ORIGINAL

 12-005

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

RECEIVED
JAN 19 2012
HEALTH FACILITIES & SERVICES REVIEW BOARD

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Hickory Point Christian Village				
Street Address:	565 West Marion Avenue				
City and Zip Code:	Forsyth 62535				
County:	Macon	Health Service Area	004	Health Planning Area:	Macon

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Fair Havens Christian Homes, Inc.
Address:	1790 S. Fairview Avenue, Decatur, Illinois 62521
Name of Registered Agent:	M. Quinn Murphy
Name of Chief Executive Officer:	Timothy F. Phillipe
CEO Address:	200 N. Postville Drive, Lincoln, IL 62656
Telephone Number:	(217) 732-9651

Type of Ownership of Applicant/Co-Applicant

- [X] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

- Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact
[Person to receive all correspondence or inquiries during the review period]

Name:	Joe Ourth
Title:	Attorney
Company Name:	Arnstein & Lehr LLP
Address:	120 S. Riverside Plaza, #1200, Chicago, IL 60606
Telephone Number:	(312) 876-7815
E-mail Address:	jourth@arnstein.com
Fax Number:	(312) 876-0288

Additional Contact
[Person who is also authorized to discuss the application for permit]

Name:	Laurie Brown
Title:	Senior Administrator
Company Name:	Fair Havens Christian Village
Address:	565 West Marion Avenue, Forsyth, IL 62535
Telephone Number:	(217) 872-1122
E-mail Address:	lbrown.fhch@christianhomes.org
Fax Number:	(217) 875-0600

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	Hickory Point Christian Village				
Street Address:	565 West Marion Avenue				
City and Zip Code:	Forsyth 62535				
County:	Macon	Health Service Area	004	Health Planning Area:	Macon

Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	Midwest Christian Villages, Inc.
Address:	200 N. Postville Drive, Lincoln, IL 62656
Name of Registered Agent:	M. Quinn Murphy
Name of Chief Executive Officer:	Timothy F. Phillipe
CEO Address:	200 N. Postville Drive, Lincoln, IL 62656
Telephone Number:	(217) 732-9651

Type of Ownership of Applicant/Co-Applicant

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Name:	Laurie Brown
Title:	Senior Administrator
Company Name:	Fair Havens Christian Village
Address:	565 West Marion Avenue, Forsyth, IL 62535
Telephone Number:	(217) 872-1122
E-mail Address:	lbrown.fhch@christianhomes.org
Fax Number:	(217) 875-0600

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**

Name:	Laurie Brown
Title:	Senior Administrator
Company Name:	Fair Havens Christian Village
Address:	565 West Marion Avenue, Forsyth, IL 62535
Telephone Number:	(217) 872-1122
E-mail Address:	lbrown.fhch@christianhomes.org
Fax Number:	(217) 875-0600

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	Fair Havens Christian Homes, Inc. d/b/a Hickory Point Christian Village
Address of Site Owner:	565 West Marion Avenue, Forsyth, IL 62535
Street Address or Legal Description of Site:	

Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.

APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	Fair Havens Christian Homes, Inc. d/b/a Hickory Point Christian Village
Address:	565 West Marion Avenue, Forsyth, IL 62535

- [X] Non-profit Corporation
- [ ] For-profit Corporation
- [ ] Limited Liability Company
- [ ] Partnership
- [ ] Governmental
- [ ] Sole Proprietorship
- [ ] Other

- Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.
- Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.
- **Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.**

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format**. In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (http://www.hfsrb.illinois.gov).

APPEND DOCUMENTATION AS ATTACHMENT-5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT

1. Project Classification

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:	Part 1120 Applicability or Classification: [Check one only.]
☒ Substantive	☐ Part 1120 Not Applicable
☐ Non-substantive	☐ Category A Project
	☒ Category B Project
	☐ DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms, NOT WHY** it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Hickory Point Christian Village proposes to add 17 skilled nursing beds to its existing 47 bed facility in Forsyth. The Applicants (collectively, the "Applicants") are Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village and Midwest Christian Villages, Inc., d/b/a Christian Homes. Hickory Point Christian Village operates the facility as licensee.

Christian Homes is a faith-based not-for-profit organization with a mission to provide a broad range of quality and compassionate care and support services to seniors. Christian Homes began in 1962 by area churches in down-state Riverton, Illinois and today serves over 2,500 residents in 16 existing Christian Homes' communities. With 51% of its residents receiving Medicaid, Christian Homes is the largest faith-based provider of skilled care to the Illinois medically indigent.

The Review Board approved construction of Hickory Point in 2009. The skilled facility was added to serve the existing retirement community at Hickory Point consisting of independent and assisted living services. Hickory Point Christian Village opened in the second half of 2011 and was constructed anticipating that additional need would arise. The existing facility was built upon the "Small House" concept of resident-focused care and contains 4 Small House units of approximately 10-15 residents each. The Project will constitute the 5th and final Small House unit and will complement the existing facility. Hickory Point has experienced rapid, early fill up from individuals in the service area seeking skilled nursing care.

Hickory Point's sister facility, Fair Havens Christian Home, located in Decatur, has historically operated at high occupancy and continues to do so at 97.7% utilization. Those residents seeking admission to Fair Havens who were unable to be admitted due to high occupancy may now seek admission to Hickory Point. Finally, the closure by Decatur Memorial Hospital in late 2011 of its 61-bed skilled facility will more than will offset the 17-bed addition and likely keep utilization at Hickory Point and at other area facilities high.

The Project proposes a 7,502 gross square footage addition. The Project will be funded from existing cash resources and no debt will be incurred.

The Project is categorized as "substantive" because it proposes the addition of more than 10% of existing beds. The Macon County Planning Area currently has a calculated bed need of 100 additional beds.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Preplanning Costs	$25,000	N/A	$25,000
Site Survey and Soil Investigation	$27,000	N/A	$27,000
Site Preparation	$125,000	N/A	$125,000
Off Site Work	$35,000	N/A	$35,000
New Construction Contracts	$1,266,890	N/A	$1,266,890
Modernization Contracts	N/A	N/A	N/A
Contingencies	$126,682	N/A	$126,682
Architectural/Engineering Fees	$102,000	N/A	$102,000
Consulting and Other Fees	$139,000	N/A	$139,000
Movable or Other Equipment (not in construction contracts)	$320,000	N/A	$320,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	N/A	N/A	N/A
Other Costs To Be Capitalized	$80,000	N/A	$80,000
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	$2,246,572	N/A	$2,246,572
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**TOTAL**
Cash and Securities	$2,246,572	N/A	$2,246,572
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	$2,246,572	N/A	$2,246,572

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Related Project Costs
Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project ☐ Yes ☒ No
Purchase Price: $____________
Fair Market Value: $____________

The project involves the establishment of a new facility or a new category of service
☐ Yes ☒ No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is $ ____________.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

☐ None or not applicable ☒ Preliminary

☐ Schematics ☐ Final Working

Anticipated project completion date (refer to Part 1130.140): April 1, 2014

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

☐ Purchase orders, leases or contracts pertaining to the project have been executed.
☐ Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
☒ Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:
☐ Cancer Registry
☐ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage, either **DGSF** or **BGSF**, must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

		Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available. Include observation days in the patient day totals for each bed service.** Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME: Hickory Point Christian Village			**CITY:** Forsyth		
REPORTING PERIOD DATES:		**From:** 7/15/2011		**to:** 12/31/2011	
Category of Service	**Authorized Beds**	**Admissions**	**Patient Days**	**Bed Changes**	**Proposed Beds**
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care	47	54	1,184	+17	64
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	47	54	1,184	+17	64

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Fair Havens Christian Homes, Inc. **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

[signature]	[signature]
SIGNATURE	SIGNATURE
Timothy F. Phillipe	Susan McGhee
PRINTED NAME	PRINTED NAME
President/CEO	Chief Financial Officer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 10th day of January , 2012	Notarization: Subscribed and sworn to before me this 10 day of January, 2012
Marcella Tesh Signature of Notary	Marcella Tesh Signature of Notary
Seal: OFFICIAL SEAL MARCELLA TESH NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 9-25-2014	Seal: OFFICIAL SEAL MARCELLA TESH NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 9-25-2014

*Insert EXACT legal name of the applicant

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Midwest Christian Villages, Inc. * **in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.**

[signature]	Susan M'Ghee
SIGNATURE	SIGNATURE
Timothy F. Phillipe	Susan McGhee
PRINTED NAME	PRINTED NAME
President/CEO	Chief Financial Officer
PRINTED TITLE	PRINTED TITLE
Notarization: Subscribed and sworn to before me this 10 day of January, 2012	Notarization: Subscribed and sworn to before me this 10 day of January 2012
Marcella Tesh	Marcella Tesh
Signature of Notary	Signature of Notary
Seal: OFFICIAL SEAL MARCELLA TESH NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 9-25-2014	Seal: OFFICIAL SEAL MARCELLA TESH NOTARY PUBLIC, STATE OF ILLINOIS MY COMMISSION EXPIRES 9-25-2014

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate**.

For projects involving modemization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

A) Proposing a project of greater or lesser scope and cost;

B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;

C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and

D) Provide the reasons why the chosen alternative was selected.

2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following::

   a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

   b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;

   c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE: Not Applicable

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF tot be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
   a. Requirements of governmental or certification agencies; or
   b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
   a. Historical utilization for the area for the latest five-year period for which data are available; and
   b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: Not Applicable

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

I. Criterion 1110.1730 - General Long Term Care

1. Applicants proposing to establish, expand and/or modernize General Long Term Care must submit the following information:

Indicate bed capacity changes by Service: 0 Indicate # of beds changed by action(s): 17

Category of Service	# Existing Beds	# Proposed Beds
☒ General Long Term Care	47	64

2. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize	Continuum of Care- Establish or Expand	Defined Population Establish or Expand
1110.1730(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X				
1110.1730(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X			
1110.1730(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X				
1110.1730(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X			
1110.1730(b)(5) - Planning Area Need - Service Accessibility	X				
1110.1730(c)(1) - Description of Continuum of Care				X	
1110.1730(c)(2) - Components				X	
1110.1730(c)(3) - Documentation				X	
1110.1730(d)(1) - Description of Defined Population to be Served					X
1110.1730(d)(2) - Documentation of Need					X
1110.1730(d)(3) - Documentation Related to Cited Problems			X		
1110.1730(e)(1) - Unnecessary Duplication of Services	X				
1110.1730(e)(2) - Maldistribution	X				
1110.1730(e)(3) - Impact of Project on Other Area Providers	X				
1110.1730(f)(1) - Deteriorated Facilities			X		
1110.1730(f)(2) & (3) - Documentation			X		

APPLICABLE REVIEW CRITERIA		Establish	Expand	Modernize	Continuum of Care-Establish or Expand	Defined Population Establish or Expand
1110.1730(f)(4) -	Utilization			X		
1110.1730(g) -	Staffing Availability	X	X		X	X
1110,1730(h) -	Facility Size	X	X	X	X	X
1110.1730(i) -	Community Related Functions	X		X	X	X
1110.1730(j) -	Zoning	X		X	X	X
1110.1730(k) -	Assurances	X	X	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-28, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections DO NOT need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- **Section 1120.120 Availability of Funds – Review Criteria**
- **Section 1120.130 Financial Viability – Review Criteria**
- **Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)**

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

$2,246,572	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
______	b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
______	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
______	d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including: 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
______	e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
______	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
______	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
$2,246,572	**TOTAL FUNDS AVAILABLE**

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. **All of the projects capital expenditures are completely funded through internal sources**
2. **The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent**
3. **The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.**

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or

2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:

A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or

B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

1) That the selected form of debt financing for the project will be at the lowest net cost available;

2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;

3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. **Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
	A	B	C	D	E	F	G	H	
Department (list below)	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. $ (A x C)	Mod. $ (B x E)	Total Cost (G + H)
Contingency									
TOTALS									

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT-42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care Information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.

