\$	100	1
2	V	30 Depreciation		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	385,537		385,537	2
3	V	32 Interest expense		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	710,864		710,864	3
4	V	32 Amortization of mortgage costs		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	3,866		3,866	4
5	V	33 Property taxes		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	494,929		494,929	5
6	V	34 Rental Expense	2,294,929	Lexington Health Care Systems of Orland Park Ltd. Ptsp	**			(2,294,929)	6
7	V	43 State Replacement Tax		Lexington Health Care Systems of Orland Park Ltd. Ptsp	**	624		624	7
8	V								8
9	V								9
10	V								10
11	V								11
12	V			** The owners of Lexington Health Care Center of Orland Park, Inc. own 100%					12
13	V			of Lexington Health Care Systems of Orland Park Ltd Ptsp.					13
14	Total		\$ 2,294,929			\$ 1,595,920	\$ *	(699,009)	14

* 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	3 Housekeeping supplies	\$	Royal Management Corp.	**	\$ 691	\$	691	15
16	V	5 Utilities - gas & electric		Royal Management Corp.	**	9,841		9,841	16
17	V	5 Utilities - water & sewer		Royal Management Corp.	**	267		267	17
18	V	5 Utilities - maintenance office		Royal Management Corp.	**	1,324		1,324	18
19	V	6 Management allocation - salaries		Royal Management Corp.	**	60,159		60,159	19
20	V	6 Repairs & maintenance		Royal Management Corp.	**	10,004		10,004	20
21	V	6 Scavenger & exterminating		Royal Management Corp.	**	518		518	21
22	V	7 Management allocation - employee benefits		Royal Management Corp.	**	7,761		7,761	22
23	V	10 Medical consultant		Royal Management Corp.	**	4,050		4,050	23
24	V	10 Management allocation - salaries		Royal Management Corp.	**	59,133		59,133	24
25	V	15 Management allocation - employee benefits		Royal Management Corp.	**	7,628		7,628	25
26	V	17 Management allocation - salaries		Royal Management Corp.	**	61,125		61,125	26
27	V	19 Computer consultant & supplies		Royal Management Corp.	**	27,972		27,972	27
28	V	19 Professional fees		Royal Management Corp.	**	14,247		14,247	28
29	V	20 Dues & subscriptions		Royal Management Corp.	**	552		552	29
30	V	20 Advertising - help wanted		Royal Management Corp.	**	438		438	30
31	V	21 Management allocation - salaries		Royal Management Corp.	**	616,937		616,937	31
32	V	21 Bank charges		Royal Management Corp.	**	12,397		12,397	32
33	V	21 Office supplies & printing		Royal Management Corp.	**	17,495		17,495	33
34	V	21 Postage		Royal Management Corp.	**	5,720		5,720	34
35	V	23 Inservice Training		Royal Management Corp.	**	27		27	35
36	V								36
37	V								37
38	V	** Certain owners of Lexington Health Care Center of Orland Park, Inc. own 100% of Royal Management Corp.							38
39	Total		\$			\$ 918,286	\$ *	918,286	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	21 Telephone	\$	Royal Management Corp.	**	\$ 17,111	\$ 17,111
16	V	24 Travel & seminar		Royal Management Corp.	**	1,518	1,518
17	V	25 Auto expense		Royal Management Corp.	**	24,908	24,908
18	V	26 Insurance general		Royal Management Corp.	**	8,783	8,783
19	V	27 Management allocation - employee benefits		Royal Management Corp.	**	87,472	87,472
20	V	30 Depreciation		Royal Management Corp.	**	77,310	77,310
21	V	32 Interest		Royal Management Corp.	**	21,550	21,550
22	V	32 Amortization of mortgage costs		Royal Management Corp.	**	45	45
23	V	33 Property taxes		Royal Management Corp.	**	7,275	7,275
24	V	34 Rent expense		Royal Management Corp.	**	5,456	5,456
25	V	35 Equipment rental		Royal Management Corp.	**	1,258	1,258
26	V	17 Management fees	1,657,785	Royal Management Corp.	**		(1,657,785)
27	V	35 Auto Lease		Royal Management Corp.	**	4,098	4,098
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 Orland Park, Inc. own 100% of Royal Management Corp.					
39	Total		\$ 1,657,785			\$ 256,784	\$ * (1,401,001)

