

		FOR BHF USE			

LL2

Supportive Living Facility

**2010
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2010)**

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 ID Number: 1000075

Facility Name: Hawthorne Inn of Clinton

Address: 1 Park Lane West Clinton 61727
Number City Zip Code

County: Dewitt

Telephone Number: (217) 935-8500 Fax # ()

Federal Employer ID Number: _____

Date Current Owners were Certified: 01/02/2007

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 _____		

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

Name: Ron Wilson **Telephone Number:** (309) 343/1550
Email Address: _____

II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER

I have examined the contents of the accompanying report to the State of Illinois, for the period from 4/1/2009 to 3/31/2010 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) <u>Darcee Fanning</u>	
	(Title) <u>Regional Director</u>	
Paid Preparer	(Signed) <u>See Attached Independent Accountant's Report</u>	(Date) _____
	(Print Name and Title) <u>McGladrey & Pullen, LLP</u> <u>117 E Main Street, Suite 210</u>	
	(Firm Name & Address) <u>P.O. Box 1070</u> <u>Galesburg, IL 61401</u>	
	(Telephone) <u>(309) 342-1175</u> Fax <u>(309) 342-7816</u>	

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 Clinton

Report Period Beginning: 4/1/2009 Ending: 3/31/2010

III. STATISTICAL DATA

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

Date of change in certified units / /

	1	2	3	4	
	Units at Beginning of Report Period	Type of Apartment	Units at End of Report Period	Unit Days During Report Period	
1	15	Single Unit Apartment	15	5,475	1
2	6	Double Unit Apartment	6	4,380	2
3		Other			3
4	21	TOTALS	21	9,855	4

B. Census-For the entire report period.

	1 Type of Unit	2 3 4 5 Resident Days by Unit and Primary Source of Payment				
		Medicaid Recipient	Private Pay	Other	Total	
5	Single Unit	2,218	2,954		5,172	5
6	Double Unit	2,743	1,093		3,836	6
7	Other					7
8	TOTALS	4,961	4,047		9,008	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 91.41%

D. Indicate the number of paid bed-hold days the SLF had during this year
None Also, indicate the number of unpaid bed-hold days the SLF had during this year. None **(Do not include bed-hold days in Section B.)**

E. Does page 3 include expenses for services or investments not directly related to SLF services?

YES NO

F. Does the BALANCE SHEET reflect any non-SLF assets?

YES NO

G. List all services provided by your facility for non-residents.

(E.g., day care, "meals on wheels", outpatient therapy)

None

H. ACCOUNTING BASIS

ACCRUAL MODIFIED CASH* CASH*

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

Tax Year: 3/31/2010 Fiscal Year: 3/31/10

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

J. Does the facility have any Illinois Housing Development Authority Loans outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____

If no, explain. _____

K. Does the facility have any loans from the Federal Home Loan Bank outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____

If no, explain. _____

L. Does the facility have any loans from the IL Dept of Commerce and Economic Opportunity outstanding? No If yes, did the facility make all of the required payments of interest and principle? _____

If no, explain. _____

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning:

4/1/2009

Ending: 3/31/2010

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments 5	Adjusted Total 6	
		Salary/Wage 1	Supplies 2	Other 3	Total 4			
A. General Services								
1	Dietary and Food Purchase	276,118	384,018	9,144	669,280	(538,655)	130,625	1
2	Housekeeping, Laundry and Maintenance	244,403	87,555	54,336	386,294	(339,985)	46,309	2
3	Heat and Other Utilities			197,917	197,917	(165,822)	32,095	3
4	Other (specify):							4
5	TOTAL General Services	520,521	471,573	261,397	1,253,491	(1,044,462)	209,029	5
B. Health Care and Programs								
6	Health Care/ Personal Care	1,937,172	405,345	577,448	2,919,965	(2,783,509)	136,456	6
7	Activities and Social Services	94,549	5,419	261	100,229	(99,578)	651	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	2,031,721	410,764	577,709	3,020,194	(2,883,087)	137,107	9
C. General Administration								
10	Administrative and Clerical	180,086	47,537	395,960	623,583	(552,800)	70,783	10
11	Marketing Materials, Promotions and Advertising	37,589		72,913	110,502	(103,684)	6,818	11
12	Employee Benefits and Payroll Taxes			591,289	591,289	(538,415)	52,874	12
13	Insurance-Property, Liability and Malpractice			106,035	106,035	(102,929)	3,106	13
14	Other (specify):			262,977	262,977	(262,977)		14
15	TOTAL General Administration	217,675	47,537	1,429,174	1,694,386	(1,560,805)	133,581	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	2,769,917	929,874	2,268,280	5,968,071	(5,488,354)	479,717	16
Capital Expenses								
D. Ownership								
17	Depreciation			37,684	37,684	(32,419)	5,265	17
18	Interest					134	134	18
19	Real Estate Taxes			220,540	220,540	(183,048)	37,492	19
20	Rent -- Facility and Grounds			1,135,536	1,135,536	(942,495)	193,041	20
21	Rent -- Equipment			6,562	6,562	(6,562)		21
22	Other (specify):							22
23	TOTAL Ownership			1,400,322	1,400,322	(1,164,390)	235,932	23
24	GRAND TOTAL (Sum of lines 16 and 23)	2,769,917	929,874	3,668,602	7,368,393	(6,652,744)	715,649	24