2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.

3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS

File Number 5042-562-2

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

FAIR HAVENS CHRISTIAN HOMES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 09, 1974, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* DECEMBER *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135602234

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

File Number 6551-501-6

STATE OF ILLINOIS

OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

MIDWEST CHRISTIAN VILLAGES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON MAY 02, 2007, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

In Testimony Whereof, *I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this* 22ND *day of* DECEMBER *A.D.* 2011 .

SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135602286

Authenticate at: http://www.cyberdriveillinois.com

Jesse White

SECRETARY OF STATE

MACON COUNTY

2010

2010 REAL ESTATE TAX BILL
EDWARD D. YODER, TAX COLLECTOR
MACON COUNTY OFFICE BUILDING
141 S MAIN ST ROOM 302
DECATUR, IL 62523
PHONE (217) 424-1426

MAY 13 2011

PLEASE READ THE INSTRUCTIONS ON THE BACK OF THIS BILL REGARDING YOUR TAXES.
The County Collector only collects your taxes and is not responsible for the amount of your assessment or the amount of your tax bill. We will be happy to assist you or direct you to the proper authority regarding questions about your tax bill.

ASSESSED TO: FAIR HAVEN CHRISTIAN HOME
BILL NUMBER: 15024

FAIR HAVEN CHRISTIAN HOME
% WEISS MICHAEL
1790 S FAIRVIEW
DECATUR, IL 62521

PROPERTY DESCRIPTION
565 W MARION AVE
HICKORY POINT CHRISTIAN
VILLAGE
LOT 1
96-58-20

PERMANENT INDEX NUMBER: 07-07-15-451-006
ACRES: 16.960
TAXABLE VALUE: 966,502
CLASS CODE: 0060
TAX CODE: 07315

LOCATION OF PROPERTY

Sect/Lot	Twp	Range	Acres
15	17	2E	16.960

TOWNSHIP: HICKORY POINT

RECEIPT PORTION - KEEP FOR YOUR RECORDS

PAY TO: MACON COUNTY COLLECTOR

FORMULA FOR TAX CALCULATION - 2010

Land Lot		~~41,476~~
Farm Land	+	0
Buildings	+	925,026
Farm Bldg	+	0
B. Of R. Equalized	=	966,502
State Eq. Factors *	x	1.00000
State Eq. Value	=	966,502
IMPROVEMENT	-	0
OWNER OCC EX	-	0
SENIOR EX	-	0
VETERAN EX	-	0
SEN FREEZE	-	0
Taxable Value	=	966,502
Tax Rate	x	6.9848
Real Estate Tax	=	$67,508.24
Drainage Tax	=	$0.00

* Not to be used for farm land and farm buildings
Township Multiplier: 1.00000

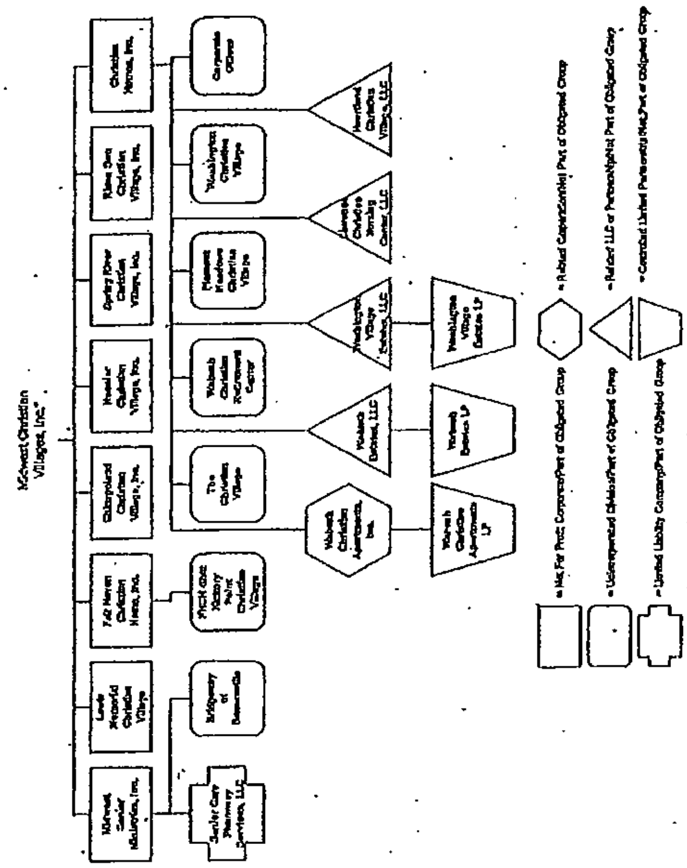
Taxing Body	Prior Rate	Prior Amount	Current Rate	Current Amount
COUNTY TAX	0.72791	7,035.26	0.74139	7,165.55
- IMRF	0.22497	2,174.34	0.21819	2,108.81
CO HEALTH & MENTAL	0.24488	2,366.78	0.24449	2,363.01
CONSERVATN DIST	0.08971	867.05	0.09472	915.48
- IMRF	0.01048	101.29	0.00678	65.52
HICKORY PT TWP	0.29992	2,898.73	0.31677	3,061.59
- IMRF	0.00703	67.95	0.00644	62.24
MAROA-FORS SCH#2	3.83726	37,087.19	3.86235	37,329.69
- IMRF	0.14106	1,363.35	0.15485	1,496.63
HICKORY PT FIRE	0.26027	2,515.51	0.27208	2,629.66
FORSYTH VILLAGE	0.32345	3,126.16	0.32342	3,125.87
- IMRF	0.02509	242.49	0.02607	251.96
DECATUR SANITARY	0.20087	1,941.41	0.22815	2,205.07
- IMRF	0.05923	572.46	0.03282	317.21
RICHLAND CC 537	0.38944	3,763.94	0.42728	4,129.67
- MEDICARE	0.00523	50.55	0.00518	50.06
MAHOMET AQUIFER W A	0.00000	0.00	0.00000	0.00
COOPERATIVE	0.02317	223.94	0.02382	230.22
Totals	6.86997	66,398.40	6.98480	67,508.24

2220-00

Entered By KM

INTEREST 1 1/2% PER MONTH	TOTAL TAX DUE $67,508.24
1977 EQUALIZED VALUE 100	FAIR MARKET VALUE 2,899,506

FIRST INSTALLMENT DUE DATE: 06/06/2011 AMOUNT $33,754.12
SECOND INSTALLMENT DUE DATE 09/01/2011 AMOUNT $33,754.12


Midwest Christian Villages, Inc.*
= Not For Profit Corporation/Part of Obligated Group
= Unincorporated Division/Part of Obligated Group
= Limited Liability Company/Part of Obligated Group

File Number 5042-562-2

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

FAIR HAVENS CHRISTIAN HOMES, INC., A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON APRIL 09, 1974, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.

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SEAL OF THE STATE OF ILLINOIS AUG. 26TH 1818

Authentication #: 1135602234

Authenticate at: http://www.cyberdriveillinois.com

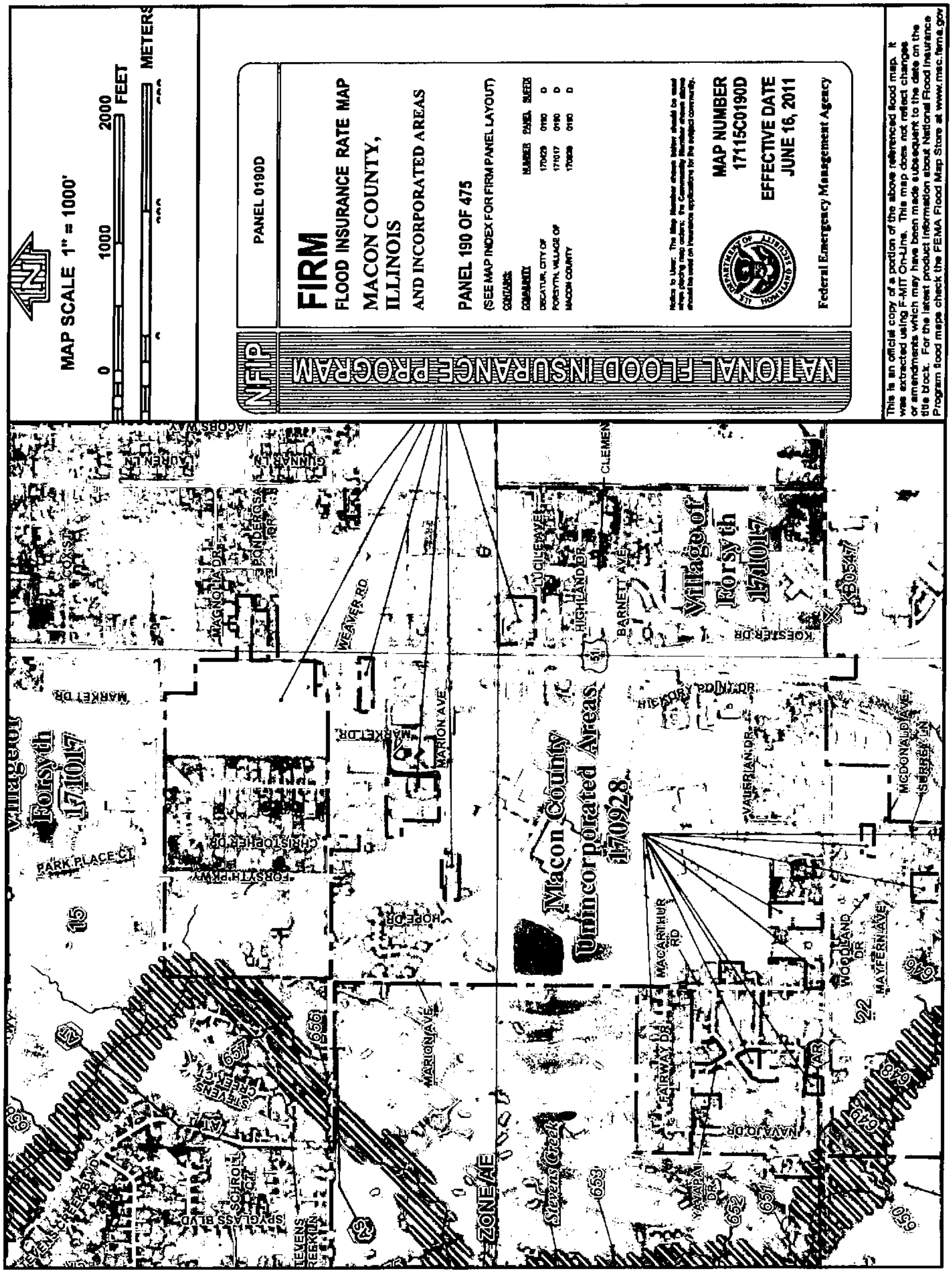
Jesse White

SECRETARY OF STATE

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
FLOOD PLAIN REQUIREMENTS

Attached is a FEMA map of the proposed Project location showing all identified flood plain areas.