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

SEE ACCOUNTANTS' COMPILATION REPORT

Lexington Health Care Center of Orland Park, Inc.
Provider # 0041855
1/1/09-12/31/09

Schedule B

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 Wheeling, Inc.	Wheeling

Other Related Business Entities

Eastgate Manor	Algonquin	Supportive Living Facility
Vesta Management Group, LLC	Lombard	Management Company
Lexington Health Care Systems of Orland Park Limited Partnership	Orland Park	Real Estate Entity
Royal Management Corporation	Lombard	Management Company
Lexington Financial Services, L.L.C	Lombard	Finance Company

See Accountants' Compilation Report

Facility Name & ID Number

Lexington of Orland Park

0041855

Report Period Beginning:

01/01/2009

Ending:

12/31/2009

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	30.00	See Schedule 7A	4.51	11.26	Salary	\$ 14,867	L17, C7	1
2	John Samatas	Owner/officer	Admin/Plant Ops	30.00	See Schedule 7A	4.93	9.86	Salary	24,035	L17, C7	2
3	Cynthia Thiem	Owner/officer	Administrative	30.00	See Schedule 7A	4.51	11.26	Salary	11,304	L17, C7	3
4											4
5	Jason Samatas	Officer	Admin/SNF Ops	0.00	See Schedule 7A	7.04	14.08	Salary	10,919	L17, C7	5
6											6
7	Dean Sweitzer	Owner*	Administrative	10.00	126,428	5	10.00	Salary	20,718	L21, C7	7
8											8
9					Certain individuals work in excess of 40 hours per week.						9
10		* Dean Sweitzer is an owner only in Lexington Health Care Center of Orland Park, Inc. He is an employee									10
11		of Royal Management Corp. and provides administrative services to Royal Management Corp. His compensation									11
12		has been allocated to all 10 Lexington facilities.									12
13								TOTAL	\$ 81,843		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 Orland Park

0041855

Report Period Beginning:

01/01/2009

Ending: 2/31/2009

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 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

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	3	Housekeeping supplies	Bed Days	720,658	10	\$ 4,909	\$ 101,470	\$ 691	1
2	5	Utilities - gas & electric	Bed Days	720,658	10	69,894	101,470	9,841	2
3	5	Utilities - water & sewer	Bed Days	720,658	10	1,894	101,470	267	3
4	5	Utilities - maintenance office	Bed Days	720,658	10	9,406	101,470	1,324	4
5	6	Management allocation - salaries	Bed Days	720,658	10	427,259	427,259	60,159	5
6	6	Repairs & maintenance	Bed Days	720,658	10	71,047	101,470	10,004	6
7	6	Scavenger & exterminating	Bed Days	720,658	10	3,681	101,470	518	7
8	7	Management allocation - employees	Bed Days	720,658	10	55,118	101,470	7,761	8
9	10	Medical consultant	Bed Days	720,658	10	28,762	101,470	4,050	9
10	10	Management allocation - salaries	Bed Days	720,658	10	419,975	419,975	59,133	10
11	15	Management allocation - employees	Bed Days	720,658	10	54,178	101,470	7,628	11
12	17	Management allocation - salaries	Bed Days	720,658	10	434,122	434,122	61,125	12
13	19	Computer consultant & supplies	Bed Days	720,658	10	198,663	101,470	27,972	13
14	19	Professional fees	Bed Days	720,658	10	101,182	101,470	14,247	14
15	20	Dues & subscriptions	Bed Days	720,658	10	3,923	101,470	552	15
16	20	Advertising - help wanted	Bed Days	720,658	10	3,108	101,470	438	16
17	21	Management allocation - salaries	Bed Days	720,658	10	4,381,596	4,381,596	616,937	17
18	21	Bank charges	Bed Days	720,658	10	88,048	101,470	12,397	18
19	21	Office supplies & printing	Bed Days	720,658	10	124,253	101,470	17,495	19
20	21	Postage	Bed Days	720,658	10	40,624	101,470	5,720	20
21	21	Telephone	Bed Days	720,658	10	121,527	101,470	17,111	21
22	24	Inservice Training	Bed Days	720,658	10	193	101,470	27	22
23	24	Travel and Seminar	Bed Days	720,658	10	10,782	101,470	1,518	23
24									24
25	TOTALS					\$ 6,654,144	\$ 5,662,952	\$ 936,915	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/2009

