

		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>1000062</u></p> <p>Facility Name: <u>The Kensington</u></p> <hr/> <p>Address: <u>311 East Simmons Street</u> <u>Galesburg</u> <u>61401</u></p> <p align="center">Number City Zip Code</p> <p>County: <u>Knox</u></p> <p>Telephone Number: (<u>309</u>) <u>342-2577</u> Fax # (<u>309</u>) <u>342-6343</u></p> <p>Federal Employer ID Number: _____</p> <p>Date Current Owners were Certified: <u>4/14/06</u></p> <p>Type of Ownership:</p> <table style="width:100%; border: none;"> <tr> <td style="width:33%; border: none;"><input type="checkbox"/> VOLUNTARY, NON-PROFIT</td> <td style="width:33%; border: none;"><input type="checkbox"/> PROPRIETARY</td> <td style="width:33%; border: none;"><input type="checkbox"/> GOVERNMENTAL</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Charitable Corp.</td> <td style="border: none;"><input type="checkbox"/> Individual</td> <td style="border: none;"><input type="checkbox"/> State</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Trust</td> <td style="border: none;"><input type="checkbox"/> Partnership</td> <td style="border: none;"><input type="checkbox"/> County</td> </tr> <tr> <td style="border: none;">IRS Exemption Code _____</td> <td style="border: none;"><input type="checkbox"/> Corporation</td> <td style="border: none;"><input type="checkbox"/> Other _____</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"><input checked="" type="checkbox"/> "Sub-S" Corp.</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"><input type="checkbox"/> Limited Liability Co.</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"><input type="checkbox"/> Trust</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;"><input type="checkbox"/> Other _____</td> <td style="border: none;"></td> </tr> </table> <p>In the event there are further questions about this report, please contact:</p> <p>Name: <u>Ron Wilson</u> Telephone Number: (<u>309</u>) <u>343-1550</u></p> <p>Email Address: _____</p>	<input type="checkbox"/> VOLUNTARY, NON-PROFIT	<input type="checkbox"/> PROPRIETARY	<input type="checkbox"/> GOVERNMENTAL	<input 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 _____	<input type="checkbox"/> Corporation	<input type="checkbox"/> Other _____		<input checked="" 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>01/01/2010</u> to <u>12/31/2010</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 align="center">Intentional misrepresentation or falsification of any information in this cost report may be punishable by fine and/or imprisonment.</p> <table style="width:100%; border: none;"> <tr> <td style="width:50%; border: none;">(Signed) _____</td> <td style="width:50%; border: none;">(Date) _____</td> </tr> <tr> <td style="border: none;">(Type or Print Name) <u>Ronald Wilson</u></td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">(Title) <u>Secretary</u></td> <td style="border: none;"></td> </tr> </table> <hr/> <table style="width:100%; border: none;"> <tr> <td style="width:50%; border: none;">(Signed) _____</td> <td style="width:50%; border: none;">See attached Independent Accountant's Report</td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;">(Date) _____</td> </tr> </table> <table style="width:100%; border: none;"> <tr> <td style="width:50%; border: none;">Paid Preparer</td> <td style="width:50%; border: none;">(Print Name and Title) <u>McGladrey & Pullen, LLP</u> <u>117 E. Main Street, Suite 210</u></td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;">(Firm Name & Address) <u>PO Box 1070</u> <u>Galesburg, IL 61401</u></td> </tr> <tr> <td style="border: none;"></td> <td style="border: none;">(Telephone) (<u>309</u>) <u>342-1175</u> Fax # (<u>309</u>) <u>342-7816</u></td> </tr> </table> <p align="center">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>	(Signed) _____	(Date) _____	(Type or Print Name) <u>Ronald Wilson</u>		(Title) <u>Secretary</u>		(Signed) _____	See attached Independent Accountant's Report		(Date) _____	Paid Preparer	(Print Name and Title) <u>McGladrey & Pullen, LLP</u> <u>117 E. Main Street, Suite 210</u>		(Firm Name & Address) <u>PO Box 1070</u> <u>Galesburg, IL 61401</u>		(Telephone) (<u>309</u>) <u>342-1175</u> Fax # (<u>309</u>) <u>342-7816</u>
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Facility Name The Kensington