The Project is not located in a special flood hazard area and the Project complies with the requirements of Illinois Executive Order #2005-5.



ATTACHMENT-5

Illinois Historic Preservation Agency

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Macon County
Forsyth
New Addition, Hickory Point Christian Village
565 Marion Ave.
IHPA Log #007120711

December 19, 2011

Tracey Salinski
Arnstein & Lehr LLP
120 S. Riverside Plaza, Suite 1200
Chicago, IL 60606

Dear Ms. Salinski:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker

Anne E. Haaker
Deputy State Historic
Preservation Officer

A teletypewriter for the speech/hearing impaired is available at 217-524-7128. It is not a voice or fax line.

Hickory Point #2- 17 Bed
Schedule N (partial) - Project Costs

1/15/2012

Pre-Planning Costs	**25,000**
Architectural	
Site Survey & Soil Investigations	**27,000**
Survey	
Geotechnical	
Site Preparation	**125,000**
Grading and Fencing	
Added Fill	
Compaction	
Landscaping	
Signage	
Utility Relocations	
Off-Site Work	**35,000**
Street Connection	
New Construction Contracts	**1,266,890**
Building Construction	
Contingencies	**126,682**
Based on Total New Construction Costs	
Architectural/Engineering Fees	**102,000**
Architecture & Engineering	
Consulting & Other Fees	**139,000**
Interior Design	
Civil Engineer	
Landscape Design	
Village Review Fees	
IDPH Review Fees	
Building Permit	
Sewer/Water Access Fees	
Legal Fees	
Accounting Fees	
In-House Capitalized Labor	
Moveable & Other Equipment (not in construction contract)	**320,000**
Furniture & Furnishings	
Patients Lifts	
Therapy Equipment	
Dietary Equipment	
Therapy Tub	
Medical Equipment	
Other Costs to be Capitalized (not in Construction Contract)	**80,000**
Resident Wandering System	
IT Systems	
Satellite System	
Marketing	
Telephone	
Security & Access Control	

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION

Explanation as to why equipment costs exceed the State Standard

The Applicants acknowledge that the costs of Movable or Other Equipment (not in construction contracts) exceed the State standard of $6,491 per LTC bed, adjusted for inflation, as set forth in Section 1125.Appendix B of the Review Board rules. This is the only item that exceeds the State standard.

While equipment costs exceed the State standard, certain higher costs are inherent in the "Small House" model. A significant design element of the Small House model is more common areas for resident services. The small household units have their own dining rooms and living rooms, as well as their own warming and rehab kitchens. The rehab kitchen provides residents the ability to hone their dining services and assist them in reaching their highest practicable level upon their return home.

The Applicant has also purchased high quality furniture throughout the Project which requires fewer replacements over time than other lower-cost options. Further, each guest room will have a "project" area, containing a table and two chairs, that provides each resident the space to dine in their room, work on projects or to sit and talk with other residents. This area is not required by IDPH but an additional "feature" for guests. Each guest room will also contain a quality recliner as the "required chair" pursuant IDPH standards. This recliner will last longer than less costly alternatives and provide each resident with comfort and physical support.

Hickory Point Christian Village 17- Bed Addition
Certificated of Need Application
Cost Space Requirements

			Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:				
	Dept/Area	Cost	Existing	Proposed	New Const.	Cost/SF	Modernized	As Is	Vacated Space
1	REVIEWABLE								
2	Nursing	$1,194,248	31;262	38,334	7,072	$168.87	0	31,262	0
3	Dietary	$44,948	347	613	266	$168.87	0	347	0
4	Therapy	$27,694	211	375	164	$168.87	0	211	0
5									
6									
7	Sub-Total	$1,266,890	31,820	39,322	7,502	$168.87	0	31,820	0
8									
9									
10	Contingency	$126,682				$16.89			
11									
12	Total	$1,393,572	31,820	39,322	7,502	$185.76	0	31,820	0
13									
14									
15									
16									

BACKGROUND OF APPLICANT
CRITERION 1110.230(a)(3)(A)

#1: A listing of all health care facilities owned or operated by the applicant, including licensing, certification and accreditation identification numbers, if applicable.

A listing of all health care facilities owned and operated by Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village, and Midwest Christian Villages, Inc. is attached. Also attached are copies of all current licenses, permits, certifications and registrations for each health care facility owned and operated by the Applicant and co-Applicant.

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
LISTING OF HEALTHCARE FACILITIES

Bridgeway Christian Village
111 East Washington
Bensenville, Illinois 60106

Chicagoland Christian Village
6685 East 117th Avenue
Crown Point, Indiana 46307

Christian Nursing Home
1507 7th Street
Lincoln, Illinois 62656

Fair Havens Christian Home
1790 South Fairview Avenue
Decatur, Illinois 62521

Heartland Christian Village
101 Trowbridge Road
Neoga, Illinois 62447

Hickory Point Christian Village
565 West Marion Avenue
Forsyth, Illinois 62535

Hoosier Christian Village
621 South Sugar Street
Brownstown, Indiana 47220-0172

Lewis Memorial Christian Village
400 West Washington Street
Springfield, Illinois 62711

Pleasant Meadows Christian Village
400 West Washington Avenue
Chrisman, Illinois 61924

Risen Son Christian Village
3000 Risen Son Boulevard
Council Bluffs, Iowa 51503

Shawnee Christian Nursing Center
1901 North 13th Street
Herrin, Illinois 62948

Spring River Christian Village
201 South Northpark Lane
Joplin, Missouri 64801-8499

Wabash Christian Retirement Center
216 College Boulevard
Carmi, Illinois 62821

Washington Christian Village
1201 Newcastle Road
Washington, Illinois 61571

State of Illinois 1976330
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
03/09/2012	BGBE	0048819

LONG TERM CARE LICENSE
SKILLED 222

UNRESTRICTED 222 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

MIDWEST SENIOR MINISTRIES, INC.

BRIDGEWAY CHR VLG REHAB & SNF
111 EAST WASHINGTON STREET
BENSENVILLE IL 60106
EFFECTIVE DATE: 03/10/10

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 1976330
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
03/09/2012	BGBE	0048819

LONG TERM CARE LICENSE
SKILLED 222

UNRESTRICTED 222 TOTAL BEDS

03/29/10

BRIDGEWAY CHR VLG REHAB & SNF
111 EAST WASHINGTON STREET
BENSENVILLE IL 60106

FEE RECEIPT NO.

Indiana State Department of Health

Comprehensive & Residential Care License

This is to certify that:

CHICAGOLAND CHRISTIAN VILLAGE d/b/a

CHICAGOLAND CHRISTIAN VILLAGE

6685 E 117TH AVE

CROWN POINT, IN

a 146 bed Comprehensive Care, 57 bed Residential Care Facility, has fulfilled the requirements for licensure and is subject to provisions of IC 16-28 and the rules of the Indiana State Department of Health issued thereunder.

This license shall not be assignable or transferable, and shall be subject to revocation, replacement, or reduction at any time by the Indiana State Department of Health for failure to comply with the laws of the State of Indiana or the rules of the Indiana State Department of Health issued thereunder.

License number 11-001198-1 is effective September 1, 2011 and expires August 31, 2012.

Kim Rhoades

KIM RHOADES
DIRECTOR, LONG TERM CARE DIVISION
PH 317/233-7289 FAX: 317/233-7322

SDH 25-028
State Form 44876 (R3/5-05)
HEA FACI/CERT

State of Illinois 1982709
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
05/06/2012	BGBE	0004630

LONG TERM CARE LICENSE
SKILLED 112

UNRESTRICTED 112 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

CHRISTIAN HOMES, INC.

CHRISTIAN NURSING HOME
1507 7TH STREET
LINCOLN IL 62656
EFFECTIVE DATE: 05/07/10

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/07 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

05/03/10

CHRISTIAN NURSING HOME
1507 7TH STREET
LINCOLN IL 62656

FEE RECEIPT NO.

State of Illinois 2013069
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/09/2012	BGBE	0018143

LONG-TERM CARE LICENSE
SKILLED 154

UNRESTRICTED 154 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

FAIR HAVENS CHRISTIAN HOMES, INC.

FAIR HAVENS CHRISTIAN HOME
1790 SOUTH FAIRVIEW AVENUE
DECATUR IL 62521
EFFECTIVE DATE: 12/10/10

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2013069
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
12/09/2012	BGBE	0018143

LONG-TERM CARE LICENSE
SKILLED 154

UNRESTRICTED 154 TOTAL BEDS

11/29/10

FAIR HAVENS CHRISTIAN HOME
1790 SOUTH FAIRVIEW AVENUE
DECATUR IL 62521

FEE RECEIPT NO.

State of Illinois 2059036

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
10/30/2012	BGBE	0048751

LONG TERM CARE LICENSE
SKILLED 071

UNRESTRICTED 071 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

HEARTLAND CHRISTIAN VILLAGE LLC

HEARTLAND CHRISTIAN VILLAGE
101 TROWBRIDGE ROAD
NEOGA IL 62447

EFFECTIVE DATE: 10/31/11

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

State of Illinois 2067112
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

KENNETH SOYEMI, M.D., M.P.H.
ACTING DIRECTOR

Issued under the authority of The State of Illinois Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
07/14/2012	BGBE	0006882

LONG TERM CARE LICENSE
SKILLED 0047

UNRESTRICTED 0047 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

FAIR HAVEN CHRISTIAN HOMES, INC

HICKORYPOINT CHRISTIAN VILLAGE
565 WEST MARION AVENUE
FORSYTH IL 62535
EFFECTIVE DATE: 07/15/11

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

REMOVE THIS CARD TO CAR[RY AS] IDENTIFICATION

State of Illinois
Department of Public Heal[th]
LICENSE, PERMIT, CERTIFICATION

EXPIRATION DATE	CATEGORY
07/14/2012	BGBE

LONG TERM CARE LICENS[E]
SKILLED 047
UNRESTRICTED 047

12/01/11

HICKORYPOINT CHRISTIA[N]
565 WEST MARION AVENU[E]
FORSYTH IL 6[2535]

FEE RECEIPT NO.