Ending: 2/31/2009

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	25	Auto expense	Bed Days	720,658	10	\$ 176,898	\$ 101,470	\$ 24,908	1
2	26	Insurance general	Bed Days	720,658	10	62,379	101,470	8,783	2
3	27	Management allocation - employees	Bed Days	720,658	10	621,243	101,470	87,472	3
4	30	Depreciation	Bed Days	720,658	10	549,069	101,470	77,310	4
5	32	Interest	Bed Days	720,658	10	153,050	101,470	21,550	5
6	32	Amortization of mortgage costs	Bed Days	720,658	10	321	101,470	45	6
7	33	Property taxes	Bed Days	720,658	10	51,670	101,470	7,275	7
8	34	Rent expense	Bed Days	720,658	10	38,747	101,470	5,456	8
9	35	Equipment rental	Bed Days	720,658	10	8,933	101,470	1,258	9
10	35	Auto Lease	Bed Days	720,658	10	29,103	101,470	4,098	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					\$ 1,691,413	\$	\$ 238,155	25

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number

Lexington of Orland Park

0041855

Report Period Beginning:

01/01/2009

Ending:

12/31/2009

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		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	Lexington Financial Services	X		Mortgage	Varies	5/22/08	\$ 11,354,000	\$ 11,005,289	1/1/2033	Variable	\$ 710,864	1								
2	L.L.C											2								
3												3								
4												4								
5												5								
	Working Capital																			
6	Bank of America		X	Line of Credit	Varies	4/6/02	2,000,000		6/30/10	Prime	18,775	6								
7												7								
8							Interest on Financing Insurance Premium				853	8								
9	TOTAL Facility Related						\$ 13,354,000	\$ 11,005,289			\$ 730,492	9								
	B. Non-Facility Related*																			
10										Amortization of Mortgage Cost	3,911	10								
11										Interest Income Offset	(28,084)	11								
12												12								
13										Allocated from Management Co.	21,550	13								
14	TOTAL Non-Facility Related						\$	\$			\$ (2,623)	14								
15	TOTALS (line 9+line14)						\$ 13,354,000	\$ 11,005,289			\$ 727,869	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.)

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/2009 Ending:

12/31/2009

X. BUILDING AND GENERAL INFORMATION:

A. Square Feet: 104,332 B. General Construction Type: Exterior Brick Frame Block & 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>152,460</u>	<u>1995</u>	<u>\$ 776,408</u>	<u>1</u>
2	<u>Allocated from Management Co.</u>		<u>2002</u>	<u>24,113</u>	<u>2</u>
3	TOTALS	152,460		\$ 800,521	3

SEE ACCOUNTANTS' COMPILATION REPORT

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	250	1996	1996	\$ 8,569,286	\$	40	\$ 214,232	\$ 214,232	\$ 2,889,559	4
5	10	1998	1998	63,790	1,595	40	1,595		17,543	5
6	18	2001	2001							6
7										7
8										8
	Improvement Type**									
9	Electrical wiring	1996		2,304	58	40	58		759	9
10	Paving	1997		11,589		40	773	773	9,658	10
11	Wiring	1998		3,932		40			3,932	11
12	Additional building costs - 10 bed addition	1999		1,808	45	10	45		497	12
13	Seal/restrip parking lot	1999		3,450	230	40	230		2,415	13
14	Wiring	1999		1,798	45	15	45		472	14
15	Roof repairs	2000		23,201	1,547	40	1,547		14,695	15
16	Electrical wiring	2000		5,732	164	15	164		1,556	16
17	Ceiling mount curtain rod hardware	2000		6,952	199	35	199		1,888	17
18	Automatic door closer/sensors	2000		3,624	242	35	242		2,296	18
19	Seal and restripe parking lot	2001		2,277	228	15	228		1,936	19
20	HVAC control	2001		2,548	255	10	255		2,166	20
21	Infrared curtains for elevator doors	2001		4,500	450	10	450		3,825	21
22	Fire alarm panel	2002		5,120	512	10	512		3,840	22
23	Parking lot lights	2002		9,975	998	10	998		7,482	23
24	Chiller room compressor	2002		8,879		10			8,879	24
25	Carpeting	2002		7,038		5			7,038	25
26	Pave and seal parking lot	2005		4,180	209	5	209		906	26
27	HVAC	2005		6,143	307	20	307		1,254	27
28	Electrical wiring	2005		3,637	182	20	182		758	28
29	Kitchen rehab	2005		6,360	318	20	318		1,510	29
30	Elevator rehab	2005		8,948	447	20	447		2,087	30
31	Lounge, lobby, and reception area rehab	2005		27,662	1,383	20	1,383		5,763	31
32	Landscaping enhancements	2006		5,795	386	20	386		1,287	32
33	HVAC	2006		9,300	465	15	465		1,434	33
34	LHI-therapy room rehab LL TCU/main therapy	2006		33,184	1,659	20	1,659		5,530	34
35										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 Orland Park

