

		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.

<p>I. Facility ID Number: <u>1000093</u></p> <p>Facility Name: <u>Hawthorne Inn of Freeport</u></p> <p>Address: <u>2140 West Navajo Drive</u> <u>Freeport</u> <u>61032</u> Number City Zip Code</p> <p>County: <u>Stephenson</u></p> <p>Telephone Number: (<u>815</u>) <u>232-3407</u> Fax # ()</p> <p>Federal Employer ID Number: _____</p> <p>Date Current Owners were Certified: <u>11/19/2007</u></p> <p>Type of Ownership:</p> <table style="width:100%"> <tr> <td><input type="checkbox"/> VOLUNTARY, NON-PROFIT</td> <td><input type="checkbox"/> PROPRIETARY</td> <td><input type="checkbox"/> GOVERNMENTAL</td> </tr> <tr> <td><input checked="" type="checkbox"/> Charitable Corp.</td> <td><input type="checkbox"/> Individual</td> <td><input type="checkbox"/> State</td> </tr> <tr> <td><input type="checkbox"/> Trust</td> <td><input type="checkbox"/> Partnership</td> <td><input type="checkbox"/> County</td> </tr> <tr> <td>IRS Exemption Code <u>501 (C) 3</u></td> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Other _____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> "Sub-S" Corp.</td> <td>_____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Limited Liability Co.</td> <td>_____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Trust</td> <td>_____</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Other</td> <td>_____</td> </tr> </table> <p>In the event there are further questions about this report, please contact: Name: <u>Ron Wilson</u> Telephone Number: (<u>309</u>) <u>343-1550</u> Email Address: _____</p>	<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	_____	<p>II. CERTIFICATION BY AUTHORIZED FACILITY OFFICER</p> <p>I have examined the contents of the accompanying report to the State of Illinois, for the period from <u>4/1/2009</u> to <u>3/31/2010</u> 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.</p> <p>Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.</p> <table style="width:100%"> <tr> <td style="width:50%; vertical-align: top;"> <p>Officer or Administrator of Provider</p> <p>(Signed) _____</p> <p>(Type or Print Name) <u>Darcee Fanning</u></p> <p>(Title) <u>Regional Director</u></p> </td> <td style="width:50%; vertical-align: top;"> <p>(Date) _____</p> </td> </tr> <tr> <td style="width:50%; vertical-align: top;"> <p>Paid Preparer</p> <p>(Signed) <u>See Attached Independent Accountant's Report</u></p> <p>(Print Name and Title) <u>McGladrey & Pullen, LLP</u> <u>117 E Main Street, Suite 210</u></p> <p>(Firm Name & Address) <u>P.O. Box 1070</u> <u>Galesburg, IL 61401</u></p> <p>(Telephone) <u>(309) 342-1175</u> Fax <u>(309) 342-7816</u></p> </td> <td style="width:50%; vertical-align: top;"> <p>(Date) _____</p> </td> </tr> </table> <p align="right">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</p>	<p>Officer or Administrator of Provider</p> <p>(Signed) _____</p> <p>(Type or Print Name) <u>Darcee Fanning</u></p> <p>(Title) <u>Regional Director</u></p>	<p>(Date) _____</p>	<p>Paid Preparer</p> <p>(Signed) <u>See Attached Independent Accountant's Report</u></p> <p>(Print Name and Title) <u>McGladrey & Pullen, LLP</u> <u>117 E Main Street, Suite 210</u></p> <p>(Firm Name & Address) <u>P.O. Box 1070</u> <u>Galesburg, IL 61401</u></p> <p>(Telephone) <u>(309) 342-1175</u> Fax <u>(309) 342-7816</u></p>	<p>(Date) _____</p>
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Facility Name Hawthorne Inn of Freeport