ATTACHMENT-11

Indiana State Department of Health

Comprehensive Care License

This is to certify that:

HOOSIER CHRISTIAN VILLAGE INC d/b/a

HOOSIER CHRISTIAN VILLAGE

621 SOUTH SUGAR ST

BROWNSTOWN, IN

a 97 bed Comprehensive Care Facility, has fulfilled the requirements for licensure and is subject to provisions of IC 16-28 and the rules of the Indiana State Department of Health issued thereunder.

This license shall not be assignable or transferable, and shall be subject to revocation, replacement, or reduction at any time by the Indiana State Department of Health for failure to comply with the laws of the State of Indiana or the rules of the Indiana State Department of Health issued thereunder.

License number 11-000277-1 is effective January 1, 2011 and expires December 31, 2011.

KIM RHOADES
DIVISION DIRECTOR
LONG TERM CARE

SDH 25-028
State Form 44876 (R3/5-05)
HEA FACI/CERT

ATTACHMENT-11

State of Illinois 2056578
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

LONG TERM CARE LICENSE
155
UNRESTRICTED 155 TOTAL BEDS
BUSINESS ADDRESS
LICENSEE
LEWIS MEMORIAL CHRISTIAN VILLAGE
LEWIS MEMORIAL CHRISTIAN VLG
3400 WEST WASHINGTON
SPRINGFIELD IL 62711

VOID

← DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2056578
Department of Public Health
LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
09/[illegible]/2012	BGBE	0021[illegible]

LONG TERM CARE LICENSE
SKILLED 155
UNRESTRICTED 155 TOTAL BEDS

VOID

09/02/11

LEWIS MEMORIAL CHRISTIAN VLG
3400 WEST WASHINGTON
SPRINGFIELD IL 62711

FEE RECEIPT NO.

STATE OF ILLINOIS

LICENSE

Be it known that this facility is licensed to engage in the activities specified in the annual license certificate displayed below for the period designated in that certificate.

This Document is valid only so long as a current license certificate is displayed at right.

ILLINOIS DEPARTMENT OF PUBLIC HEALTH
DIVISION OF HEALTH FACILITIES

State of Illinois 2050258

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
02/17/2012	BGBE	0019166

LONG TERM CARE LICENSE
SKILLED 169

UNRESTRICTED 169 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

CHRISTIAN HOMES, INC.
PLEASANT MEADOWS CHR VILLAGE
400 WEST WASHINGTON
CHRISMAN IL 61924
EFFECTIVE DATE: 02/18/[illegible]

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

POST IN CONSPICUOUS PLACE

NONTRANSFERABLE

STATE OF IOWA

IOWA DEPARTMENT OF INSPECTIONS AND APPEALS

DES MOINES

RISEN SON CHRISTIAN VILLAGE
3000 RISEN SON BLVD
COUNCIL BLUFFS,IA 51503
License Number: 780641
Beds/Capacity: 102

This is to certify that a license is hereby granted to the above-named facility to operate a Nursing Facility in accordance with Iowa Code chapter 135C and the rules and regulations promulgated thereunder. This license shall not be transferable or assignable, except with the written approval of the Health Facilities Division of the Iowa Department of Inspections and Appeals, and shall be subject to suspension or revocation for failure to comply with Iowa Code chapter 135C or the rules or minimum standards adopted pursuant to chapter 135C.

DATE OF ISSUE: OCTOBER 15,2011

Rodney A. Roberts
Director

IOWA STATE DEPARTMENT OF INSPECTIONS AND APPEALS

ATTACHMENT-11

State of Illinois 2059037
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
10/14/2012	BGBE	0048744

LONG TERM CARE LICENSE
SKILLED 159

UNRESTRICTED 159 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

SHAWNEE CHRISTIAN NURSING CENTER, LLC

SHAWNEE CHRISTIAN NURSING CTR
1901 NORTH 13TH STREET
HERRIN IL 62948
EFFECTIVE DATE [illegible]

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

ATTACHMENT-11

State of Missouri

Department of Health and Senior Services
Division of Regulation and Licensure

License

SPRING RIVER CHRISTIAN VILLAGE, INC

Operator

Is Hereby Granted this License to Operate A / An

Skilled Nursing Facility

Pursuant to Chapter 198 RSMo

SPRING RIVER CHRISTIAN VILLAGE, INC

Name of Facility

201 SOUTH NORTHPARK LANE, JOPLIN, MISSOURI 64801-8426

Location

TYPE OF LICENSE: **RELICENSURE** MAXIMUM BED CAPACITY: **120**

LICENSE NUMBER **038346** EFFECTIVE DATE **05/06/2010** EXPIRATION DATE **05/05/2012**

SECTION ADMINISTRATOR,
SECTION FOR LONG TERM CARE REGULATION

State of Illinois 2042490
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

DAMON T. ARNOLD, M.D.
DIRECTOR

Issued under the authority of
The State of Illinois
Department of Public Health

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/2012	BGBE	0020610

LONG TERM CARE LICENSE
SKILLED 158

UNRESTRICTED 158 TOTAL BEDS

BUSINESS ADDRESS
LICENSEE

CHRISTIAN HOMES, INC.

WABASH CHRISTIAN RETIREMENT
216 COLLEGE BOULEVARD
CARMI IL 62821
EFFECTIVE DATE: 07/01/11

The face of this license has a colored background. Printed by Authority of the State of Illinois • 4/97 •

DISPLAY THIS PART IN A CONSPICUOUS PLACE

REMOVE THIS CARD TO CARRY AS AN IDENTIFICATION

State of Illinois 2042490
Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

EXPIRATION DATE	CATEGORY	I.D. NUMBER
06/30/2012	BGBE	0020610

LONG TERM CARE LICENSE
SKILLED 158

UNRESTRICTED 158 TOTAL BEDS

06/23/11

WABASH CHRISTIAN RETIREMENT
216 COLLEGE BOULEVARD
CARMI IL 62821

FEE RECEIPT NO.

ATTACHMENT-11

State of Illinois 1976390

Department of Public Health

LICENSE, PERMIT, CERTIFICATION, REGISTRATION

DAMON T. ARNOLD, M.D.
DIRECTOR

03/31/2012	BGBE	0028555

LONG TERM CARE LICENSE
SKILLED 122

UNRESTRICTED 122 TOTAL BEDS

BUSINESS ADDRESS

LICENSEE

CHRISTIAN HOMES, INC.

WASHINGTON CHRISTIAN VILLAGE
1201 NEWCASTLE RD.
WASHINGTON IL 61571

EFFECTIVE DATE: 04/01/10

January __10__, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village, or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

Fair Havens Christian Homes, Inc.

Susan McGhee

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this __10__ day of January, 2012

Marcella Tesh
Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

January 10, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – No Adverse Action

Dear Ms. Avery:

Please be advised that no disciplinary action relative to "Adverse Action" as defined under Section 1110.230(a)(1) of the Review Board Rules has been adjudicated against Midwest Christian Villages, Inc., or against any health care facility owned or operated by it, directly or indirectly, within three (3) years preceding the filing of the permit application.

Sincerely,

Midwest Christian Villages, Inc.

Susan McGhee

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this 10 day of January, 2012

Marcella Tesh

Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

January 10 , 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – Access to Information

Dear Ms. Avery:

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this permit application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of the application as it pertains to Section 1110.230(a)(3)(C) of the Review Board Rules.

Sincerely,

Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village

Susan McGhee

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this 10 day of January, 2012

Marcella Tesh

Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

January 10, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – Access to Information

Dear Ms. Avery:

I hereby authorize the State Board and State Agency access to information from any licensing/certification agency in order to verify any and all documentation or information submitted in relation to this permit application. I further authorize the Illinois Department of Public Health to obtain any additional documentation or information that said agency deems necessary for the review of the application as it pertains to Section 1110.230(a)(3)(C) of the Review Board Rules.

Sincerely,

Midwest Christian Villages, Inc.

Susan McGhee

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this 10 day of January, 2012

Marcella Tesh
Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
§1110.230(b)
PURPOSE OF THE PROJECT

1. BACKGROUND

Midwest Christian Villages, Inc., d/b/a Christian Homes, is a faith-based, not-for-profit organization with a mission to provide a continuum of quality and compassionate care and support services to older adults. Christian Homes began in 1962 when LeRoy McGeath of Riverton, Illinois, shared his dream with area churches for a faith-based home for the elderly. Today, the 16 existing Christian Homes communities serve over 2,500 residents throughout Illinois, Indiana, Iowa and Missouri. Hickory Point Christian Village, located in Forsyth, is one of Christian Homes' existing 16 communities.

Hickory Point Christian Village provides independent living, assisted living and skilled nursing services to its senior community in Macon County. As of December 31, 2012, Hickory Point serves approximately 90 residents. The Hickory Point Christian Village campus currently consists of 48 assisted living apartments, 18 of which are dedicated to memory care, 50 independent living, single level, "Garden Homes" and a 32,519 gross square foot, 47-bed skilled nursing facility. The existing Hickory Point community provides fully equipped duplex and apartment living designed to meet the needs of the elderly desiring independent and/or requiring assisted living care. Hickory Point skilled nursing facility opened in 2011 and provides the skilled nursing services needed by Hickory Point's existing independent and assisted living residents and by individuals residing in the service area.

2. HICKORY POINT CHRISTIAN VILLAGE

The Review Board approved the 47-bcd skilled nursing facility on the Hickory Point retirement campus in 2009 (Project No. 08-097). The facility was timely constructed within the proposed budget in compliance with thc Board's rules. When the current facility was originally contemplated Christian Homes desired a larger, 64-bed facility. However, at the time the CON application for Project No. 08-097 was filed, only 47 beds were available in Planning Area for Macon County. Even though building a 47-bed unit was not as efficient as a larger, 64-bed facility, Christian Homes respected the Review Board rules and sought only a 47-bed facility which met the calculated bed need at the time the CON application was filed.

The current facility was built specifically to accommodate a 17-bed addition in anticipation that additional need would arise. The facility was built according to the "Small House" concept (discussed below in detail) and currently contains 4 Small House units in separate wings, with each unit housing approximately 10-15 residents. The current facility was constructed with this Projcct (the 5th Small House unit), in mind. You will see from the attached architectural drawing that the Project (the wing marked "proposed") complements the existing facility, not only visually (it completes the look, symmetry and design of the currently existing structure, and also utilizes the remaining unused land on the site), but more importantly, programmatically.

With Decatur Memorial Hospital's recently closed long-term carc unit, Christian Homes believes it an appropriate time to pursuc construction of the final piece of its originally-contemplated skilled nursing facility. Hickory Point's existing lot size will only accommodate this one additional Small Housc unit.

