

FOR BHF USE					

LL2

Supportive Living Facility

**2013
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2013)**

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> <p>Address: <u>311 East Simmons St</u> <u>Galesburg</u> <u>61401</u> <small>Number City Zip Code</small></p> <p>County: <u>Knox</u></p> <p>Telephone Number: (<u>309</u>) <u>342-2577</u> Fax # <u>309 342-6343</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 border="0"> <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 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 _____</td> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Other _____</td> </tr> <tr> <td></td> <td><input checked="" 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 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>01/01/2013</u> to <u>12/31/2013</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 border="1"> <tr> <td rowspan="2" style="width: 15%;">Officer or Administrator of Provider</td> <td>(Signed) _____</td> <td>(Date) _____</td> </tr> <tr> <td>(Type or Print Name) <u>Ronald Wilson</u></td> <td></td> </tr> <tr> <td></td> <td>(Title) <u>Secretary</u></td> <td></td> </tr> <tr> <td rowspan="4">Paid Preparer</td> <td>(Signed) <u>See Preparation Report</u></td> <td>(Date) _____</td> </tr> <tr> <td>(Print Name and Title) <u>McGladrey LLP</u> <u>117 E. Main Street, Suite 210</u></td> <td></td> </tr> <tr> <td>(Firm Name & Address) <u>PO Box 1070</u> <u>Galesburg, IL 61401</u></td> <td></td> </tr> <tr> <td>(Telephone) <u>309</u>) <u>342-1175</u> Fax # <u>(309) 342-7816</u></td> <td></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>	Officer or Administrator of Provider	(Signed) _____	(Date) _____	(Type or Print Name) <u>Ronald Wilson</u>			(Title) <u>Secretary</u>		Paid Preparer	(Signed) <u>See Preparation Report</u>	(Date) _____	(Print Name and Title) <u>McGladrey 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) 342-7816</u>	
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Facility Name The Kensington

Report Period Beginning: 01/01/2013 Ending: 12/31/2013

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		1,439	3
4	74	TOTALS	74	28,449	4

B. Census-For the entire report period.

	1 Type of Unit	2 3 4 Resident Days by Unit and Primary Source of Payment			5	
		Medicaid Recipient	Private Pay	Other		
5	Single Unit	9,786	7,072		16,858	5
6	Double Unit	3,188	4,080		7,268	6
7	Other					7
8	TOTALS	12,974	11,152		24,126	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 84.80%

D. Indicate the number of paid bed-hold days the SLF had during this year 10 Also, indicate the number of unpaid bed-hold days the SLF had during this year. _____ **(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: 12/31/13 Fiscal Year: 12/31/13

* 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:

01/01/2013

Ending: 12/31/2013

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

Operating Expenses		Costs Per General Ledger				Reclassifications and Adjustments	Adjusted Total	
		Salary/Wage 1	Supplies 2	Other 3	Total 4			
A. General Services								
1	Dietary and Food Purchase	238,157	259,596	1,483	499,236	(19,712)	479,524	1
2	Housekeeping, Laundry and Maintenance	106,180	63,099	84,050	253,329		253,329	2
3	Heat and Other Utilities			145,290	145,290		145,290	3
4	Other (specify):							4
5	TOTAL General Services	344,337	322,695	230,823	897,855	(19,712)	878,143	5
B. Health Care and Programs								
6	Health Care/ Personal Care	312,425	551	26,640	339,616		339,616	6
7	Activities and Social Services	20,595	4,169		24,764		24,764	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	333,020	4,720	26,640	364,380		364,380	9
C. General Administration								
10	Administrative and Clerical	140,958	20,669	64,987	226,614	(18,000)	208,614	10
11	Marketing Materials, Promotions and Advertising			41,159	41,159	(40,524)	635	11
12	Employee Benefits and Payroll Taxes			151,672	151,672		151,672	12
13	Insurance-Property, Liability and Malpractice			15,542	15,542		15,542	13
14	Other (specify):			11,964	11,964	(11,964)		14
15	TOTAL General Administration	140,958	20,669	285,324	446,951	(70,488)	376,463	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	818,315	348,084	542,787	1,709,186	(90,200)	1,618,986	16
Capital Expenses								
D. Ownership								
17	Depreciation			58,154	58,154	83,738	141,892	17
18	Interest			3,186	3,186	(3,186)		18
19	Real Estate Taxes			65,436	65,436		65,436	19
20	Rent -- Facility and Grounds			399,360	399,360	(399,360)		20
21	Rent -- Equipment							21
22	Other (specify): Farm Expenses			2,325	2,325	(2,325)		22
23	TOTAL Ownership			528,461	528,461	(321,133)	207,328	23
24	GRAND TOTAL (Sum of lines 16 and 23)	818,315	348,084	1,071,248	2,237,647	(411,333)	1,826,314	24

