

		FOR BHF USE			

LL2

Supportive Living Facility

**2016
STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE & FAMILY SERVICES
COST REPORT FOR
SUPPORTIVE LIVING FACILITIES
(FISCAL YEAR 2016)**

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 St</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%"> <tr> <td><input type="checkbox"/> VOLUNTARY, NON-PROFIT</td> <td><input checked="" 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:</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 checked="" 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>1/1/16</u> to <u>12/31/16</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:20%;">Officer or Administrator of Provider</td> <td>(Signed) _____</td> <td>(Date) _____</td> </tr> <tr> <td></td> <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>Paid Preparer</td> <td>(Signed) <u>SEE ACCOUNTANTS' COMPILATION REPORT</u></td> <td>(Date) _____</td> </tr> <tr> <td></td> <td>(Print Name and Title) <u>Larry Templin Partner</u></td> <td></td> </tr> <tr> <td></td> <td>(Firm Name & Address) <u>Templin Healthcare Accounting Services, LLP P.O. Box 9, Dunlap, IL 61525</u></td> <td></td> </tr> <tr> <td></td> <td>(Telephone) (<u>630</u>) <u>361-2868</u> Fax # () _____</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 ACCOUNTANTS' COMPILATION REPORT</u>	(Date) _____		(Print Name and Title) <u>Larry Templin Partner</u>			(Firm Name & Address) <u>Templin Healthcare Accounting Services, LLP P.O. Box 9, Dunlap, IL 61525</u>			(Telephone) (<u>630</u>) <u>361-2868</u> Fax # () _____	
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Facility Name The Kensington

Report Period Beginning: 1/1/16 Ending: 12/31/16

III. STATISTICAL DATA

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

Date of change in certified units N/A

	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	18,666	1
2	23	Double Unit Apartment	23	8,418	2
3		Other		1,720	3
4	74	TOTALS	74	28,804	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	11,911	10,928		22,839	5
6	Double Unit	2,542	1,149		3,691	6
7	Other					7
8	TOTALS	14,453	12,077		26,530	8

C. Percent Occupancy. (Column 5, line 8 divided by total certified bed days on line 4, column 4.) 92.11%

D. Indicate the number of paid bed-hold days the SLF had during this year

897 Also, indicate the number of unpaid bed-hold days the SLF had during this year. 111 (Do not include bed-hold days in Section B.)

SEE ACCOUNTANTS' COMPILATION REPORT

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

YES NO

All Non-SLF Expenses have been adjusted out in Column 5

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

YES NO

See Attachment IV

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: 12/31/16 Fiscal Year: 12/31/16

* 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? N/A

If no, explain. N/A

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? N/A

If no, explain. N/A

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? N/A

If no, explain. N/A

Facility Name: The Kensington

Report Period Beginning:

1/1/16

Ending:

12/31/16

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

SEE ACCOUNTANTS' COMPILATION REPORT

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	259,136	250,222	10,076	519,434	(30,524)	488,910	1
2	Housekeeping, Laundry and Maintenance	119,294	35,128	123,434	277,856	(25)	277,831	2
3	Heat and Other Utilities			157,448	157,448		157,448	3
4	Other (specify):							4
5	TOTAL General Services	378,430	285,350	290,958	954,738	(30,549)	924,189	5
B. Health Care and Programs								
6	Health Care/ Personal Care	293,229	771	27,170	321,170		321,170	6
7	Activities and Social Services	22,913	2,525		25,438		25,438	7
8	Other (specify):							8
9	TOTAL Health Care and Programs	316,142	3,296	27,170	346,608		346,608	9
C. General Administration								
10	Administrative and Clerical	143,087	6,801	74,597	224,485	(23,100)	201,385	10
11	Marketing Materials, Promotions and Advertising			46,664	46,664	(46,176)	488	11
12	Employee Benefits and Payroll Taxes			145,391	145,391		145,391	12
13	Insurance-Property, Liability and Malpractice			10,874	10,874		10,874	13
14	Other (specify):Non-Allowable Expenses			26,030	26,030	(26,030)		14
15	TOTAL General Administration	143,087	6,801	303,556	453,444	(95,306)	358,138	15
16	TOTAL Operating Expense (Sum of lines 5, 9 and 15)	837,659	295,447	621,684	1,754,790	(125,855)	1,628,935	16
Capital Expenses								
D. Ownership								
17	Depreciation			69,946	69,946	102,400	172,346	17
18	Interest			9,797	9,797	(148)	9,649	18
19	Real Estate Taxes			88,878	88,878		88,878	19
20	Rent -- Facility and Grounds			431,390	431,390	(431,390)		20
21	Rent -- Equipment							21
22	Other (specify):							22
23	TOTAL Ownership			600,011	600,011	(329,138)	270,873	23
24	GRAND TOTAL (Sum of lines 16 and 23)	837,659	295,447	1,221,695	2,354,801	(454,993)	1,899,808	24