3. SMALL HOUSE CONCEPT

The existing facility utilizes a cutting-edge concept known as the "small house" model of care, or "Small House Concept". This resident-centered delivery of care model allows for a more home-like environment in contrast to the traditional, skilled nursing facilities that focus primarily on efficient delivery of services and less on privacy, personal dignity and choice. The "small house" approach to design and care focuses on reducing the size of the nursing facility to a residential scale to provide residents with a more open and home-like model than the traditional model. Details of the small house concept are well summarized in the attached article: Rabig, J. and Rabig, B., Nursing Home-Long Term Care Management, "Characteristics of a Small House", March 2008. More importantly, studies of the small house concept have documented the benefits in clinical outcome studies. In particular, we note, and have attached the study from the Journal of the American Geriatrics Society (JAGS) in June 2007. Citation: Kane, R.A., Lum. T. Y., Cutler, L. J., Degenholz, H.B., & Yu, Tzy-Chyi (2007). "Resident Outcomes in Small-House Nursing Homes: A Longitudinal Evaluation of the Initial Green House Program." Journal of the American Geriatrics Society, 55 (6) :832-839-2007.

The current 47-bed skilled nursing facility is comprised of 4 small household units or "Small House units". The Project will allow for the 5th and final Small House unit at the facility. A significant design element of the Small House model is more common areas for resident programs. These Small House units contain their own small social and dining areas and each has access to a community courtyard. The Small House units offer restaurant-style dining in separate household kitchen areas. Residents are even able to help prepare small in the household rehab kitchen. "Nurse's stations" have been eliminated. Services areas have been created and each service area resembles the décor of the household and houses documentation, a resident information center and medication storage. Medical equipment is stored in special storage areas when not in use. Each Small House unit contains private rooms and ADA accessible private bathrooms. Each Small House unit has homey furnishings. Warm color palettes are used for wall treatments and flooring. While carpeting has been laid in the hallways to reduce noise, it also lends to a homey feel through out the facility.

Each household unit has primary assigned staff for consistency on every shift, every day. Those residents that require more clinically complex care and are grouped in one household unit, while those residents who require a longer stay and have less acute medical issues are grouped into others. A tenant of the Small House concept is that rather than staff directing decisions based upon schedules and preferences, decisions should be driven by the residents' wants and needs. Residents have the option of attending large or small group activities within their Small House unit.

Each Small House unit has access to a state-of-the-art rehabilitation center, referred to as Reclaim Rehabilitation™. Reclaim Rehabilitation™ features a modern approximately 3,400 square foot therapy gym which provides optimal recovery and treatment amenities which in turn allows for improved resident outcomes, for both short-term and long-term residents. The rehabilitation gym resembles the actual home environment, consisting of a transitional apartment, a kitchen, furnishings and a laundry area, all used for retraining residents before they return home. Specialized equipment is strategically placed throughout the gym to accommodate specific diagnoses and clinical needs. There are also specially designed private treatment areas which provide for the use of physical and occupational therapy modalities.

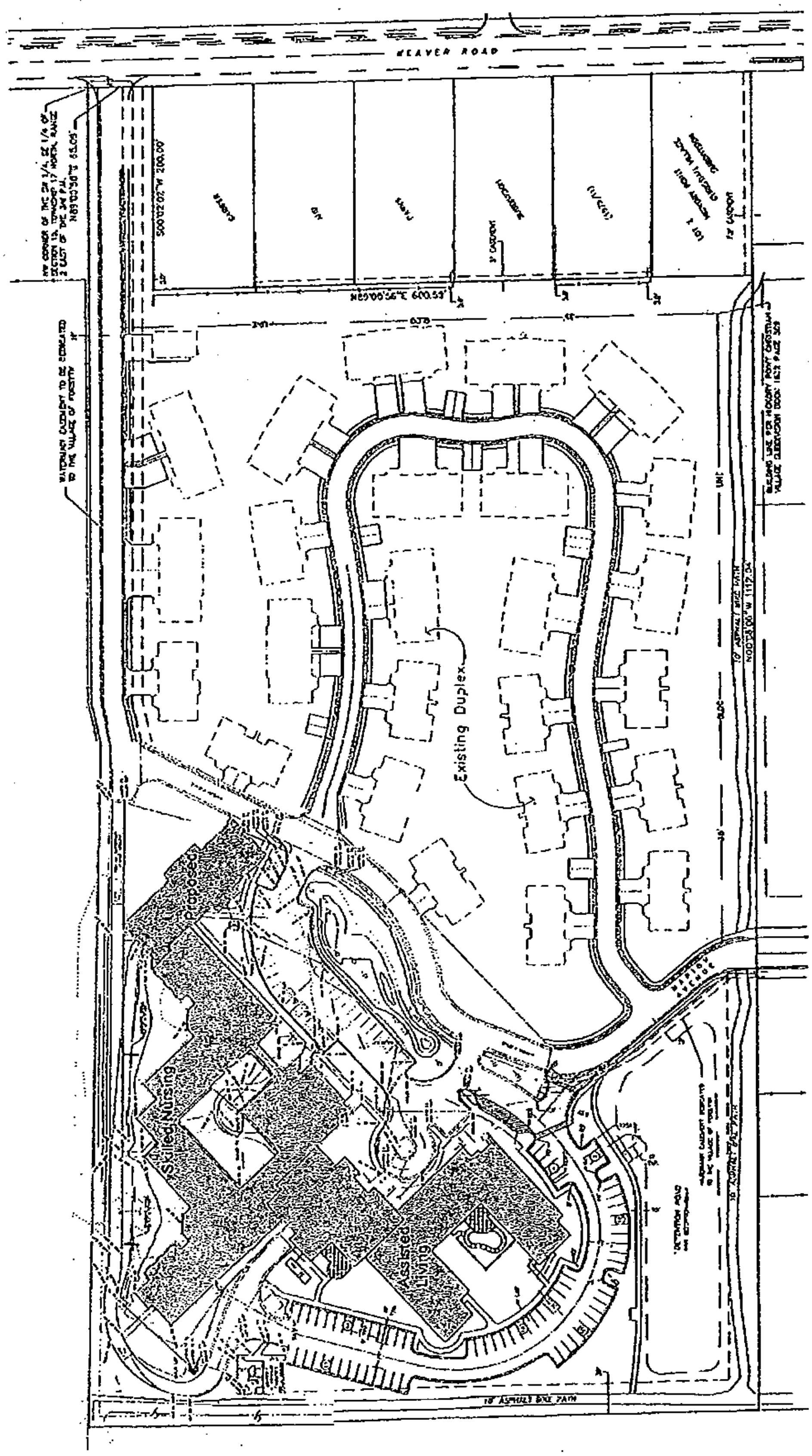
4. NEED IN AREA

Most of Hickory Point's residents come from within a 30-minute drive time of the facility, which such primary service area is shown on the Area Map, attached hereto.[1] Hickory Point's secondary market is sourced from within the larger Planning Area for Macon County, which has a computed need for 100 additional beds. Because the Project consists of a 17-bed addition to an existing building, the Project will provide health services to the same service area population.

The building currently housing Hickory Point's skilled nursing facility was constructed with the Project in mind. Hickory Point is currently experiencing rapid fill-up of its skilled nursing facility from individuals in the service area seeking skilled nursing care. Further, Hickory Point's sister facility, Fair Havens Christian Home, located in Decatur, has operated at functional capacity over the past few years and continues to operate at high levels of occupancy (97.7%). Those seeking admission to Fair Havens Christian Home who are unable to be admitted due to high occupancy now have the option of seeking admission at Hickory Point.

The proposed Project allows the Applicants to serve those individuals in need of skilled nursing services who are currently part of Hickory Point's retirement community as part of a continuum of care, those who reside in the service area and those who may otherwise seek admission into Fair Havens but are unable to given the continuing high occupancy at that facility.

[1] The Nielsen Company Area Map prepared on January 5, 2012.



Hickory Point Christian Village
17 Bed Addition
Forsyth, Illinois

ATTACHMENT-12

nursinghomes
LONG TERM CARE MANAGEMENT

Issue Date: March 2008, Posted On: 4/1/2008

From 'nursing home' to 'home': The small house movement

From the growing movement toward "small is better," notes from a conceptual leader

by Judith Rabig and Donald Rabig

Individuals who seek long-term care have three distinct needs: housing, assistance with activities of daily living, and chronic disease management. The goal of nursing home reform should be to provide satisfactory performance in each of these areas. While the culture change movement has provided the nursing home industry with many innovative, humanistic, life-enhancing approaches, it is a piecemeal tinkering with a delivery system that is fundamentally flawed. Culture change leaves largely in place the root cause of nursing home failure: the institution. To achieve the desired outcomes of good quality of care and good quality of life, the institution must be removed from the nursing home equation.

"Small house" is the generic name for a deinstitutionalized nursing home. Small house achieves deinstitutionalization by reframing the philosophical view of the person, changing the architecture, and reengineering the design of the organization. Small house programs have been implemented, thus far, in a variety of ways. Tightly defined registered trademarked models, such as the Green House®,1 loosely defined consultant-led implementations that accommodate individual organization choices,2 and internally envisioned and self-implemented versions all exist. While each organization has configured its implementation in a unique manner, there are a set of characteristics that define an implementation as a small house (table 1). A small house is an intentional community of 10 to 14 persons and a staff of highly trained workers who live and work in a well-designed environment organized and operated around the humanistic guiding principles of autonomy and dignity. When completely implemented, small house reframes the philosophical view of the person, restores the metaphysical and physical home, provides good chronic disease management, and supplies sufficient staff and equipment to support personal care.