Facility Name: The Kensington

Report Period Beginning 01/01/2013 Ending: 12/31/2013

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	11.00	2
3	Certified Nurse Assistants	13	9.65	3
4	Activity Director & Assistants	1	9.50	4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	12	8.53	7
8	Dishwashers			8
9	Maintenance Workers	1	18.66	9
10	Housekeepers	2	8.78	10
11	Laundry	1	9.00	11
12	Managers	1	33.65	12
13	Other Administrative			13
14	Clerical	3	10.17	14
15	Marketing			15
16	Other			16
17	Total (lines 1 thru 16)	35	\$ 118.94	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	
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
None			

OTHER RELATED BUSINESS ENTITIES

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

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

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

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

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

Facility Name: The Kensington

Report Period Beginning:

01/01/2013

Ending:

12/31/2013

VIII. OWNERSHIP COSTS

A. 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	\$ 60,127	\$ 12,902	\$ 1,147,429	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		47,708	6
7		Storm Sewer		1995	24,886	996	25	996		18,499	7
8		Pavement		1995	22,000		15			22,000	8
9		Windows		1995	4,799	240	20	240		4,459	9
10		Lighting		1995	9,147		10			9,147	10
11		Exterior Building Repair		1995	5,381	215	25	215		3,910	11
12		Paint and Carpet		1995	17,429		5			17,429	12
13		Heat Pumps		1995	8,618		10			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			870,326	41,537		53,682	12,145	488,074	16
17		TOTAL (lines 1 thru 16)			\$ 2,909,823	\$ 92,713		\$ 117,760	\$ 25,047	\$ 1,775,510	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	\$ 388,410	\$ 25,247	\$ 24,132	(1,115)	3-15 yrs	\$ 264,201	18
19	Vehicles	9,003				4 yrs	9,003	19
20	TOTAL (lines 18 and 19)	\$ 397,413	\$ 25,247	\$ 24,132	(1,115)		\$ 273,204	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	\$ 188,183	\$	\$	21
22	Building Improvements 1997	17,500	560	12,927	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 560	\$ 12,927	24

Facility Name: The Kensington

Report Period Beginning: 01/01/2013

Ending: 2/31/2013

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, Inc.	X		Fund working capital	6/2/02	\$	\$ 1,365,614		variable*	\$ 3,000	1
2					Due on demand	/ /			/ /			2
3						/ /			/ /			3
		Working Capital										
4		Miscellaneous		X	Security Deposits	/ /			/ /		186	4
5						/ /			/ /			5
6		Less Interest Income		X		/ /			/ /		(3,186)	6
7		TOTAL Facility Related					\$	\$ 1,365,614			\$ -	7
		B. Non-Facility Related										
8					*.23 at 12/31/13	/ /			/ /			8
9						/ /			/ /			9
10		TOTALS (lines 7, 8 and 9)					\$	\$ 1,365,614			\$	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: **01/01/2013**

Ending:

12/31/2013**XI. BALANCE SHEET - Unrestricted Operating Fund.**As of **12/31/2013**

(last day of reporting year)

		1	2	
		Operating	After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 1,351,292	\$ 1,351,292	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance <u>1,499</u>)	244,206	244,206	3
4	Supply Inventory (priced at _____)			4
5	Short-Term Investments			5
6	Prepaid Insurance	23,717	23,717	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)	\$ 1,619,215	\$ 1,619,215	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	617,000	1,024,323	15
16	Equipment, at Historical Cost	332,816	397,413	16
17	Accumulated Depreciation (book methods)	(538,168)	(1,687,614)	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 Process	102,536	102,536	23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 716,367	\$ 1,977,841	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 2,335,582	\$ 3,597,056	25

		1	2	
		Operating	After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 111,684	\$ 111,684	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	62,556	62,556	30
31	Accrued Taxes Payable	76,518	76,518	31
32	Accrued Interest Payable	262	262	32
33	Deferred Compensation			33
34	Federal and State Income Taxes	7,546	7,546	34
	Other Current Liabilities(specify):			
35	Deferred Revenue	15,248	15,248	35
36	Event Deposits	3,404	3,404	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 277,218	\$ 277,218	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,365,614	1,365,614	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	47,810	47,810	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,413,424	\$ 1,413,424	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 1,690,642	\$ 1,690,642	45
46	TOTAL EQUITY	\$ 644,940	\$ 1,906,414	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 2,335,582	\$ 3,597,056	47

*(See instructions.)

Facility Name: The Kensington

Report Period Beginning: 01/01/2013

Ending:

12/31/2013

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	\$ 2,269,282	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 2,269,282	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	3,000	8
9	Non-Resident Meals	3,330	9
10	Laundry	130	10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 6,460	11
C. Non-Operating Revenue			
12	Contributions	610	12
13	Interest and Other Investment Income	13,393	13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 14,003	14
D. Other Revenue (specify):			
15	See attached Schedule VII	223,625	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 223,625	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 2,513,370	18

		2	
Expenses		Amount	
A. Operating Expenses			
19	General Services	897,855	19
20	Health Care/ Personal Care	364,380	20
21	General Administration	446,951	21
B. Capital Expense			
22	Ownership	528,461	22
C. Other Expenses			
23	Special Cost Centers		23
24	Non-Operating Expenses		24
25	Other (specify):		25
26			26
27			27
28	TOTAL EXPENSES (sum of lines 19 thru 27)	\$ 2,237,647	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 275,723	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 275,723	31

FACILITY NAME: Kensington of Galesburg, Inc.