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning: 4/1/2009

Ending:

3/31/2010

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	7	9.91	3
4	Activity Director & Assistants			4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	3	7.78	7
8	Dishwashers			8
9	Maintenance Workers	1	9.30	9
10	Housekeepers	2	7.87	10
11	Laundry	1	8.04	11
12	Managers	1	11.76	12
13	Other Administrative			13
14	Clerical			14
15	Marketing	0	16.00	15
16	Other			16
17	Total (lines 1 thru 16)	13	\$	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			\$ 281	1
2					2
3					3
4					4
5					5
Total				\$ 281	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 1			

OTHER RELATED BUSINESS ENTITIES

Name	3	City	4	Type of Business	5
See Attached Schedule 1					

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 Clinton

Report Period Beginning:

4/1/2009

Ending:

3/31/2010

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											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$	\$		\$	\$	\$	17

C. Equipment Depreciation -- Including Transportation.

	Type	1 Cost	2 Current Book Depreciation	3 Straight Line Depreciation	4 Adjustments	5 Life in Years	6 Accumulated Depreciation	
18	Movable Equipment	\$	\$	\$	\$		\$	18
19	Vehicles	50,859	5,265	5,265		4	47,672	19
20	TOTAL (lines 18 and 19)	\$ 50,859	\$ 5,265	\$ 5,265	\$		\$ 47,672	20

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

	1 Description and Year Acquired	2 Cost	3 Current Book Depreciation	4 Accumulated Depreciation	
21	SNF Equipment-Variopus	\$ 269,795	\$ \$ 29,137	\$ \$ 140,605	21
22	SNF Leasehold Impr- Various	50,530	3,283	10,793	22
23	SNF Ford E350 Van -2005	46,919	-	46,919	23
24	TOTALS (lines 21, 22 and 23)	\$ 367,244	\$ 32,420	\$ 198,317	24

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning: 4/1/2009

Ending: 3/31/2010

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: Mid-Illini Healthcare, Inc.

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

	1	2	3	4	5	6
	Year Constructed	Number of Units	Date of Lease	Rental Amount	Total Yrs. of Lease	Total Years Renewal Option*
3	Original Building 2004	21	4/15/05	\$ 1,135,536	10	5
4	Additions 2006		/ /			
5	See Att Sch II		/ /			
6			/ /			
7	TOTAL	21		\$ 1,135,536		

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
		Related**				Amount of Note				
	Name of Lender	YES	NO	Purpose of Loan	Date of Note	Original	Balance	Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense
A. Directly Facility Related										
Long-Term										
1					/ /	\$	\$	/ /		\$
2					/ /			/ /		
3					/ /			/ /		
Working Capital										
4					/ /			/ /		
5	Home Office Allocation	X			/ /			/ /		134
6	Less: Interest Income		X		/ /			/ /		
7	TOTAL Facility Related					\$	\$			\$ 134
B. Non-Facility Related										
8					/ /			/ /		
9					/ /			/ /		
10	TOTALS (lines 7, 8 and 9)					\$	\$			\$ 134

* 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 Clinton

Report Period Beginning: 4/1/2009

Ending:

3/31/2010

XI. BALANCE SHEET - Unrestricted Operating Fund.

As of 3/31/2010

(last day of reporting year)

		1	2	
		Operating	After	
			Consolidation*	
A. Current Assets				
1	Cash on Hand and in Banks	\$ 10,412	\$	1
2	Cash-Patient Deposits	11,055		2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance 82,538)	1,008,536		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	44,891		6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify):			9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,074,894	\$	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	50,530		15
16	Equipment, at Historical Cost	367,573		16
17	Accumulated Depreciation (book methods)	(245,989)		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)	\$ 172,114	\$	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,247,008	\$	25

*(See instructions.)