Facility Name: The Kensington

Report Period Beginning 1/1/16 Ending: 12/31/16

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	18.34	2
3	Certified Nurse Assistants	11	9.49	3
4	Activity Director & Assistants	1	10.62	4
5	Social Service Workers			5
6	Head Cook			6
7	Cook Helpers/Assistants	11	10.33	7
8	Dishwashers			8
9	Maintenance Workers	1	20.16	9
10	Housekeepers	3	9.19	10
11	Laundry	1	9.81	11
12	Managers	1	35.09	12
13	Other Administrative			13
14	Clerical	3	10.90	14
15	Marketing			15
16	Other Resident Service Coord	1	21.36	16
17	Total (lines 1 thru 16)	34.6	\$ 11.48	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: N/A If yes, what is the value of those services? \$ N/A

(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).

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name: The Kensington

Report Period Beginning:

1/1/16

Ending:

12/31/16

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	\$	32	\$ 60,127	\$ 60,127	\$ 1,327,810	1
2											2
3											3
4											4
5											5
Improvement Type											
6		Sidewalks, parking lot and fencing		1994	50,000		20			50,000	6
7		Storm Sewer		1995	24,886	912	25	912		21,401	7
8		Pavement		1995	22,000		15			22,000	8
9		Windows		1995	4,799		20			4,799	9
10		Lighting		1995	9,147		10			9,147	10
11		Exterior Building Repair		1995	5,381	197	25	197		4,537	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			1,487,867	54,598		87,488	32,890	706,289	16
17		TOTAL (lines 1 thru 16)			\$ 3,527,364	\$ 55,707		\$ 148,724	\$ 93,017	\$ 2,180,267	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	\$ 421,903	\$ 13,726	\$ 23,622	9,896	3-15	\$ 333,968	18
19	Vehicles	9,003				4	9,003	19
20	TOTAL (lines 18 and 19)	\$ 430,906	\$ 13,726	\$ 23,622	9,896		\$ 342,971	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	513	14,560	22
23					23
24	TOTALS (lines 21, 22 and 23)	\$ 205,683	\$ 513	\$ 14,560	24

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name: The Kensington

Report Period Beginning: 1/1/16

Ending: 12/31/16

IX. RENTAL COSTS

A. Building and Fixed Equipment

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

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 \$ 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		
	Name of Lender	Related**		Purpose of Loan	Date of Note	Amount of Note		Maturity Date	Interest Rate (4 Digits)	Reporting Period Int. Expense
		YES	NO			Original	Balance			
	A. Directly Facility Related									
	Long-Term									
1	RFMS, Inc.	X		Fund working capital	6/2/02	\$	\$ 1,385,601	/ /	Variable	\$ 9,797
2				Due on Demand	/ /			/ /		
3					/ /			/ /		
	Working Capital									
4					/ /			/ /		
5					/ /			/ /		
6					/ /			/ /		
7	TOTAL Facility Related					\$	\$ 1,385,601			\$ 9,797
	B. Non-Facility Related									
8					/ /		Less Inteest Income Offset	/ /		(148)
9					/ /			/ /		
10	TOTALS (lines 7, 8 and 9)					\$	\$ 1,385,601			\$ 9,649

* 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.