ID#: 37-1337014

BEGINNING: 1/1/2013

ENDING: 12/31/2013

ATTACHED SCHEDULE I

VII. Related Organizations

A. Other Related Business Entities

Name	City and State	Type of Business
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, LLC	Mesquite, Nevada	Real estate
5 RFMS Mestech II, LLC	Mesquite, Nevada	Real estate
6 North Street Apartments	Galesburg, Illinois	Real estate
7 DF Ranch, LLC	Galesburg, Illinois	Real estate
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 ISB Bancorp, Inc.	Tonica, Illinois	Bank

ATTACHED SCHEDULE II

VII. Related Organizations

C. Costs Derived From Transactions with Related Parties

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

* These fees have been eliminated in column 5.

STATE OF ILLINOIS

Att Schedule III

Facility Name: Kensington of Galesburg, Inc.

01/01/2013

Report Period Beginning:

01/01/2013

Ending:

12/31/2013

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	807	25	807	0	11,570
16c	Awning		2000		4,718	0	10	0	0	4,718
16d	Roofing		2000		5,638	376	10	0	(376)	5,638
16e	Parapet		2000		282,813	8,318	20	14,141	5,823	186,186
16f	Parapet		2001		3,191	94	20	160	66	2,021
16g	Carpet		2001		844	0	5	0	0	844
16h	Lounge remodel		2002		71,319	2,229	10	0	(2,229)	71,319
16i	Hot water line replacement		2004		4,202	168	25	168	0	1,555
16j	Carpet		2005		10,808	0	5	0	0	10,808
16k	Quarry Tile		2005		19,824	991	20	991	0	8,425
16l	4X4 Tables		2005		2,701	180	15	180	0	1,471
16m	Heat pumps		2005		41,918	4,192	10	4,192	0	34,233
16n	Flower pot accessories		2005		366	0	10	0	0	366
16o	4X4 Tables		2005		2,701	181	15	181	0	1,456
16p	Flooring, lighting, and wall coverings		2006		85,021	4,251	20	4,251	0	34,008
16q	Remodel		2006		39,485	1,974	15	2,632	658	20,400
16r	Carpet		2007		2,896	0	5	0	0	2,896
16s	Tuck Pointing		2007		7,225	723	10	723	0	4,697
16t	Painting		2007		3,750	375	5	0	(375)	3,750
16u	Ballroom Repair		2007		11,895	1,190	10	793	(397)	5,088
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	404	10	404	0	2,592
16w	Wallpaper		2007		4,298	0	5	0	0	4,298
16x	Heat pump system		2008		25,270	2,527	10	2,527	0	14,320
16y	Roof repair		2009		3,250	325	10	325	0	1,544
16z	Carpet		2009		5,542	1,108	5	1,108	0	5,080
16aa	Façade Improvements		2011		166,674	8,334	10	16,667	8,333	41,668
16ab	Roof Replacement		2011		4,974	497	10	497	0	1,160
16ac	Heat Pump		2012		2,520	252	10	252	0	378
17	TOTAL (to next page)				\$ 839,254	\$ 39,496		\$ 50,999	\$ 11,503	\$ 483,679

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

BEGINNING: 1/1/2013
 ENDING: 12/31/2013

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	(8,663)
1-2	Supplies - Catering and Banquet	(7,719)
1-2	Non-Resident Meals	(3,330)
17-3	Depr Sch VIII B.17. col 8	25,047
17-3	Depr Sch VIII C.20. col 4	(1,115)
17-3	Farm Depreciation	(560)
22-3	Farm Expenses	(2,325)
11-3	Marketing & promotions materials	(40,524)
14-3	Bad debt expense	(4,418)
14-3	State replacement tax	(7,546)
See Att Sch V	Related Party lessor net	(338,994)
See Att Sch II	Related Party Mgmt fee	(18,000)
18-3	Interest Expense	(3,186)
	<i>Total Adjustments on Schedule IV</i>	<u>(411,333)</u>

Summary of Interest Expense and Interest Income

Interest Income	13,393
Interest Expense	(3,186)
Cost Adjustment, the lesser of Interest Income or Interest Expense	(3,186)

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: 1/1/2013
ENDING: 12/31/2013

ATTACHED SCHEDULE VI

Depreciation Reconciliation

Schedule	Line	Description	Amount
VIII	17-7	Total buildings and improvements	117,760
VIII	20-3	Total equipment and transportation	24,132
		<i>Subtotal</i>	141,892
IV	17-6	Total cost center depreciation	141,892
		<i>Difference</i>	<u><u>-</u></u>

ATTACHED SCHEDULE VII

Income Statement Line 15

Schedule	Line	Description	Amount
XII.	15-1	Miscellaneous Catering and Rental	144,752
XII.	15-1	LINKS Revenue	47,399
XII.	15-1	Farm Income	30,000
XII.	15-1	Resident Processing fees	1,447
XII.	15-1	Other Miscellaneous Income	27
		<i>Total</i>	<u><u>223,625</u></u>