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	21	Single Unit Apartment	21	7,665	1
2	8	Double Unit Apartment	8	5,840	2
3		Other			3
4	29	TOTALS	29	13,505	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	992	6,497		7,489	5
6	Double Unit	1,579	2,546		4,125	6
7	Other					7
8	TOTALS	2,571	9,043		11,614	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 86.00%

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)

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 Freeport

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	58,081	80,491	1,353	139,925		139,925	1
2	Housekeeping, Laundry and Maintenance	37,228	8,203	18,549	63,980		63,980	2
3	Heat and Other Utilities			52,625	52,625		52,625	3
4	Other (specify):							4
5	TOTAL General Services	95,309	88,694	72,527	256,530		256,530	5
B. Health Care and Programs								
6	Health Care/ Personal Care	161,304	1,497		162,801		162,801	6
7	Activities and Social Services		711		711		711	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	161,304	2,208		163,512		163,512	9
C. General Administration								
10	Administrative and Clerical	39,049	1,710	55,980	96,739	755	97,494	10
11	Marketing Materials, Promotions and Advertising			14,416	14,416	(14,393)	23	11
12	Employee Benefits and Payroll Taxes			55,440	55,440		55,440	12
13	Insurance-Property, Liability and Malpractice			12,933	12,933	324	13,257	13
14	Other (specify):			3	3	(3)		14
15	TOTAL General Administration	39,049	1,710	138,772	179,531	(13,317)	166,214	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	295,662	92,612	211,299	599,573	(13,317)	586,256	16
Capital Expenses								
D. Ownership								
17	Depreciation			5,370	5,370		5,370	17
18	Interest					182	182	18
19	Real Estate Taxes			45,840	45,840		45,840	19
20	Rent -- Facility and Grounds			310,488	310,488		310,488	20
21	Rent -- Equipment							21
22	Other (specify):							22
23	TOTAL Ownership			361,698	361,698	182	361,880	23
24	GRAND TOTAL (Sum of lines 16 and 23)	295,662	92,612	572,997	961,271	(13,135)	948,136	24

Facility Name: Hawthorne Inn of Freeport

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	8	9.34	3
4	Activity Director & Assistants	0	27.00	4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	4	7.85	7
8	Dishwashers			8
9	Maintenance Workers	1	10.76	9
10	Housekeepers	1	8.52	10
11	Laundry			11
12	Managers	1	11.36	12
13	Other Administrative			13
14	Clerical	1	10.00	14
15	Marketing			15
16	Other			16
17	Total (lines 1 thru 16)	15	\$	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			\$ 383	1
2					2
3					3
4					4
5					5
Total				\$ 383	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 Freeport

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		Landscaping		2002	3,672	367	10	367		2,907	6
7		Light/Surge Protection		2004	22,900	3,271	7	3,271		17,447	7
8		Water Heater		2010	9,991	167	10	167		167	8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17	TOTAL (lines 1 thru 16)				\$ 36,563	\$ 3,805		\$ 3,805	\$	\$ 20,521	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	\$ 29,392	\$ 1,565	\$ 1,565	\$	5-15 yrs	\$ 21,799	18
19	Vehicles							19
20	TOTAL (lines 18 and 19)	\$ 29,392	\$ 1,565	\$ 1,565	\$		\$ 21,799	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: 4/1/2009

Ending: 3/31/2010

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	\$ 310,488	9	15	3
4	Additions			/ /				4
5	See Att Sch II			/ /				5
6				/ /				6
7	TOTAL		29		\$ 310,488			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	Name of Lender	2		3	4	6		7	8	9	Reporting Period Int. Expense				
			Related**				Purpose of Loan	Date of Note					Amount of Note		Maturity Date	Interest Rate (4 Digits)
			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			/ /			/ /			182				
6		Less: Interest Income		X		/ /			/ /			6				
7		TOTAL Facility Related					\$	\$			\$	182				
		B. Non-Facility Related														
8						/ /			/ /			8				
9						/ /			/ /			9				
10		TOTALS (lines 7, 8 and 9)					\$	\$			\$	182				

* 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: 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	\$ 1,689	\$	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	24,502		3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	9,482		6
7	Other Prepaid Expenses			7
8	Accounts Receivable (owners or related parties)			8
9	Other(specify): Intercompany Receivable	1,240,049		9
10	TOTAL Current Assets (sum of lines 1 thru 9)	\$ 1,275,722	\$	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	36,563		15
16	Equipment, at Historical Cost	29,392		16
17	Accumulated Depreciation (book methods)	(42,320)		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)	\$ 23,635	\$	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,299,357	\$	25

*(See instructions.)