0041855

Report Period Beginning:

01/01/2009 Ending: 12/31/2009

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	2007	\$ 17,383	\$ 1,159	15	\$ 1,159	\$	\$ 2,801	37
38	Parking lot	2007	1,120	56	20	56		131	38
39	Plumbing-Fine Dining	2007	2,068	103	20	103		301	39
40	Laundry Room Rehab	2007	37,283	1,864	20	1,864		5,126	40
41	Employee lunch room	2007	2,865	143	20	143		393	41
42	Basement Renovation	2007	1,148	57	20	57		138	42
43	Patio Improvements	2007	7,000	350	20	350		788	43
44	1st floor remodel-carpentry, flooring, plumbing, electrical-	2007	1,481,886		40	37,426	37,426	90,447	44
45	fixtures, painting	2007							45
46									46
47	Basement Renovation	2007	20,191	1,008	20	1,008		2,016	47
48	Therapy Room Renovation	2007	978	49	20	49		98	48
49	Landscaping	2008	4,300	287	15	287		311	49
50	Spot Coolers	2008	3,790	189	20	189		189	50
51	Emergency A/C	2008	32,295	807	40	807		1,143	51
52	Plumbing & Sprinkler-Showers	2008	5,047	126	40	126		126	52
53	Parking lot repairs	2008	5,285	264	20	264		418	53
54	Phone closet	2008	5,954	149	40	149		236	54
55	Landscaping	2009	4,190	23	15	23		23	55
56	1st floor admin room-heating, fire protection	2009	16,422	547	20	547		547	56
57	Quick connectors	2009	7,091	118	20	118		118	57
58	Electrical Room	2009	4,692		20				58
59	Glass and Mirrors Med Room	2009	4,954	71	35	71		71	59
60	Key pad common areas	2009	3,757	81	35	81		81	60
61	2nd Floor remodel-Doors and Locks	2009	32,130	602	40	602		602	61
62	Patio Pergola	2009	7,930	132	15	132		132	62
63	Patio Fence	2009	11,293	59	15	59		59	63
64	2nd floor remodel-carpentry, flooring, electrical, painting	2009	1,014,056		27	36,875	36,875	36,875	64
65	2nd floor remodel-carpentry	2009	17,258		27	576	576	576	65
66									66
67									67
68									68
69									69
70	TOTAL (lines 4 thru 69)		\$ 11,595,378	\$ 20,168		\$ 310,050	\$ 289,882	\$ 3,144,711	70

SEE ACCOUNTANTS' COMPILATION REPORT

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

XI. OWNERSHIP COSTS (continued)

B. Building Depreciation-Including Fixed Equipment. (See instructions.) Round all numbers to nearest dollar.

1	Improvement Type**	3 Year Constructed	4 Cost	5 Current Book Depreciation	6 Life in Years	7 Straight Line Depreciation	8 Adjustments	9 Accumulated Depreciation	
1	Totals from Page 12A, Carried Forward		\$ 11,595,378	\$ 20,168		\$ 310,050	\$ 289,882	\$ 3,144,711	1
2									2
3									3
4									4
5									5
6									6
7									7
8	Building - management company	2002	333,692		40	10,461	10,461	78,578	8
9	HVAC, electrical, security system - management company	2003	2,933		30	215	215	1,299	9
10	Key card system - management company	2004	462		20	24	24	126	10
11	VAV TX controls - management company	2005	141		20	7	7	32	11
12	Interior Signs - Management Company	2006	100		20	7	7	21	12
13	Building improvements - management company	2008	11,082		20	894	894	1,040	13
14	Building improvements - management company	2009	834		15	15	15	9	14
15									15
16									16
17									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)		\$ 11,944,622	\$ 20,168		\$ 321,673	\$ 301,505	\$ 3,225,816	34

SEE ACCOUNTANTS' COMPILATION REPORT

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

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning:

01/01/2009

Ending:

12/31/2009

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	\$ 830,240	\$ 68,925	\$ 144,227	\$ 75,302	5-7 years	\$ 402,200	71
72	Current Year Purchases	303,237	10,152	30,378	20,226	5-7 years	30,378	72
73	Fully Depreciated Assets	54,964					54,964	73
74	Alloc. From Mgmt Co.	366,934		57,717	57,717		266,889	74
75	TOTALS	\$ 1,555,375	\$ 79,077	\$ 232,322	\$ 153,245		\$ 754,431	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	Alloc. From Mgmt. Co.			54,172		7,969	7,969		34,178	79
80	TOTALS			\$ 54,172	\$	\$ 7,969	\$ 7,969		\$ 34,178	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)	\$ 14,354,690	81
82	Current Book Depreciation (line 70, col.5 + line 75, col.2 + line 80, col.5) + (Pages 12B thru 12I, if applicable)	\$ 99,245	82
83	Straight Line Depreciation (line 70, col.7 + line 75, col.3 + line 80, col.6) + (Pages 12B thru 12I, if applicable)	\$ 561,964	83
84	Adjustments (line 70, col.8 + line 75, col.4 + line 80, col.7) + (Pages 12B thru 12I, if applicable)	\$ 462,719	84
85	Accumulated Depreciation (line 70, col.9 + line 75, col.6 + line 80, col.9) + (Pages 12B thru 12I, if applicable)	\$ 4,014,425	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			N/A		87
88					88
89					89
90					90
91	TOTALS	\$	\$	\$	91

G. Construction-in-Progress

	Description	Cost	
92	CIP	\$ 770,629	92
93			93
94			94
95		\$ 770,629	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: N/A

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	Parking space lease				6,000			5
6	Allocated from Mgmt Co.				5,456			6
7	TOTAL				\$ 11,456			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: \$ 69,526 Description: Copier-\$5,013;Toshiba-\$5,426;Mail Sys-\$144;Med Eq-\$26,244;Oxy-\$31,441-Alloc Mgmt Co.-1.258

(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					18
19	Allocated from Mgmt Co.				19
20				4,098	20
21	TOTAL		\$	\$ 4,098	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.	<u>/2010</u>	\$ _____
13.	<u>/2011</u>	\$ _____
14.	<u>/2012</u>	\$ _____

* 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>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. <u>CLASSROOM PORTION:</u></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. <u>CLINICAL PORTION:</u></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	10A(3)	hrs	\$	7,757	\$ 516,849	\$	7,757	\$ 516,849	1
2	Licensed Speech and Language Development Therapist	10A(3)	hrs		1,768	121,900		1,768	121,900	2
3	Licensed Recreational Therapist		hrs							3
4	Licensed Physical Therapist	10A(3)	hrs		11,431	604,838		11,431	604,838	4
5	Physician Care		visits							5
6	Dental Care		visits							6
7	Work Related Program		hrs							7
8	Habilitation		hrs							8
9	Pharmacy	39(2)	# of prescripts				498,285		498,285	9
10	Psychological Services (Evaluation and Diagnosis/ Behavior Modification)		hrs							10
11	Academic Education		hrs							11
12	Other (specify):									12
13	Other (specify): <u>Dentist</u>	39(3)				4,832			4,832	13
14	TOTAL			\$	20,956	\$ 1,248,419	\$ 498,285	20,956	\$ 1,746,704	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 Orland Park# 0041855Report Period Beginning: 01/01/2009Ending: 12/31/2009

XV. BALANCE SHEET - Unrestricted Operating Fund.

As of 12/31/2009

(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	\$ 113,260	\$ 125,792	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable- Patients (less allowance <u>1,423,478</u>)	2,266,507	2,266,507	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	57,535	57,535	6
7	Other Prepaid Expenses	22,119	22,119	7
8	Accounts Receivable (owners or related parties)	140,297	542,351	8
9	Other(specify): <u>Advance Bi-weekly payments</u>	97,871	97,871	9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 2,697,589	\$ 3,112,175	10
B. Long-Term Assets				
11	Long-Term Notes Receivable			11
12	Long-Term Investments	114,386	114,386	12
13	Land		800,521	13
14	Buildings, at Historical Cost		8,569,286	14
15	Leasehold Improvements, at Historical Cost	498,716	3,375,336	15
16	Equipment, at Historical Cost	641,071	1,609,547	16
17	Accumulated Depreciation (book methods)	(402,771)	(4,014,425)	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 (spe <u>CIP</u>)		770,629	22
23	Other(specify): <u>Mortgage cost net</u>		90,409	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 851,402	\$ 11,315,689	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 3,548,991	\$ 14,427,864	25