Report Period Beginning: 01/01/2010 Ending: 12/31/2010

III. STATISTICAL DATA

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

Date of change in certified units NA

	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	51	Single Unit Apartment	51	18,615	1
2	23	Double Unit Apartment	23	8,395	2
3		Other			3
4	74	TOTALS	74	27,010	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	10,394	7,089		17,483	5
6	Double Unit	2,227	6,037		8,264	6
7	Other					7
8	TOTALS	12,621	13,126		25,747	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 95.32%

D. Indicate the number of paid bed-hold days the SLF had during this year
0 Also, indicate the number of unpaid bed-hold days the SLF had during this year. 0 **(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: 12/31/10 Fiscal Year: 12/31/10

* 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: The Kensington

Report Period Beginning:

01/01/2010

Ending: 12/31/2010

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	229,587	256,332	1,090	487,009	(40,571)	446,438	1
2	Housekeeping, Laundry and Maintenance	91,069	49,638	67,856	208,563		208,563	2
3	Heat and Other Utilities			148,393	148,393		148,393	3
4	Other (specify):							4
5	TOTAL General Services	320,656	305,970	217,339	843,965	(40,571)	803,394	5
B. Health Care and Programs								
6	Health Care/ Personal Care	299,275	915	26,535	326,725		326,725	6
7	Activities and Social Services	17,307	2,567		19,874		19,874	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	316,582	3,482	26,535	346,599		346,599	9
C. General Administration								
10	Administrative and Clerical	126,799	19,583	58,663	205,045	(18,000)	187,045	10
11	Marketing Materials, Promotions and Advertising			35,243	35,243	(34,978)	265	11
12	Employee Benefits and Payroll Taxes			122,993	122,993		122,993	12
13	Insurance-Property, Liability and Malpractice			18,314	18,314		18,314	13
14	Other (specify): Bad Debt Expense			91	91	(91)		14
15	TOTAL General Administration	126,799	19,583	235,304	381,686	(53,069)	328,617	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	764,037	329,035	479,178	1,572,250	(93,640)	1,478,610	16
Capital Expenses								
D. Ownership								
17	Depreciation			49,341	49,341	79,818	129,159	17
18	Interest			8,212	8,212		8,212	18
19	Real Estate Taxes			58,875	58,875		58,875	19
20	Rent -- Facility and Grounds			399,360	399,360	(399,360)		20
21	Rent -- Equipment							21
22	Other (specify): Farm Expenses			1,625	1,625	(1,625)		22
23	TOTAL Ownership			517,413	517,413	(321,167)	196,246	23
24	GRAND TOTAL (Sum of lines 16 and 23)	764,037	329,035	996,591	2,089,663	(414,807)	1,674,856	24

Facility Name: The Kensington

Report Period Beginning: 01/01/2010

Ending:

12/31/2010

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	1	18.00	2
3	Certified Nurse Assistants	13	8.14	3
4	Activity Director & Assistants	1	8.58	4
5	Social Service Workers			5
6	Head Cook	4	7.30	6
7	Cook Helpers/Assistants	9	6.54	7
8	Dishwashers			8
9	Maintenance Workers	1	17.00	9
10	Housekeepers	2	7.85	10
11	Laundry	1	7.91	11
12	Managers	1	31.25	12
13	Other Administrative	2	7.79	13
14	Clerical	1	9.56	14
15	Marketing			15
16	Other	1	6.84	16
17	Total (lines 1 thru 16)	37	\$ 136.76	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				\$	1
2					2
3					3
4					4
5					5
Total				\$	6

VI. (B) Management fees paid to unrelated parties

Amount of Fee

		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
_____		_____	
_____		_____	
_____		_____	
_____		_____	

OTHER RELATED BUSINESS ENTITIES

Name	3	City	4	Type of Business	5
_____		_____		_____	
_____		_____		_____	
_____		_____		_____	
_____		_____		_____	

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: The Kensington

Report Period Beginning:

01/01/2010

Ending:

12/31/2010

VIII. OWNERSHIP COSTSA. Purchase price of land 50,000 Year land was acquired 1994

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	74		1994		\$ 1,889,000	\$ 47,225	32	\$ 60,129	\$ 12,904	\$ 967,048	1
2											2
3											3
4											4
5											5
Improvement Type											
6		Sidewalks, parking lot and fencing		1994	50,000	2,500	20	2,500		40,208	6
7		Storm Sewer		1995	24,886	996	25	996		15,512	7
8		Pavement		1995	22,000		15	732	732	22,000	8
9		Windows		1995	4,799	240	20	240		3,740	9
10		Lighting		1995	9,147		10			9,147	10
11		Exterior Building Repair		1995	5,381	215	25	215		3,264	11
12		Paint and Carpet		1995	17,429	1,162	5		(1,162)	17,429	12
13		Heat Pumps		1995	8,618	575	10		(575)	8,618	13
14		Water Heater		1997	3,101		10			3,101	14
15		Heat Pumps		1999	5,136		10			5,136	15
16		See Attached Schedule III			665,086	32,436		43,750	11,314	324,400	16
17		TOTAL (lines 1 thru 16)			\$ 2,704,583	\$ 85,349		\$ 108,562	\$ 23,213	\$ 1,419,603	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	\$ 323,365	\$ 23,698	\$ 20,597	(3,101)	3-15 yrs	\$ 200,398	18
19	Vehicles	9,003				4 yrs	9,003	19
20	TOTAL (lines 18 and 19)	\$ 332,368	\$ 23,698	\$ 20,597	(3,101)		\$ 209,401	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	Land 1997	\$ 188,183	\$ -	\$ -	21
22	Building and Improvements 1997	17,500	660	11,130	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 660	\$ 11,130	24

Facility Name: The Kensington

Report Period Beginning: 01/01/2010

Ending: 2/31/2010

IX. RENTAL COSTS

A. Building and Fixed Equipment

1. Name of Party Holding Lease: See Attached Schedule V

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			/ /	\$			3
4	Additions			/ /				4
5				/ /				5
6				/ /				6
7	TOTAL				\$			7

8. Is movable equipment rental included in building rental? YES NO

9. Rental amount for movable equipment \$ _____

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	
			Related**				Purpose of Loan	Date of Note				
			YES	NO			Original	Balance				
		A. Directly Facility Related										
		Long-Term										
1		RFMS	X		Fund working capital	6/2/02	\$	\$ 1,354,267	12/1/13	variable*	\$ 7,955	1
2						/ /			/ /			2
3						/ /			/ /			3
		Working Capital										
4		Miscellaneous		X	Security Deposits	/ /			/ /		257	4
5						/ /			/ /			5
6						/ /			/ /			6
7		TOTAL Facility Related					\$	\$ 1,354,267			\$ 8,212	7
		B. Non-Facility Related										
8					*.61 % at 12/31/10	/ /			/ /			8
9						/ /			/ /			9
10		TOTALS (lines 7, 8 and 9)					\$	\$ 1,354,267			\$ 8,212	10

* If there is an option to buy the building, please provide complete details on an attached schedule.
 ** If there is any overlap in ownership between the facility and the lender, this must be indicated in column 2.

Facility Name: **The Kensington**Report Period Beginning: **01/01/2010**

Ending:

12/31/2010**XI. BALANCE SHEET - Unrestricted Operating Fund.**As of **12/31/2010**

(last day of reporting year)

		1	2	
		Operating	After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 617,715	\$ 617,715	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance)	55,472	55,472	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance	28,453	28,453	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)	\$ 701,640	\$ 701,640	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land	188,183	238,183	13
14	Buildings, at Historical Cost	14,000	1,903,000	14
15	Leasehold Improvements, at Historical Cost	411,760	819,083	15
16	Equipment, at Historical Cost	267,770	332,367	16
17	Accumulated Depreciation (book methods)	(372,648)	(1,340,997)	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): Construction in Progress	79,383		23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 588,448	\$ 1,951,636	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 1,290,088	\$ 2,653,276	25

*(See instructions.)