SEE ACCOUNTANTS' COMPILATION REPORT

Facility Name: **The Kensington**Report Period Beginning: **1/1/16**

Ending:

12/31/16**XI. BALANCE SHEET - Unrestricted Operating Fund.**As of 12/31/16

(last day of reporting year)

		1	2	
		Operating	After Consolidation*	
	A. Current Assets			
1	Cash on Hand and in Banks	\$ 1,191,195	\$ 1,191,195	1
2	Cash-Patient Deposits			2
3	Accounts & Short-Term Notes Receivable-Patients (less allowance <u>1,499</u>)	1,146,789	1,146,789	3
4	Supply Inventory (priced at)			4
5	Short-Term Investments			5
6	Prepaid Insurance			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)	\$ 2,337,984	\$ 2,337,984	10
	B. Long-Term Assets			
11	Long-Term Notes Receivable			11
12	Long-Term Investments			12
13	Land		50,000	13
14	Buildings, at Historical Cost		1,889,000	14
15	Leasehold Improvements, at Historical Cost	1,231,043	1,638,364	15
16	Equipment, at Historical Cost	366,679	430,906	16
17	Accumulated Depreciation (book methods)	(719,807)	(2,523,238)	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):Farm Property	191,123	191,123	22
23	Other(specify):			23
24	TOTAL Long-Term Assets (sum of lines 11 thru 23)	\$ 1,069,038	\$ 1,676,155	24
25	TOTAL ASSETS (sum of lines 10 and 24)	\$ 3,407,022	\$ 4,014,139	25

		1	2	
		Operating	After Consolidation*	
	C. Current Liabilities			
26	Accounts Payable	\$ 49,266	\$ 49,266	26
27	Officer's Accounts Payable			27
28	Accounts Payable-Patient Deposits			28
29	Short-Term Notes Payable			29
30	Accrued Salaries Payable	22,151	22,151	30
31	Accrued Taxes Payable	81,806	81,806	31
32	Accrued Interest Payable			32
33	Deferred Compensation			33
34	Federal and State Income Taxes			34
	Other Current Liabilities(specify):			
35	Intercompany Payable	543,337	543,337	35
36	Event Deposits	5,968	5,968	36
37	TOTAL Current Liabilities (sum of lines 26 thru 36)	\$ 702,528	\$ 702,528	37
	D. Long-Term Liabilities			
38	Long-Term Notes Payable	1,385,601	1,385,601	38
39	Mortgage Payable			39
40	Bonds Payable			40
41	Deferred Compensation			41
	Other Long-Term Liabilities(specify):			
42	Security Deposits	40,500	40,500	42
43				43
44	TOTAL Long-Term Liabilities (sum of lines 38 thru 43)	\$ 1,426,101	\$ 1,426,101	44
45	TOTAL LIABILITIES (sum of lines 37 and 44)	\$ 2,128,629	\$ 2,128,629	45
46	TOTAL EQUITY	\$ 1,278,393	\$ 1,885,510	46
47	TOTAL LIABILITIES AND EQUITY (sum of lines 45 and 46)	\$ 3,407,022	\$ 4,014,139	47

SEE ACCOUNTANTS' COMPILATION REPORT

*(See instructions.)

Facility Name: The Kensington

Report Period Beginning: 1/1/16

Ending:

12/31/16

SEE ACCOUNTANTS' COMPILATION REPORT

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

		1	
I. Revenue		Amount	
A. SLF Resident Care			
1	Gross SLF Resident Revenue	\$ 2,662,707	1
2	Discounts and Allowances		2
3	SUBTOTAL Resident Care (line 1 minus line 2)	\$ 2,662,707	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	4,707	9
10	Laundry	25	10
11	SUBTOTAL OTHER OPERATING REVENUE (sum of lines 4 thru 10)	\$ 7,732	11
C. Non-Operating Revenue			
12	Contributions	1,884	12
13	Interest and Other Investment Income	148	13
14	SUBTOTAL Non-Operating Revenue (sum of lines 12 and 13)	\$ 2,032	14
D. Other Revenue (specify):			
15	See Attached Schedule VII	166,271	15
16			16
17	SUBTOTAL Other Revenue (sum of lines 15 and 16)	\$ 166,271	17
18	TOTAL REVENUE (sum of lines 3, 11, 14 and 17)	\$ 2,838,742	18