		1 Operating	2 After Consolidation*	
C. Current Liabilities				
26	Accounts Payable	\$ 577,708	\$ 577,708	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	12,193	12,193	28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	493,181	493,181	30
31	Accrued Taxes Payable (excluding real estate taxes)	2,209	2,209	31
32	Accrued Real Estate Taxes(Sch.IX-B)		507,600	32
33	Accrued Interest Payable		75,304	33
34	Deferred Compensation			34
35	Federal and State Income Taxes			35
Other Current Liabilities(specify):				
36	<u>See Sch 17A</u>	816,259	2,767,247	36
37				37
38	TOTAL Current Liabilities (sum of lines 26 thru 37)	\$ 1,901,550	\$ 4,435,442	38
D. Long-Term Liabilities				
39	Long-Term Notes Payable			39
40	Mortgage Payable		11,005,289	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)	\$	\$ 11,005,289	45
46	TOTAL LIABILITIES (sum of lines 38 and 45)	\$ 1,901,550	\$ 15,440,731	46
47	TOTAL EQUITY(page 18, line 24)	\$ 1,647,441	\$ (1,012,867)	47
48	TOTAL LIABILITIES AND EQUITY (sum of lines 46 and 47)	\$ 3,548,991	\$ 14,427,864	48

SEE ACCOUNTANTS' COMPILATION REPORT

*(See instructions.)

Lexington Health Care Center of Orland Park
1/1/09-12/31/09
Provider # 0041855

XV. Balance Sheet

Schedule 17A

C. Current Liabilities

36. Other Current Liabilities

<u>Description</u>	<u>Operating</u>	<u>After Consolidation</u>
Due from Royal	16,641	16,641
Due to Lex Fin Svcs	296	144,216
401K Withholding	10	10
Accrued 401K	20,890	20,890
Due to-Republic Construc	11,024	11,024
Accrued Expenses	31,654	31,654
Accrued Royl Genl Mgmt	61,159	61,159
Accrued Rent	474,875	
Deferred Income	199,710	199,710
Interest Rate Swap Liability		2,281,943
	<u>816,259</u>	<u>2,767,247</u>

See Accountants' Compilation Report

XVI. STATEMENT OF CHANGES IN EQUITY

		1 Total	
1	Balance at Beginning of Year, as Previously Reported	\$ 1,678,356	1
2	Restatements (describe):		2
3	Post closing adjustment	(223,798)	3
4			4
5			5
6	Balance at Beginning of Year, as Restated (sum of lines 1-5)	\$ 1,454,558	6
	A. Additions (deductions):		
7	NET Income (Loss) (from page 19, line 43)	462,883	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	(270,000)	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)	\$ 192,883	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)	\$ 1,647,441	24 *

* This must agree with page 17, line 47.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park# 0041855Report Period Beginning: 01/01/2009Ending: 12/31/2009

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	\$ 23,818,656	1
2	Discounts and Allowances for all Levels	(10,550,497)	2
3	SUBTOTAL Inpatient Care (line 1 minus line 2)	\$ 13,268,159	3
B. Ancillary Revenue			
4	Day Care		4
5	Other Care for Outpatients		5
6	Therapy	3,135,994	6
7	Oxygen	4,457	7
8	SUBTOTAL Ancillary Revenue (lines 4 thru 7)	\$ 3,140,451	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	4,589	12
13	Barber and Beauty Care	32,657	13
14	Non-Patient Meals	313	14
15	Telephone, Television and Radio		15
16	Rental of Facility Space		16
17	Sale of Drugs	515,117	17
18	Sale of Supplies to Non-Patients		18
19	Laboratory	73,817	19
20	Radiology and X-Ray	29,736	20
21	Other Medical Services	162,919	21
22	Laundry		22
23	SUBTOTAL Other Operating Revenue (lines 9 thru 22)	\$ 819,148	23
D. Non-Operating Revenue			
24	Contributions		24
25	Interest and Other Investment Income***	21,800	25
26	SUBTOTAL Non-Operating Revenue (lines 24 and 25)	\$ 21,800	26
E. Other Revenue (specify):****			
27	Settlement Income (Insurance, Legal, Etc.)		27
28	<u>Miscellaneous Income</u>	40	28
28a			28a
29	SUBTOTAL Other Revenue (lines 27, 28 and 28a)	\$ 40	29
30	TOTAL REVENUE (sum of lines 3, 8, 23, 26 and 29)	\$ 17,249,598	30