Characteristics of a "Small House"

Architecture that includes:

- Conscious elimination of the signposts of the medical model
- Small, self-contained homes or communal apartments for 10 to 14 people
- Private room for each person
- Private bathrooms for each person with showers and sinks with grooming space tilt-mirror and storage
- Home configuration: front hall, living room, dining room, kitchen, and den
- Short walking distances from bedrooms to living areas
- The people who live in the houses have access to all areas of the house
- Residential finishes and hardware
- Access to outdoor space/connections with nature
- Accessible details—windows, faucets, light switches, doors, floor transitions, power outlets, switches,

Policies for people who live in the house that include:

- Participate in their own care planning meetings
- Participation in household activities of choice
- Resident selection of all bathing choices
- Decisions honored regarding all aspects of care
- Opportunity to "make home" by personalizing their space, including bringing their own furniture and belongings
- Opportunity to access outdoors easily, without barriers to navigate or the need to secure permission
- Food at will
- Visitors at will

thermostats

- Driveways, sidewalks, and exterior lighting that are residential in size and configuration
- Interiors that echo the neighborhood
- Lighting that meets guidelines for the aging eye

Staff structure that includes:

- The house as the operating unit
- Minimized bureaucracy
- Shared leadership and decision making
- Collaborative work processes
- Self-scheduling
- Interdisciplinary participation in quality assurance
- Self-directed learning

Dining that includes:

- A pleasant social dining experience
- Access to food and drink at will
- Choice of mealtime, food, and quantity of food
- Opportunities to participate in food prep or cleanup activities

Technology that inclues:

- Electronic medical records
- Wireless call system
- Nurse-line staff voice communication system
- Lift-free environment
- Greater community access at will

Staff training that includes:

- Change and its effect on people and organizations
- Safe restoration of choice
- The holistic view of all people who live in the house
- Maslow's hierarchy of needs
- Habilitation in ADLs
- Communication and collaboration
- Caregiving effectively for persons with cognitive impairment
- Alternate bathing practices
- Leading and being led
- Convivium, food practices, safe food handling

Clinical care that includes:

- Advanced training in geriatric nursing for all nursing staff
- Evidence-based clinical protocols
- Management of polypharmacy
- Early identification of problems related to chronic disease
- A robust program of advanced directives discussion
- Therapies that are integrated into the household

Policies and practices that:

- Structure assessment and resourcing individual recreation and diversion
- Maximize the use of adaptive devices to support independence in ADLs
- Reduce polypharmacy
- Provide holistic management of depression

- Computer access for people who live in the house
- Provide holistic management of pain
- Incorporate the use of complementary therapies

Small house rejects the notion that long-term care must eliminate the medical model and embrace the social model of service delivery and instead seeks to blend both in an integrated approach to care. It has been the mistake of the current system to focus on the medical model of service delivery, and also an error in logic to propose, alternatively, a strictly social model of delivery when recipients have multiple chronic diseases. The small house philosophy moves away from the ageist attitude that people who come to nursing homes are "broken," unable, and in need of fixing, monitoring, supervising, and protecting. It embraces the individual as someone who has strengths and weaknesses; a person who is engaged in a personal and unique life journey, who has a rich life history, a future, wisdom, and knowledge; someone who seeks to be independent, to have a role, to be productive; someone entitled to autonomy, dignity, and choice.

The architectural and environmental paradigm of the small house is rooted in home, the warm, private, familiar, comforting, safe, predictable, and convenient living spaces people have created for themselves all their lives.3 The goal of its design is to create a space that is a home, not a nursing home that is homelike.4 This requires those who design nursing homes to make substantial changes in their prevailing mind-sets; they must design the entire space as a home and then embed in that home the required staff areas. The small house should be a place where the best communal aspects of a home harmonize with the parts of home that promote privacy and individuality.

The design varies but key elements include the communal heart of the small house, or hearth; it also includes an open kitchen, a dining room with a large table where family-style meals are served, and a living room with a fireplace. Private rooms are configured around the hearth within short walking distance to eliminate nosocomial (i.e., facility-induced) wheelchair use. Rooms are equipped with a ceiling lift and a private bath with a shower. Other areas that are incorporated include a spa-like bathing room, a small office, a utility area, and a den, and access to outdoor space that is gated and fenced, with easy access for elders to move in and out.

Traditional nursing home staff have been organized in a 19th-century industrial model, with a steep bureaucracy, departmental structures, and disenfranchised direct-care workers receiving top-down communication. Staff is viewed as interchangeable, and their satisfaction is secondary to efficiency and completed work quotas and schedules. Staff work is focused on satisfying residents' physical and safety needs, with no time or institutional imperative directed at meeting their higher-level needs. A worker is valued for the ability to meet work quotas and schedules. The result has been to create high levels of job dissatisfaction and high turnover, which in turn produce poor quality of care.[5-7]

Small house redesigns the organization as a decentralized model that views each house as a self-contained, functioning unit. Each house is staffed by a self-directed work team of universal workers—certified nursing assistants (CNAs) who have had advanced training that includes CPR, first aid, culinary skills and food safety, teamwork, and communication skills. This team is empowered to make everyday decisions about workflow and house operation, and works collaboratively with a clinical support team of nurses and therapists to plan and deliver care and services for the people who live in the house. Direct-care staffing is enriched by shifting resources away from middle managers and into direct care. CNA staffing is provided at a ratio of four hours per person per day and licensed nursing at 1.3 hours per person per day.

The goal of the small house clinical team is defined as maintaining individuals with chronic diseases at their maximum state of wellness. Most healthcare professionals have been trained and are accustomed to working in the acute care model. Education for the clinical staff is necessary to assist them in transitioning to the chronic care model. The team is highly engaged in person-centered care planning, and delivers clinical services using evidence-based protocols. Nurses are given advanced education in the nursing process and chronic disease management. Technology is employed to support the work of the team. Electronic medical records ease the burden of documentation and free nurses to engage in direct clinical care. Wireless call systems and electronic beepers facilitate resident-to-staff and staff-to-staff communication.

Implementation

The process of implementing small house is fraught with challenges and obstructions. Implementation is not a grassroots process but rather a process led by strong leaders who can passionately articulate, lead, and role-model, using what Collins calls a BHAG—a Big Hairy Audacious Goal—a clear plan and a guiding vision for deinstitutionalization that leaders are able to communicate precisely to all members of the organization.8 Leadership must also be knowledgeable about the consequences of change and know that they, as leaders, will encounter inertia, fear, protection of self-interests, ingrained satisfaction with the status quo, and other deep challenges. Those leaders undertaking small house implementation might heed Machiavelli, who suggested that "the stake that the minority have in preserving their certain place in the status quo is far stronger than the stake that the majority have in bringing about an uncertain alternative."9

Implementation of the program is an orderly, well-defined series of steps that are necessary to achieve the desired outcomes. Leadership does involve staff in various aspects of configuring and implementing the plan, but does not surrender the plan to the staff. The process can be divided into four distinct phases: feasibility, conceptualization, strategizing, and implementation. Table 2 outlines the components of these phases.

Phases of Small House Implementation

I. Feasibility 3 months – 1 year

- Exploration of the small house program by principle actors & decision makers
- Financial feasibility analysis
- Selection of consultants

II. Conceptualization 3 – 6 months

- Identify site/ land
- Select architect and designers
- Preliminary design
- Regulatory review
- Secure financing
- Map project activities & create timeline

III. Strategizing 12 – 14 months

- Construction
- Systems mapping
- Staff reconfiguration
- Design policies & procedures
- Training
- Quality assurance design & configuration

IV. Actualization 1 year:

- Move in
- Survey for licensure and certification
- System refinement & evaluation

Organizations interested in implementing small house face many challenges, including regulatory, financial, and change management. Yet experience has demonstrated that the greatest challenge to full implementation is the long history of leaders and staff with the prevailing paradigm. The decisions needed at each phase of implementation can easily slip back into the institutional way of doing business. Outside advisers and consultants with experience in implementing and operating successful small houses can prevent costly errors or a partially successful implementation.

National Alliance of Small Houses (NASH)

To assist others who are contemplating small house adoption, innovators who are currently operating houses have formed the National Alliance of Small Houses (NASH). NASH is an affiliate of the nonprofit Institute to Transform Senior Life (IT'S Life), and is exclusively for those operating or planning to operate a small house. NASH will provide access to in-depth information and a network of support, as well as foster a comprehensive research initiative, collaboratively refine those systems and processes that support the model, create opportunities for staff at various sites to easily interact and exchange information, sponsor conferences, Webcasts and other learning opportunities, and provide a database of suppliers, materials, and products with user comments about their experiences using products.

While early results have been promising, the ability of the small house model to improve quality of life and quality of care consistently and in a sustained manner over time, and in a variety of leadership, ownership, and case-mix situations, is untested. There is an obligation on the part of adopters to gather data and to report results. NASH intends to establish a database of information about existing small houses and to foster and support research initiatives to examine the various outcomes and analyze the various components of the program.

While solid evidence is needed to promote widespread adoption of a small house, there is certainly an incentive to create sufficient numbers of operating models in various locations so that adequate research can be undertaken. Only then can well-grounded assertions be made about the wisdom of widespread implementation of the small house.

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Resident Outcomes in Small-House Nursing Homes: A Longitudinal Evaluation of the Initial Green House Program

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ATTACHMENT-12

Abstract

OBJECTIVES: To determine the effects of a small-house nursing home model, THE GREEN HOUSE ® (GH), on residents' reported outcomes and quality of care. DESIGN: Two-year longitudinal quasi-experimental study comparing GH residents with residents at two comparison sites using data collected at baseline and three follow-up intervals. SETTING: Four 10-person GHs, the sponsoring nursing home for those GHs, and a traditional nursing home with the same owner. PARTICIPANTS: All residents in the GHs (40 at any time) at baseline and three 6-month follow-up intervals, and 40 randomly selected residents in each of the two comparison groups. INTERVENTION: The GH alters the physical scale environment (small-scale, private rooms and bathrooms, residential kitchen, dining room, and hearth), the staffing model for professional and certified nursing assistants, and the philosophy of care. MEASUREMENTS: Scales for 11 domains of resident quality of life, emotional well-being, satisfaction, self- reported health, and functional status were derived from interviews at four points in time. Quality of care was measured using indicators derived from Minimum Data Set assessments. RESULTS: Controlling for baseline characteristics (age, sex, activities of daily living, date of admission, and proxy interview status), statistically significant differences in self-reported dimensions of quality of life favored the GHs over one or both comparison groups. The quality of care in the GHs at least equaled, and for change in functional status exceeded, the comparison nursing homes. CONCLUSION: The GH is a promising model to improve quality of life for nursing home residents, with implications for staff development and medical director roles.

Resident Outcomes in Small-House Nursing Homes:

A Longitudinal Evaluation of the Initial Green House Program

After a critical 1986 Institute of Medicine report,[1] regulatory reform in nursing homes was launched, aimed at improved quality assessment, monitoring, and enforcement. A 2001 Institute of Medicine report noted improvements in overall health care but little reduction of societal dread of nursing homes[2] or improvement in quality of life.[3] The problems of maintaining a sense of well-being in a nursing home are well documented in decades of anthropological, ethnographic, and ethics studies. [4–9] Efforts to combat residents' learned helplessness with increased choices have resulted in measurable health benefits.[10–14]

A movement for culture change in nursing homes has gathered force since 1995, embracing transformed physical environments (e.g., smaller-scale, more-private rooms and baths and household-type neighborhoods for dining and occasionally cooking), transformed staff roles with more empowerment of line staff, and a philosophy of individualized care.[15,16] The "Eden Alternative," a set of principles overlaid on existing nursing homes to flatten hierarchies, invest decision-making in residents and frontline staff, and normalize nursing home life, addressed psychosocial problems of residents, such as loneliness, boredom, helplessness, and lack of meaning[17] Eden training has been widely sought, but the few formal evaluations had unimpressive results,[18,19] suggesting that, without more-systemic changes in nursing homes, this model will have limited effects. In contrast, THE GREEN HOUSES (GH) envisages a radically reconfigured nursing home.[20] The current study determines the effect of the GH on the quality of care in nursing homes and compares the quality of life of GH residents with that of those in conventional nursing homes. It was hypothesized that resident quality of life and satisfaction would be greater in the GH than in the comparison settings and that functional status and quality-of-care indicators would be at least equal to those of the conventional nursing homes.