		1	2	
		Operating	After	
			Consolidation*	
C. Current Liabilities				
26	Accounts Payable	\$ 71,769	\$	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits	11,055		28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable			30
31	Accrued Taxes Payable	343,729		31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
Other Current Liabilities(specify):				
35	Interdivision Payable	1,740,523		35
36	Other Accrued Expenses	41,033		36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 2,208,109	\$	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	Security Deposits	48,000		42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 48,000	\$	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 2,256,109	\$	45
46	TOTAL EQUITY	\$ (1,009,101)	\$	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,247,008	\$	47

Facility Name: Hawthorne Inn of Clinton

Report Period Beginning: 4/1/2009

Ending:

3/31/2010

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

		1	
Revenue		Amount	
A. SLF Resident Care			
1	Gross SLF Resident Revenue	\$ 888,182	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 888,182	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		8
9	Non-Resident Meals		9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$	11
C. Non-Operating Revenue			
12	Contributions		12
13	Interest and Other Investment Income		13
SUBTOTAL Non-Operating Revenue			
14	(sum of lines 12 and 13)	\$	14
D. Other Revenue (specify):			
15	SNF Related Revenue	6,499,928	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 6,499,928	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 7,388,110	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	1,253,491	19
20	Health Care/ Personal Care	3,020,194	20
21	General Administration	1,694,386	21
B. Capital Expense			
22	Ownership	1,400,322	22
C. Other Expenses			
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
TOTAL EXPENSES			
28	(sum of lines 19 thru 27)	\$ 7,368,393	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ 19,717	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ 19,717	31

ATTACHED SCHEDULE 1

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	
Frances House, Inc. is also the sole corporate member of the following not-for-profit lessors of Residential Alternatives of Illinois, Inc.		
Peoria Manor Court, Ltd., NFP	Galesburg, IL	
Peru Becker, Ltd., NFP	Galesburg, IL	
Danville Independence, LLC	Galesburg, 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	
Raviskoe 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	Bourbannis, 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	Bourbannis, 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 corporate members)		
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 portion:	\$	22,720

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

BEGINNING: 4/1/2009
ENDING: 3/31/2010

Manor Court of Clinton (skilled nursing) and Hawthorne Inn of Clinton (supportive living) are both housed in the same bldg and reported as a single division of Residential Alternatives of Illinois, Inc. Therefore, the divisional income statement and balance sheet report both operations. The SNF related costs have been adjusted out of this cost report

Attached Schedule II

SUMMARY SCHEDULE

Sch. IV of Allocation of Skilled Nursing Facility Costs

Line #		Salaries	Supplies	Other	Total
1	Dietary and Food	222,228	309,068	7,359	538,655
2	Hskp, Laundry, Main	215,022	77,159	47,804	339,985
3	Heat & Other Utilities			165,822	165,822
4	Other				-
6	Health Care/personal	1,800,716	405,345	577,448	2,783,509
7	Activities & Soc Serv	94,549	4,768	261	99,578
8	Other				-
10	Admin/Clerical	158,436	41,938	352,979	553,353
11	Mkt, Promo, Adv	33,070		66,095	99,165
12	Emp Ben & PR taxes			538,415	538,415
13	Insurance			103,166	103,166
14	Other			262,977	262,977
17	Depreciation			32,419	32,419
18	Interest				-
19	Real Estate Taxes			183,048	183,048
20	Rent			942,495	942,495
21	Rent Equip			6,562	6,562
	TOTALS	2,524,021	838,278	3,286,850	6,649,149

Net adjustment required

6,649,149

ATTACHED SCHEDULE III

IV. Cost Center Expenses
Reclassifications and Adjustments

Reported on Schedule IV on Line

	Description	Adjustments Col 5
See Att Sch II	Allocation to SNF cost report	(6,649,149)
See Att Sch V	Home office allocation	924
Line 11	allocated Marketing wages to SLF	(4,519)
	<i>Total Adjustments on Schedule IV</i>	(6,652,744)