		2	
Expenses		Amount	
A. Operating Expenses			
31	General Services	2,000,351	31
32	Health Care	7,518,832	32
33	General Administration	3,972,939	33
B. Capital Expense			
34	Ownership	2,488,070	34
C. Ancillary Expense			
35	Special Cost Centers	654,318	35
36	Provider Participation Fee	152,205	36
D. Other Expenses (specify):			
37			37
38			38
39			39
40	TOTAL EXPENSES (sum of lines 31 thru 39)*	\$ 16,786,715	40
41	Income before Income Taxes (line 30 minus line 40)**	462,883	41
42	Income Taxes		42
43	NET INCOME OR LOSS FOR THE YEAR (line 41 minus line 42)	\$ 462,883	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.
Entity is a cash basis tax payer

*** 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 Orland Park**

0041855

Report Period Beginning:

01/01/2009

Ending:

12/31/2009

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	1,686	1,834	\$ 94,814	\$ 51.70	1
2	Assistant Director of Nursing	9,314	10,230	341,386	33.37	2
3	Registered Nurses	39,485	42,655	1,347,670	31.59	3
4	Licensed Practical Nurses	51,356	55,669	1,425,345	25.60	4
5	CNAs & Orderlies	145,695	154,759	1,774,555	11.47	5
6	CNA Trainees					6
7	Licensed Therapist					7
8	Rehab/Therapy Aides	17,266	18,774	227,452	12.12	8
9	Activity Director					9
10	Activity Assistants	20,040	21,174	278,273	13.14	10
11	Social Service Workers	15,790	16,642	235,632	14.16	11
12	Dietician	4,992	5,267	58,016	11.01	12
13	Food Service Supervisor	2,084	2,251	44,930	19.96	13
14	Head Cook	2,051	2,251	35,777	15.89	14
15	Cook Helpers/Assistants	6,721	7,287	76,858	10.55	15
16	Dishwashers	23,931	24,921	206,119	8.27	16
17	Maintenance Workers	4,000	4,413	66,104	14.98	17
18	Housekeepers	40,766	43,771	387,921	8.86	18
19	Laundry	7,454	8,397	70,180	8.36	19
20	Administrator	2,997	3,197	201,427	63.01	20
21	Assistant Administrator					21
22	Other Administrative					22
23	Office Manager					23
24	Clerical	25,792	27,644	439,554	15.90	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	1,818	1,927	27,927	14.49	31
32	Other Health Care(specify)					32
33	Other(specify)					33
34	TOTAL (lines 1 - 33)	423,238	453,063	\$ 7,339,940 *	\$ 16.20	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	24	\$ 20,011	1(3)	35
36	Medical Director	Monthly	38,000	9(3)	36
37	Medical Records Consultant	28	1,444	10(3)	37
38	Nurse Consultant	Monthly	25,335	10(3)	38
39	Pharmacist Consultant	Monthly	15,400	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	11	4,354	11(3)	44
45	Social Service Consultant	12	4,935	12(2)	45
46	Other(specify)	11	2,112	12(3)	46
47	Pulmonary Consulting	Monthly	18,058	10(3)	47
48	Medical Consultant	Monthly	4,050	10(7)	48
49	TOTAL (lines 35 - 48)	86	\$ 133,699		49

C. CONTRACT NURSES

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

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name & ID Number Lexington of Orland Park