		1	2	
		Operating	After	
			Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 10,119	\$	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	65,156		31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35				35
36				36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 75,275	\$	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	40,500		42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 40,500	\$	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 115,775	\$	45
46	TOTAL EQUITY	\$ 1,183,582	\$	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,299,357	\$	47

Facility Name: Hawthorne Inn of Freeport

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	\$ 1,214,133	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 1,214,133	3
B. Other Operating Revenue			
4	Special Services	9,026	4
5	Other Health Care Services		5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	3,876	8
9	Non-Resident Meals		9
10	Laundry		10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$ 12,902	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	Miscellaneous Fees	1,991	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 1,991	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 1,229,026	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	256,530	19
20	Health Care/ Personal Care	163,512	20
21	General Administration	179,531	21
B. Capital Expense			
22	Ownership	361,698	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)	\$ 961,271	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ 267,755	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ 267,755	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:		
Canterbury 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	
Ravistoe 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:	\$	6,960

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	(3)
Line 11	Non-allowable advertising	(14,393)
See Att Sch IV	Home office allocation	1,261
	<i>Total Adjustments on Schedule IV</i>	(13,135)

ATTACHED SCHEDULE III

Bed Listing & Home Office Allocation

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

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

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

ATTACHED SCHEDULE IV ALLOCATION OF HOME OFFICE INDIRECT COSTS
SUMMARY SCHEDULE

Sch. V (See attached detail schedule)

Line #		Salaries	Other	Total
1	Dietary and Food	0	0	-
2	Hskp, Laundry, Main	0	0	-
3	Heat & Other Utilities	0	0	-
4	Other	0	0	-
6	Health Care/personal	0	0	-
7	Activities & Soc Serv	0	0	-
8	Other	0	0	-
10	Admin/Clerical	0	755	755
11	Mkt, Promo, Adv	0	0	-
12	Emp Ben & PR taxes	0	0	-
13	Insurance	0	324	324
14	Other	0	0	-
17	Depreciation	0	0	-
18	Interest	0	182	182
19	Real Estate Taxes	0	0	-
		0	0	-
		0	0	-

TOTALS **0** **1,261** **1,261**

Net adjustment required 1,261

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

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

ATTACHED SCHEDULE IV_a **ALLOCATION OF INDIRECT COSTS**
 (Detail Schedule)

Allocation Factors:

SLF Home Office Factor **0.0176**

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	383	
V-10-3	Legal Fees	24,422	24,422	0	0	
V-10-3	Professional Services	20,820	0	20,820	366	
V-10-3	Licenses/Fees/Misc	325		325	6	
V-10-3	Inservice Training	0		0	0	
V-10-3	Travel	0		0	0	
V-10-3	Vehicle Expense	0		0	0	755
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	450	
V-18-3	Investment Income	-15,250		-15,250	-268	182
V-26-3	Liability Ins	18,431		18,431	324	324
	TOTALS	96,174	24,422	71,752	1,261	1,261

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 Freeport
ID#: 37-1223846

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

ATTACHED SCHEDULE V

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	3,805
VIII	20-3	Total equipment and transportation	1,565
Attached schedule V		Home office allocation adj depreciation	-
		<i>Subtotal</i>	<u>5,370</u>
IV	17-6	Total cost center depreciation	<u>5,370</u>
		<i>Difference</i>	<u><u>-</u></u>