METHOD

Design

The organization sponsoring the first GH to be implemented considered that randomization of residents to the GH was unfeasible, partly because money was initially raised to relocate the first 20 residents from a locked dementia care unit. Instead, the intervention was tested in a longitudinal quasi-experimental design. Two comparison settings were used: the sponsoring nursing home (Cedars) and another nursing home of the same nonprofit owner on a similar campus in a Mississippi community approximately 90 miles away (Trinity). Data came from in-person interviews with residents, family members, and line staff and from abstraction of the nursing home Minimum Data Set (MDS) for times preceding and most proximate to in-person data collection. (This first set of results reports data from and about residents and does not describe the methods and measures for studying family and staff outcomes.) The University of Minnesota institutional review board approved the study, informed consent was obtained for all primary data collection.

The two comparison groups, Cedars and Trinity, each have strengths and limitations. The Cedars group was susceptible to contamination by having a shared administration with the GH and was potentially influenced by the GH planning and the ultimate goal of moving all residents to GHs; this could have led to spin-off improvements in the Cedars group or poorer results at Cedars because of neglect of the traditional nursing home and concentration on the GH. Although under the same ownership and experiencing similar local conditions, Trinity is a smaller nursing home with a sub-acute capability. The Trinity group represents the "natural history" of residents in a traditional nursing home setting in the same region and time period.

Sample

Figure 1 displays the sample for each setting at each time period. Green House The GH sample comprised the 40 people who were scheduled to move to the GHs at baseline and the current GH census at each of the three follow-up periodsF6 months, 12 months, and 18 months. All told, 53 GH residents were eligible over the successive data collection periods, 52 of whom were in the sample. Ten of the GH sample members died over the 18-month period, and two were discharged.

(Figure 1 about here.)

Cedars

During the study period, the maximum census remaining at Cedars was 80. At baseline, a random sample of 40 residents was sought, excluding residents who were comatose, vegetative, or in end-stage palliative care; nine of the initial group approached declined to participate. In subsequent waves, to acquire as much baseline data as possible from residents who might later move to GHs, the Cedars sample was enlarged, with a goal of 70 per time period. The added sample members at all follow-up waves were randomly selected. The final Cedars sample sizes were 67, 71, and 64 for the three follow-up waves, with refusals from three, zero, and one person, respectively. The only live discharges from Cedars were to GHs, affecting six sample members; 22 of the Cedars sample died during the study period.

Trinity

Trinity had a capacity of 65 beds, 15 of which were in a Medicare unit. A sample of 40 residents was sought from the non-Medicare portion of Trinity, using the same exclusion criteria as at Cedars. The Trinity sample at the three follow-up waves was 39, 36, and 37, respectively. Sixty-six people participated from Trinity; 18 sample members died over the 18 months, and four were discharged alive.

Sample for Quality Indicators

The sample in all three settings for quality indicators (QIs) is larger than the sample for direct data collection. It comprised all those in the settings during each of three 6-month time periods, because it used MDS records for each setting.

Intervention

GHs are self-contained dwellings for seven to 10 residents needing nursing home levels of care. The physical environment is residential, offering residents opportunities for privacy (with private rooms and full bathrooms) and for community (with a residential-style kitchen where meals are prepared on site, communal dining tables, hearth areas, and accessible outdoor space). The GH avoids nurses' stations, medication carts, and public address systems. The frontline care staff members, who are certified nursing assistants (CNAs) assigned to a single GH, have broadened roles, including cooking, housekeeping, personal laundry, personal care to residents, implementation of care plans, and assisting residents to spend time according to their preferences. All professional personnel mandated in regulations (e.g., nurses, physicians, social workers, dietitian, pharmacist, therapy staff, and activity personnel) form visiting clinical support teams that provide specialized assessments and order and supervise care within their spheres of expertise. The CNAs report to an administrator (called a ''guide'') rather than to a nurse. Philosophically, the GH model emphasizes individual growth and development and a good quality of life under normal rather than therapeutic circumstances.[20] A group of GHs on a campus or scattered in a residential neighborhood operates under a nursing home license and within a state's usual Medicaid reimbursement amounts, although a redistribution of expenditures could occur.

Four GHs were built on the campus of a nonprofit retirement complex comprising independent housing, assisted living, and a nursing home licensed for 140 beds. In June 2003, residents from the sponsoring nursing home occupied these GHs; two GHs were initially earmarked for residents in the locked dementia care unit (which was then closed), and residents from the general nursing home population occupied the others. The latter were filled from a list of residents voluntarily interested in moving, taken in order of the length of time that the residents had been on the campus. Residents already in the nursing home or on the campus similarly filled vacancies arising in the GHs after the initial move-in, again in order of length of time on the campus. A fuller description of the general model, it's theoretical rationale, and its first implementation has been published.[20]

Data Collection

Data collectors (16 in total) from the local area received a 40-hour training at each wave. The resident protocol included administration of informed consent, a component administered to each resident (requiring about 45 minutes), and a component administered to staff about each resident's functioning. Interviewers physically visited all residents at each wave of data collection and turned to a family proxy only if residents could not be roused for an interview or could not respond coherently to successive questions. (The protocol for proxy use mirrored the procedures employed when the quality-of-life measures were developed and found reliable for persons with substantial dementia.[21]) Eligible proxy respondents must have visited the resident in the last month, and most were more intensively involved. Baseline data collection pertaining to the period before move-in to GHs began in May 2003. The 6-month follow-up began in December 2003, the next wave in May 2004, and the final wave in December 2004. Each data collection phase took approximately 6 weeks to complete.

Measures

Quality of Life

Eleven domains of quality of life were measured: physical comfort, functional competence, privacy, dignity, meaningful activity, relationship, autonomy, food enjoyment, spiritual well-being, security, and individuality. These domains scales comprised three to six items; each is standardized to a theoretical range of 4 to 1, by dividing the total score by the number of items. Most items used a 4-point ordinal scale (45 often, 3 5 sometimes, 2 5 rarely, 1 5 never); reverse coding was used for items so that a higher score always represented better quality of life. Those unable to respond to a Likert-type scale after three attempts (due to cognitive limitations) were asked the question with a "mostly yes" or "mostly no" choice. After empirical testing, these responses were extrapolated into the 4 to 1 scale, with a score of 3.8 for the affirmative and 1.5 for the negative responses. These measures have been tested in a large sample and have reliable scale properties, test-retest reliability, and concurrent validity, and the domain scales have been shown to comprise separate but related measures of an underlying quality-of-life construct.[21]

Health and Functioning

Residents rated their health as excellent, very good, good, fair, or poor. Ability to perform activities of daily living (ADLs) "in the last few months" was measured according to self-report using five items: bathing, dressing, transferring from bed, using the toilet, and eating. Ability to perform instrumental activities of daily living (IADLs) was measured using six items: taking medicine, using the telephone, preparing food, light housekeeping, managing money, and doing laundry. For all ADL and IADL items, residents were asked whether they did the function by themselves, got a little help, got a lot of help, did not do it at all, or were not allowed to do the task; higher scores represented greater impairment.

Satisfaction

Global satisfaction was measured using three items: satisfaction with your nursing home as "a place to live," and as "a place to receive care" (both on a 4-point scale from very satisfied to very dissatisfied) and likelihood of recommending the setting to others (on a 4-point scale from very likely to very unlikely).

Emotional Well-Being

Emotional well-being was measured using an adaptation of a scale previously developed,[22] whereby residents were asked to rate how they had been feeling 'lately" on 10 positive or negative emotional states: lonely, happy, bored, angry, worried, contented, sad, afraid, interested in things, and looking forward to the future; response choices were often, sometimes, rarely, and never. An additive scale with a range of 10 to 40 was developed by reverse coding the negative emotions; alpha reliability was 0.74.

Other Variables

Also included in the data set were sex, age, and time since admission (in months). For case-mix adjustment, ADLs (bed mobility, eating, transferring, and toileting) and cognitive functioning were extracted from the MDS and calculated using methods developed previously.[23,24] Social activity was measured according to self-reported frequency of participation in nine activities: leaving the grounds for organized activities, leaving the grounds for privately organized activities, staying away overnight, having an overnight guest in the nursing home, having a good conversation with any other resident, doing solo activities of personal interest, receiving visits from family or friends, and communicating by phone with family or friends.[25] The response set was every day, more than once a week, about weekly, less than weekly but more than once a month, about once a month, or not at all.

Quality Indicators

The 24 QIs were constructed from the MDS for residents in the GH, in Cedars, and in Trinity using assessments for the following time periods: between baseline and 6 months, between 6 and 12 months, and between 12 and 18 months after the GHs were operating. (Although Cedars and GHwere a single nursing home for federal MDS reporting, the data were separated for these analyses.) The QIs were constructed by adapting methods used previously[26] to include indicator-specific clinically derived adjustors as used in evaluations of quality of several managed care programs for elderly nursing home residents.[27,28]

Data Analysis

Stata version 9 was used for all data analyses (StataCorp., College Station, TX). Selection effects were examined by comparing baseline characteristics (independent and dependent variables) of the sampled residents who went to the GH, remained at Cedars, or were in Trinity. Outcomes were analyzed using multivariate panel regression analyses using the random-effects regression models; these used the data from the three follow-up periods over 18 months; baseline data were used only for case-mix adjustment. Wave of data collection was accounted for using dummy variables. The main independent variable was the resident's status as a GH, Cedars, or Trinity resident at the time of data collection. Data from the baseline interviews were used only to check for selection effects.

All analyses for self-reported outcomes were controlled for sex, age, time since admission, baseline ADL from the MDS assessment just before the subject entered the sample, and self-report versus proxy report. Because MDS cognitive function and proxy status were collinear, the analyses were run separately, adjusting for baseline MDS cognitive function, with almost identical results. The results that control for proxy status are therefore reported as more reflective of cognitive status at the exact time of the resident interviews. The difference in residents' quality of life between the three nursing homes were analyzed using the random-effects Tobit model, chosen to take into account the nature of repeated measurements in this data set and floor and ceiling effects. Floor effects were absent in all quality-of-life domains except for autonomy (3%) and functional competence (17%). Ceiling effects were present in most domain scales, ranging from moderate (e.g., 24% for privacy and 32% for the food enjoyment subscale) to severe (e.g., 53% for dignity). Differences in self-reported health, satisfaction, and emotional well-being were studied using random effects Ordered Probit regression models, chosen because the measures for these analyses were ordinal.[29] Differences in self-reported ADLs and IADLs were studied using random-effects population-averaged linear models. Testing was undertaken for possible interactions between proxy status and setting (Cedars, Trinity) in all models using a post estimation Wald test.

The differences in MDS QIs between GH and the other two nursing homes were examined using random-effects logit regression combining data from the three follow-up periods and including dummy variables for wave of data collection.