		1	2	
		Operating	After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 53,955	\$ 53,955	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	45,012	45,012	30
31	Accrued Taxes Payable	63,456	63,456	31
32	Accrued Interest Payable	262	262	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)	\$ 162,685	\$ 162,685	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,354,267	1,354,267	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	49,440	49,440	42
43	Event Deposits	2,000	2,000	43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,405,707	\$ 1,405,707	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,568,392	\$ 1,568,392	45
46	TOTAL EQUITY	\$ (278,304)	\$ 1,084,884	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 1,290,088	\$ 2,653,276	47

Facility Name: The Kensington

Report Period Beginning: 01/01/2010

Ending:

12/31/2010

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	\$ 2,229,883	1
2	Discounts and Allowances		2
SUBTOTAL Resident Care			
3	(line 1 minus line 2)	\$ 2,229,883	3
B. Other Operating Revenue			
4	Special Services		4
5	Other Health Care Services	6,403	5
6	Special Grants		6
7	Gift and Coffee Shop		7
8	Barber and Beauty Care	3,000	8
9	Non-Resident Meals	1,878	9
10	Laundry	322	10
SUBTOTAL OTHER OPERATING REVENUE			
11	(sum of lines 4 thru 10)	\$ 11,603	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	See Attached Schedule VII	191,008	15
16			16
SUBTOTAL Other Revenue			
17	(sum of lines 15 and 16)	\$ 191,008	17
TOTAL REVENUE			
18	(sum of lines 3, 11, 14 and 17)	\$ 2,432,494	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	843,965	19
20	Health Care/ Personal Care	346,599	20
21	General Administration	381,686	21
B. Capital Expense			
22	Ownership	517,413	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)	\$ 2,089,663	28
Income Before Income Taxes			
29	(line 18 minus line 28)	\$ 342,831	29
Income Taxes			
30		\$	30
NET INCOME OR LOSS FOR THE YEAR			
31	(line 29 minus line 30)	\$ 342,831	31

FACILITY NAME: Kensington of Galesburg, Inc.
ID#: 37-1337014

BEGINNING: 1/1/2010
ENDING: 12/31/2010

ATTACHED SCHEDULE I

VII. Related Organizations

A. Other Related Business Entities

<u>Name</u>	<u>City and State</u>	<u>Type of Business</u>
1 LB Properties, Inc. and Subs	Galesburg, Illinois	Real estate
2 RFMS, Inc.	Galesburg, Illinois	Administrative services
3 Edwin Enterprises, LLC and Subs	Galesburg, Illinois	Real estate
4 RFMS Mestech II, LLC	Galesburg, Illinois	Real estate
5 North Street Apartments	Galesburg, Illinois	Real estate
6 DF Ranch	Galesburg, Illinois	Real estate
7 Diamond L Ranch	Galesburg, Illinois	Ranch operator
8 Estancia Ranch Properties, LLC	Scottsdale, Arizona	Real estate
9 AIRFMS, Inc.	Galesburg, Illinois	Owner/operator of air transportation
10 Mid-Illini Healthcare, Inc.	Galesburg, Illinois	Real estate
11 Midwest Healthcare, Inc. and Sub	Galesburg, Illinois	Administrative services
12 DF Partnership	Galesburg, Illinois	Real estate
13 Jacksonville Home Partnership	Galesburg, Illinois	Real estate
14 Freemont, LLC	Galesburg, Illinois	Real estate
15 LeRoy Development, Inc	Galesburg, Illinois	Real estate
16 Poseidon, Inc.	Galesburg, Illinois	Real estate
17 Valleyview, LLC	Galesburg, Illinois	Real estate
18 AJ Fike, Inc.	Galesburg, Illinois	Motor sports
19 Aaron Fike, Inc	Galesburg, Illinois	Motor sports

ATTACHED SCHEDULE II

VII. Related Organizations

C. Costs Derrived From Transactions with Related Parties

<u>Entity</u>	<u>Services</u>	<u>Expense pg 3 col 4</u>	<u>Cost to Related Party</u>
LB Properties, Inc	Rent	399,360	See attached schedule V
RFMS	Administrative Services	18,000	Undetermined*

* These fees have been eliminated in column 5.

Facility Name: Kensington of Galesburg, Inc.