		2	
II. Expenses		Amount	
A. Operating Expenses			
19	General Services	954,738	19
20	Health Care/ Personal Care	346,608	20
21	General Administration	453,444	21
B. Capital Expense			
22	Ownership	600,011	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)	\$ 2,354,801	28
29	Income Before Income Taxes (line 18 minus line 28)	\$ 483,941	29
30	Income Taxes	\$	30
31	NET INCOME OR LOSS FOR THE YEAR (line 29 minus line 30)	\$ 483,941	31
III. Net Resident Care Revenue detailed by Payer Source			
32	Medicaid - Net Inpatient Revenue	\$ 1,872,886	32
33	Private Pay - Net Inpatient Revenue	789,821	33
34	Medicare - Net Inpatient Revenue		34
35	Other-(specify)		35
36	Other-(specify)		36
37	TOTAL (This total must agree to Line 3)	\$ 2,662,707	37

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

BEGINNING: 1/1/2016
ENDING: 12/31/2016

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, 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
19 Morgan County Homes, LLC	Galesburg, Illinois	Real estate
20 Galesburg CILA, LLC	Galesburg, Illinois	Real estate
21 Galesburg CILA #2, LLC	Galesburg, Illinois	Real estate

ATTACHED SCHEDULE II

VII. Related Organizations

C. Costs Derived 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	431,390	See attached schedule V
RFMS	Administrative Services	23,100	Undetermined*

* These fees have been eliminated in column 5.

STATE OF ILLINOIS

Att Schedule III

Facility Name: Kensington of Galesburg, Inc.

Report Period Beginning:

01/01/16

Ending:

12/31/16

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	-	5		-	1,190	
16b	Exterior Painting		1999		20,181	740	25	807	67	13,991	
16c	Awning		2000		4,718	-	10		-	4,718	
16d	Roofing		2000		5,638		10		-	5,638	
16e	Parapet		2000		282,813		20	14,141	14,141	228,608	
16f	Parapet		2001		3,191		20	160	160	2,501	
16g	Carpet		2001		844	-	5		-	844	
16h	Lounge remodel		2002		71,319		10		-	71,319	
16i	Hot water line replacement		2004		4,202	154	25	168	14	2,059	
16j	Carpet		2005		10,808	-	5		-	10,808	
16k	Quarry Tile		2005		19,824	909	20	991	82	11,398	
16l	4X4 Tables		2005		2,701	165	15	180	15	2,011	
16m	Heat pumps		2005		41,918		10		-	41,918	
16n	Flower pot accessories		2005		366	-	10		-	366	
16o	4X4 Tables		2005		2,701	165	15	180	15	1,996	
16p	Flooring, lighting, and wall coverings		2006		85,021	3,897	20	4,251	354	46,761	
16q	Remodel		2006		39,485	1,810	15	2,632	822	28,296	
16r	Carpet		2007		2,896	-	5		-	2,896	
16s	Tuck Pointing		2007		7,225	662	10	723	61	6,865	
16t	Painting		2007		3,750	344	5		(344)	3,750	
16u	Ballroom Repair		2007		11,895	1,090	10	1,190	100	7,864	
16v	Duro-Last Single Ply Roof Membrane		2007		4,040	370	10	404	34	3,804	
16w	Wallpaper		2007		4,298	-	5		-	4,298	
16x	Heat pump system		2008		25,270	2,316	10	2,527	211	21,901	
16y	Roof repair		2009		3,250	298	10	325	27	2,519	
16z	Carpet		2009		5,542	-	5		-	5,542	
16aa	Façade Improvements		2011		166,674	7,639	10	16,667	9,028	91,669	
16ab	Roof Replacement		2011		4,974	456	10	497	41	2,651	
16ac	Heat Pump		2012		2,520	231	10	252	21	1,134	16
17	TOTAL (to next page)				\$ 839,254	\$ 21,246		\$ 46,095	\$ 24,849	\$ 629,315	17

STATE OF ILLINOIS

Att Schedule III Cont.