0041855

Report Period Beginning: 01/01/2009

Ending: 12/31/2009

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	
Renee Bogard	Administrator	0%	\$ 60,986	Workers' Compensation Insurance	\$ 106,007	IDPH License Fee	\$	
Lawrence Putz	Administrator	0%	140,441	Unemployment Compensation Insurance	59,656	Advertising: Employee Recruitment	53,062	
				FICA Taxes	523,102	Health Care Worker Background Check		
				Employee Health Insurance	233,908	(Indicate # of checks performed <u>182.7</u>)	2,192	
				Employee Meals	20,716	Patient Background Checks <u>567.3</u>	6,808	
				Illinois Municipal Retirement Fund (IMRF)*		Miscellaneous Licenses & Fees	3,504	
				401K	20,890	Miscellaneous Dues & Subscriptions	1,481	
				Other Employee Benefits	64,670	Less: Chamber of Commerce Dues	(405)	
TOTAL (agree to Schedule V, line 17, col. 1)						Alloc. From Mgmt Co.	990	
(List each licensed administrator separately.)			\$ 201,427			Less: Public Relations Expense	()	
B. Administrative - Other						Non-allowable advertising	()	
Description			Amount			Yellow page advertising	()	
Management Fees-Royal Operating (Eliminated in col. 7)			\$ 1,142,468					
Management Fees-General (Eliminated in col. 7)			515,317					
TOTAL (agree to Schedule V, line 17, col. 3)			\$ 1,657,785					
(Attach a copy of any management service agreement)								
C. Professional Services				E. Schedule of Non-Cash Compensation Paid to Owners or Employees			G. Schedule of Travel and Seminar**	
Vendor/Payee	Type		Amount	Description	Line #	Amount	Description	Amount
Grabowski Law Center, LLC	Collections		\$ 13,540	N/A			Out-of-State Travel	\$
Cassiday Schade, LLP	Legal		99,720					
James Samatas	Legal		268					
McGladrey & Pullen	Accounting		34,582				In-State Travel	
Much Shelist	Legal		4,356					
Pension Administrators, Inc.	Retirement		1,019					
Personnel Planners	U/C Consulting		2,040					
Reed Smith	Legal		6,937				Seminar Expense	8,182
RSM McGladrey	Accounting		6,525				Alloc. From mgmt. Co.	1,518
Serpico,Novelle,Petrosino LTD	Legal		4,764					
Standard & Poor	Financial		950				Entertainment Expense	()
See Schedule 21C			35,158				(agree to Sch. V,	
TOTAL (agree to Schedule V, line 19, column 3)				TOTAL		\$	line 24, col. 8)	
(If total legal fees exceed \$5,000, attach copy of invoices.)			\$ 209,859				TOTAL	\$ 9,700

* Attach copy of IMRF notifications
SEE ACCOUNTANTS' COMPILATION REPORT

**See instructions.

C. Professional Fees

<u>Vendor/Payee</u>	<u>Type</u>	<u>Amount</u>
Scott Krause	Legal	569
ACG Staffing	Computer Consulting	2,891
Action Computer Service	Computer Consulting	587
B2B Computer Products	Computer Consulting	46
C.D.W Direct	Computer Consulting	669
CDW Government	Computer Consulting	818
Converged Comm	Computer Consulting	632
E-Health Data Solutions	Computer Consulting	2,400
Healthware Consulting	Computer Consulting	1,415
Information Control	Computer Consulting	1,720
Informity	Computer Consulting	475
Krakau Business	Computer Consulting	353
Lanac/GP	Computer Consulting	3,151
Lintech LLC	Computer Consulting	4,319
Microsoft License	Computer Consulting	4,820
MNJ Technologies	Computer Consulting	53
National Datacare	Computer Consulting	3,160
Silverchair Learning Systems	Computer Consulting	4,200
Vision Share	Computer Consulting	863
Contract Healthcare	Computer Consulting	2,018
		<u>35,158</u>
 Total Schedule V, line 19, column 3		 209,859
 Less Collection fees		 (13,540)
Out of period legal		(12,987)
 Allocated from Sambell of Orland Park James Samatas		 100
 Samvest of Lombard		
Legal		300
Accounting		128
		<u>428</u>
 Allocated from Mgmt Co.		
James Samatas	Legal	81
Reed Smith	Legal	3,342
Much Shelist	Legal	2,104
Serpico, Petrosino, Dipiero	Legal	15
McGladrey & Pullen	Accounting	1,025
RSM McGladrey	Accounting	788
Aronberg, Goldgehn Davis	401K Administration	2
LaSalle Network	Accounting	1,333
Gilson, Labus & Silverman	Accounting	665
KMZ Rosenmann	Legal	2,436
ING Life & Annuity	401K Administration	161
Pension Administrators, Inc.	401K Administration	710
Personnel Planners, Inc.	Unemployment Consultant	43
Gene Whitehorn	Medicaid Reimb Specialist	1,114
Computer Consulting	Computer Services	27,972
		<u>41,791</u>
 Total Schedule V, line 19, column 8		 <u>225,651</u>

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

SEE ACCOUNTANTS' COMPILATION REPORT