Report Period Beginning:

01/01/2010

Ending:

12/31/2010

VIII. OWNERSHIP COSTS

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					
	Improvement Type														
16a	Carpet		1999		1,190	0	5	0	0	1,190					
16b	Exterior Painting		1999		20,181	808	25	808	0	9,149					
16c	Awning		2000		4,718	157	10	157	0	4,718					
16d	Roofing		2000		5,638	376	10	329	(47)	5,638					
16e	Parapet		2000		282,813	8,317	20	14,140	5,823	143,763					
16f	Parapet		2001		3,191	93	20	159	66	1,542					
16g	Carpet		2001		844	0	5	0	0	844					
16h	Lounge remodel		2002		71,319	2,229	10	7,132	4,903	59,433					
16i	Hot water line replacement		2004		4,202	169	25	169	0	1,051					
16j	Carpet		2005		10,808	360	5	360	0	10,808					
16k	Quarry Tile		2005		19,824	992	20	992	0	5,452					
16l	4X4 Tables		2005		2,701	180	15	180	0	930					
16m	Heat pumps		2005		41,918	4,192	10	4,192	0	21,658					
16n	Flower pot accessories		2005		366	67	10	0	(67)	366					
16o	4X4 Tables		2005		2,701	180	15	180	0	915					
16p	Flooring, lighting, and wall coverings		2006		85,021	4,251	20	4,251	0	21,255					
16q	Remodel		2006		39,485	1,975	15	2,633	658	12,504					
16r	Carpet		2007		2,896	579	5	579	0	2,075					
16s	Tuck Pointing		2007		7,225	722	10	722	0	2,529					
16t	Painting		2007		3,750	375	5	750	375	2,563					
16u	Ballroom Repair		2007		11,895	1,191	10	794	(397)	2,709					
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	404	10	404	0	1,380					
16w	Wallpaper		2007		4,298	859	5	859	0	2,865					
16x	Heat pump system		2008		25,270	2,527	10	2,527	0	6,739					
16y	Roof repair		2009		3,250	325	10	325	0	569					
16z	Carpet		2009		5,542	1,108	5	1,108	0	1,755					
											16				
17	TOTAL (to schedule VIII B. line 16)				\$	665,086	\$	32,436	\$	43,750	\$	11,314	\$	324,400	17

FACILITY NAME: Kensington of Galesburg, Inc.
 ID#: 37-1337014

BEGINNING: 1/1/2010
 ENDING: 12/31/2010

ATTACHED SCHEDULE IV

IV. Cost Center Expenses

Reclassifications and Adjustments

Reported on Schedule IV on Line	Description	Adjustments Col 5
1-1	Labor - Catering and Banquet	(16,853)
1-2	Supplies - Catering and Banquet	(23,718)
17-3	Depr Sch VIII B.17. col 8	23,213
17-3	Depr Sch VIII C.20. col 4	(3,101)
17-3	Farm Depreciation	(660)
22-3	Farm Expenses	(1,625)
11-3	Marketing & promotions materials	(34,978)
14-3	Bad debt expense	(91)
See Att Sch V	Related Party lessor net	(338,994)
See Att Sch II	Related Party Mgmt fee	(18,000)
<i>Total Adjustments on Schedule IV</i>		(414,807)

ATTACHED SCHEDULE V

	Related Party Cost Adjustment Facility Rent LB Properties, Inc.	Schedule Ref
Cost to Related Party Lessor: Depreciation	<u>60,366</u>	IV-17
Total lessor cost	60,366	
Cost Per General Ledger - Facility Rent	(399,360)	IV-20
Cost Adjustment Required	<u><u>(338,994)</u></u>	

FACILITY NAME: Kensington of Galesburg, Inc.
ID#: 37-1337014

BEGINNING: 1/1/2010
ENDING: 12/31/2010

ATTACHED SCHEDULE VI

Depreciation Reconciliation

<u>Schedule</u>	<u>Line</u>	<u>Description</u>	<u>Amount</u>
VIII	17-7	Total buildings and improvements	108,562
VIII	20-3	Total equipment and transportation	20,597
		<i>Subtotal</i>	129,159
IV	17-6	Total cost center depreciation	129,159
		<i>Difference</i>	<u><u>-</u></u>

ATTACHED SCHEDULE VII

Income Statement Line 15

<u>Schedule</u>	<u>Line</u>	<u>Description</u>	<u>Amount</u>
XII.	15-1	Miscellaneous Catering and Rental	146,938
XII.	15-1	LINKS Revenue	31,165
XII.	15-1	Farm Income	12,000
XII.	15-1	Resident Processing fees	905
		<i>Total</i>	<u><u>191,008</u></u>