Facility Name: Kensington of Galesburg, Inc.

Report Period Beginning:

01/01/16

Ending:

12/31/16

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										
	Total from previous page										
					839,254	21,246		46,095	24,849	629,315	
16ad			2012		5,880	359	10	588	229	2,793	
16ae			2012		2,520	231	10	252	21	1,197	
16af			2012		2,520	231	10	252	21	1,197	
16ag			2012		13,392	818	10	1,339	521	6,249	
16ah			2013		3,215	295	10	322	27	1,099	
16ai			2013		3,545	325	10	355	30	1,183	
16aj			2014		4,778	219	20	239	20	657	
16ak			2014		6,899	632	10	690	58	1,610	
16al			2014		383,246	14,055	25	15,330	1,275	31,937	
16am			2014		8,994	824	10	899	75	1,873	
16an			2014		3,427	314	10	343	29	715	
16ao			2015		7,882	482	15	525	43	919	
16ap			2015		15,154	1,389	10	1,515	126	2,399	
16aq			2015		57,209	4,370	12	4,767	397	7,548	
16ar			2015		10,567	969	10	1,057	88	1,497	
16as			2015		8,085	1,482	5	1,617	135	2,291	
16at			2015		13,832	1,268	10	1,383	115	1,844	
16au			2015		2,731	501	5	546	45	592	
16av			2016		3,129	287	10	313	26	313	
16aw			2016		31,117	1,649	10	3,112	1,463	3,112	
16ax			2016		5,937	198	10	594	396	594	
16ay			2016		3,242	54	5	648	594	648	
16az			2016		17,659	1,324	10	1,766	442	1,766	
16ba			2016		25,472	531	12	2,123	1,592	2,123	
16bb			2016		8,181	545	10	818	273	818	
16bc											
16bd											
16be											16
17	TOTAL (to schedule VIII B. line 16)										
					\$ 1,487,867	\$ 54,598		\$ 87,488	\$ 32,890	\$ 706,289	17

FACILITY NAME: The Kensington
 ID#: 37-1337014

BEGINNING: 1/1/2016
 ENDING: 12/31/2016

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	(12,236)
1-2	Supplies - Catering and Banquet	(5,163)
1-2	Non-Resident Meals	(4,707)
1-3	Sales Tax	(8,418)
2-3	Laundry Income Offset	(25)
17-3	Depr Sch VIII B.17. col 8	18,589
17-3	Farm Depreciation	(513)
11-3	Marketing & promotions materials	(46,176)
14-3	Bad debt expense	(26,030)
See Att Sch V	Related Party lessor net	(347,066)
See Att Sch II	Related Party Mgmt fee	(23,100)
18-3	Interest Income Offset	(148)
<i>Total Adjustments on Schedule IV</i>		<u>(454,993)</u>

Summary of Interest Expense and Interest Income

Interest Income	148
Interest Expense	9,797
Cost Adjustment, the lesser of Interest Income or Interest Expense	(148)

ATTACHED SCHEDULE V

	Related Party Cost Adjustment Facility Rent LB Properties, Inc.	Schedule Ref
Cost to Related Party Lessor:		
Depreciation	<u>84,324</u>	IV-17
Total lessor cost	84,324	
Cost Per General Ledger - Facility Rent	(431,390)	IV-20
Cost Adjustment Required	<u><u>(347,066)</u></u>	

FACILITY NAME: The Kensington
ID#: 37-1337014

BEGINNING: 1/1/2016
ENDING: 12/31/2016

ATTACHED SCHEDULE VI

Depreciation Reconciliation

<u>Schedule</u>	<u>Line</u>	<u>Description</u>	<u>Amount</u>
VIII	17-7	Total buildings and improvements	148,724
VIII	20-3	Total equipment and transportation	23,622
		<i>Subtotal</i>	172,346
IV	17-6	Total cost center depreciation	172,346
		<i>Difference</i>	<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	130,006
XII.	15-1	LINKS Revenue	34,965
XII.	15-1	Resident Processing fees	1,300
		<i>Total</i>	<u>166,271</u>