ATTACHED SCHEDULE IV

Bed Listing & Home Office Allocation

Facility	Weighted beds @ 03/31/10					Estate Units 10%	Weighted Average Total	All Homes Percentage of Total	SLF Percentage of Total
	Nursing Hom	Sheltered	SLF	ALC					
	Beds 100%	Care Beds 50%	Beds 50%	Beds 50%					
Liberty Estates of Danville	0	0	0	0	8	8	0.94%	0.00%	
Liberty Estates of Freeport	0	0	0	0	7	7	0.82%	0.00%	
Liberty Estates of Peoria	0	0	0	0	8	8	0.94%	0.00%	
Liberty Estates of Geneseo	0	0	0	7	3	10	1.17%	0.00%	
Liberty Estates of Peru	0	0	0	0	7	7	0.82%	0.00%	
Liberty Estates of Streator	0	0	0	8	3	11	1.29%	0.00%	
Hawthorne Inn of Danville	70	34	0	0	0	104	12.18%	0.00%	
Manor Court of Princeton	76	11	10	0	0	97	11.36%	1.17%	
Manor Court of Clinton	134	0	11	0	0	145	16.98%	1.29%	
Manor Court of Peoria	50	0	0	0	0	50	5.85%	0.00%	
Manor Court of Peru	85	22	0	0	0	107	12.53%	0.00%	
Manor Court of Freeport	45	17	0	12	0	74	8.67%	0.00%	
Hawthorne Inn of Peoria	0	0	0	34	0	34	3.98%	0.00%	
Hawthorne Inn of Peru	0	0	0	34	0	34	3.98%	0.00%	
Hawthorne Inn of Freeport	0	0	15	0	0	15	1.76%	1.76%	
Freeport Rehab & Healthcare	143	0	0	0	0	143	16.74%	0.00%	
						854	100%	4.22%	

ATTACHED SCHEDULE Va ALLOCATION OF INDIRECT COSTS
(Detail Schedule)

Allocation Factors:

SLF Home Office Factor 0.0129

Schedule	Description	Total Expenses Incurred	Non-Allowable Costs	Costs To Be Allocated	Allocated Total	Adjustment Grouping
V-1-1	Labor-Dietary	0		0	0	0
V-1-2	Supplies-Dietary	0		0	0	0
V-2-1	Labor-Purchasing	0		0	0	0
V-3-3	Utilities			0	0	0
V-10-1	Labor - Administrative			0	0	
V-10-1	Labor-Clerical			0	0	0
V-10-2	Supplies			0	0	0
V-10-3	Miscellaneous			0	0	
V-10-3	Postage & Shipping			0	0	
V-10-3	Equipment			0	0	
V-10-3	Equipment Contracts			0	0	
V-10-3	Equip Maintenance & Repair			0	0	
V-10-3	Telephone			0	0	
V-10-3	Board of Directors	21,821	0	21,821	281	
V-10-3	Legal Fees	24,422	24,422	0	0	
V-10-3	Professional Services	20,820	0	20,820	268	
V-10-3	Licenses/Fees/Misc	325		325	4	
V-10-3	Inservice Training	0		0	0	
V-10-3	Travel	0		0	0	
V-10-3	Vehicle Expense	0		0	0	553
V-11-3	Advertising - Employment			0	0	
V-11-3	Subscriptions & Fees			0	0	0
V-12-3	Worker's Compensation	0		0	0	
V-12-3	Other Employee Expense	0		0	0	
V-12-3	FICA	0		0	0	
V-12-3	State Unemployment Tax			0	0	
V-12-3	Health Insurance	0		0	0	0
V-13-3	Vehicle Insurance	0		0	0	
V-13-3	Property Insurance	0		0	0	0
V-17-3	Depreciation Expense			0	0	0
V-18-3	Interest Expense	25,605	0	25,605	330	
V-18-3	Investment Income	-15,250		-15,250	-196	134
V-26-3	Liability Ins	18,431		18,431	237	237
TOTALS		96,174	24,422	71,752	924	924

BOARD OF DIRECTORS:

Irwin Jann	3,500.00
Jack Biddison	4,500.00
Jeff Shaw	4,500.00
Doug Biederstedt	4,500.00
William Kempiners	4,500.00
Meeting expenses	321.00
Travel costs	-
Total	21,821.00

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

BEGINNING: 4/1/2009
ENDING: 3/31/2010

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	-
VIII	20-3	Total equipment and transportation	5,265
Attached schedule V		Home office allocation adj depreciation	-
		<i>Subtotal</i>	<u>5,265</u>
IV	17-6	Total cost center depreciation	<u>5,265</u>
		<i>Difference</i>	<u><u>-</u></u>