RESULTS

Samples at Baseline

Only two significant differences at baseline were found across the groups; residents remaining at Cedars had a significantly longer length of stay than those who went to the GHs, and the GH had more African-American residents: 25% at baseline, compared with 5% at Trinity and Cedars (Table 1). The group who moved from the dementia special care unit accounted almost entirely for the difference in race; eight of those 20 residents were African American. No significant differences were found in age, sex, self-reported health, baseline ADLs, cognitive function, length of stay, or proxy status. No baseline differences were found in any of the 19 baseline outcomes measured (data available from author).

(Insert Table 1 here.)

Effects on Resident Outcomes

<u>Quality of Life</u>

Table 2 shows the results of random-effects Tobit regressions of quality of life. GH residents reported better quality of life than Cedars residents on seven of the 11 quality of life subscales (privacy, dignity, meaningful activity, relationship, autonomy, food enjoyment, and individuality). GH residents reported higher quality of life than Trinity residents on four of the 11 measures (privacy, dignity, autonomy, and food enjoyment). GH residents did not report lower quality of life on any of the 11 measures than residents in Cedars or Trinity.

(Insert Table 2 here)

Table 3 shows the results of random-effects Ordered Probit regression on self-reported health, satisfaction, emotional well-being, functioning, and mobility. GH residents reported better emotional health than residents in Cedars. There was no statistically significant difference in self-reported health, ADLs, or IADLs across the three nursing homes. The results of the random-effects Ordered Probit regression on satisfaction showed that, GH residents reported significantly higher satisfaction with the nursing home as a place to live than residents of Cedars and Trinity and significantly higher satisfaction as a place to get care than residents of Cedars. They were also more likely to recommend the facility to others. GH residents had significantly better emotional well-being scores than Cedars residents.

(Insert Table 3 here.)

The test for possible interactions between outcomes and proxy status revealed only one significant interaction. The use of proxy informants was associated with lower meaningful activity scores for Cedars residents (- 0.381 vs - 0.201, P =.001).

At baseline, no differences were found according to setting for any of the nine social activities measured. With the three follow-up samples combined and with the usual controls, the likelihood of participating in organized activities in the facility (e.g., games, performances, religious services) was greater at Cedars (coefficient 0.56, P 5.002) and Trinity (coefficient 0.65, P 5.001) than at the GH, but organized trips away from the setting were less likely at Cedars (coefficient _ 0.61, P 5.001) and even less likely at Trinity (coefficient _ 0.80, P<.001). The GH group was just as likely to engage in solo activities, receive phone calls and visits, take privately arranged trips from the setting, or have an overnight guest as the comparison groups.

Effects on Quality of Care

Table 4 shows the effect of GH on MDS QIs relative to Cedars and Trinity. The GH had a lower prevalence of residents on bed rest, fewer residents with little or no activity, and lower incidence of decline in late-loss ADLs than Cedars. The GH had a lower prevalence of depression and lower incidence of decline in late-loss ADLs but a higher prevalence of incontinence than Trinity. Three of the 24 QIs could not be calculated because of sample size; there were no occurrences of new fractures in the GH or Trinity in the 18 months and four new fractures at Cedars, there was no dehydration in the GH and only one occurrence each at Trinity and Cedars, and there was no fecal impaction in any of the settings.

(Insert Table 4 about here.)

DISCUSSION

Summary

The results strongly favor the GH and suggest that it achieved its stated goals. GH residents had higher quality of life on nine of the 11 domains than did residents at Cedars and on four domains than did residents at Trinity, were much more satisfied than residents in either comparison setting, and had better emotional well-being than residents at Cedars. On the QIs, the GH was superior to Cedars on three indicators and to Trinity on two. The GH had a lower incidence of decline in late-loss ADL functioning than either of the other two settings. The only difference favoring a comparison group for the 20 indicators that could be calculated was the higher rate of incontinence in the GH than at Trinity. On 16 indicators, GH performance equaled that of the comparison groups.

The finding that GH residents equaled the comparison groups in seven areas of social activity allays concerns that the GH model offers insufficient resident stimulation, because organized activities are underemphasized, and although GH residents were less likely to participate in organized activities, they were more likely than either comparison group to participate in organized social outings off the grounds. Furthermore, no reduction and some improvement was found in quality-of-life appraisals of meaningful activity and relationships.

Limitations

The study could not be randomized, and although the samples were similar in important ways, they differed in age and race. They may also have differed in unmeasured ways related to selection for the GH, given that the initial fill-up of two GHs and all replacements were done from a list of residents who volunteered. The sample was small and entailed studying a moving target, because the intervention evolved during the period. Generalizability to other settings establishing a GH and to a GH implemented across an entire nursing home can be done only cautiously. Results might also be different if residents moved to a GH from their own homes rather than from a traditional nursing home. Given the simultaneous innovations, it was impossible to isolate how various parts of the intervention—environments, scale, programming, staff arrangements, and philosophy—contributed to the results.

The sample was too small for an analysis of mortality. As GH replications increase, further research should examine mortality and hospitalization outcomes, perhaps using common datasets across GH projects.

Residents who entered the GH between waves were included in the study. The analytical models were repeated with dummy variables for the wave of entry to determine whether variable exposure to the GH was associated with differential outcomes. This analysis, available upon request, did not reveal any systematic differences in the effect of the GH on outcomes for residents who lived there for longer or shorter periods of time.

Staff was aware of being observed as part of an experiment. The risk of a Hawthorne effect here is greater because of the media, scholarly, and community attention lavished on the GH group and the lack of an "attention" intervention in the comparison settings. To partially test for this, the analyses were repeated using only the 30 individuals who had been in the GHs for the entire project period; it was determined that effects did not wane (analyses available on request). Nonetheless, in this real-world experiment, it cannot be

discounted that a Hawthorne effect persisted through the whole study period, given that GH guides and even frontline personnel have been recognized as trainers for GH replications around the country. To the extent that a dramatically different work place and living environment results in sustained levels of enthusiasm among staff, residents, and families, the GH may be considered a
success, but future replications should be studied in detail to determine whether "normalization" occurs and, if so, to what level of performance.

Implications

The GH entails sweeping and comprehensive changes, so much so that some proponents perceive it as the deinstitutionalization of a nursing home.[20,30] Many of the changes required abandoning orthodoxy residents are in kitchens when meals are cooked despite hypothetical risks of infections, residents may be out of eye range of staff on patios or in their own rooms, maintenance therapy and activity tasks are largely done by frontline CNA-level staff rather than by aides in the specialized departments of traditional nursing homes, the direct supervisory control of charge nurses is reduced.

Overall the positive differences between the GH and Cedars were greater than those between the GH and Trinity. This suggests that there were no positive spin-offs because of GH implementation on the campus, and reinforces the sponsor's view of the difficulties in operating a GH and a traditional model on the same campus. Indeed, based on its experience with the first four GHs, Cedars opened six more 12-person GHs. By November 2006, 112 residents were housed in 10 GHs, and the traditional facility was reduced to 28 beds, many used for a newly certified Medicare unit. In 2005, the Robert Wood Johnson Foundation began a replication project aimed at enabling 50 GHs to be opened in 5 years; projects participating in this initiative carry the trademark, GREEN HOUSE®. As the GH programs and similar small-house nursing homes proliferate, an accompanying research agenda is imperative. Future work should examine processes of implementation and management for sustaining the innovation. Inevitably, roles such as director of nursing or social work, activities staff, and in-service developer will change if nursing homes convert entirely to GHs, as will policies for admission and room transfer. Attending physicians and medical directors will be challenged to adapt their procedures so as to provide excellent chronic disease management in disaggregated nursing homes where CNA-level staff members, with whom physicians typically have less communication, are more central to the care and more empowered to monitor according to physician direction. Visits to GH residents are more likely to resemble a home-care visit than a nursing home visit. The GH also poses opportunities and challenges to providing post-hospital recuperation, rehabilitation, and palliative care within GHs themselves.

ACKNOWLEDGMENTS

The authors thank project officer Mary Jane Koren for her support of the effort. Robert L. Kane made helpful comments on several earlier iterations of the manuscript. William Thomas and Judith Rabig of the National GH project at the time and Steven McAlilly and numerous staff of Methodist Senior Services of Mississippi, Cedars Health Care Center, and Trinity Health Care Center provided invaluable insights and encouragement.

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Table 1. Characteristics of Residents at Baseline

	Green House*		Cedars		Trinity	
Sample size	40		40		40	
Percent female	80.0		87.5		75.0	
Percent White	75.0		95.0†		95.0 †	
Percent proxy	62.5		70%		50	
	Score	(SE)	Score	(SE)	Score	(SE)
Age in years, mean	81.4	10.42	87.0	(9.24) ‡	88.6	(7.68) §
Days from admission	682	(552.26)	1,193	(1555)	1,108	(988.0)
Cognitive performance ‖	2.8	(1.92)	3.7	(1.39)	3.2	(1.75)
Activities of daily living ¶	6.97	(5.65)	8.58	(5.76)	8.38	(5.84)

* Bivariate analyses use the Green House as the reference for tests of significance. One-way analysis of variance (ANOVA) or Chi-square tests were used depending on the type of variable. SE in the column heads stands for Standard Error.

† Significant difference from Green House (p. =0.006).

‡ Significant difference from Green House (p. = 0.008)

§ Significant difference from Greene House (p=0.001)

‖ Cognitive performance is measured from the MDS: the possible score range is 0 to 6 with the higher scores reflecting more severe cognitive impairment.

¶ Ability to perform activities of daily living is measured on a scale of 0 to 16, with higher scores reflecting greater ADL impairment.

Table 2. Effects of Green House on Quality of Life Scales

Quality of Life Scale ‡	Cedars*			Trinity*		
	Coef. †	(S.E.)	p-value	Coef.	(S.E.)	p-value
Comfort	-0.022	(0.07)	0.74	0.06	(0.08)	0.44
Functional competence	-0.122	(0.18)	0.48	-0.09	(0.19)	0.62
Privacy	-0.818	(0.12)	**0.000**	-0.27	(0.14)	**0.05**
Dignity	-0.690	(0.13)	**0.000**	-0.56	(0.15)	**0.000**
Meaningful activity	-0.261	(0.08)	**0.003**	-0.07	(0.10)	0.79
Relationship	-0.353	0.11)	**0.002**	-0.08	(0.13)	0.51
Autonomy	-0.439	(0.12)	**0.000**	-0.27	(0.14)	**0.05**
Food enjoyment	-0.772	(0.16)	**0.000**	-0.65	(0.18)	**0.000**
Spiritual well-being	-0.266	(0.13)	**0.033**	0.22	(0.14)	0.12
Security	-0.108	(0.05)	**0.038**	0.06	(0.06)	0.34
Individuality	-0.475	(0.10)	**0.000**	-0.16	(0.12)	0.17

* Random effects Tobit regression analyses with the Green House as reference group, controlled for gender, age, length of stay, proxy respondent in resident interview, baseline ability to perform activities of daily living (from the Minimum Data Set) and wave of data collection.
† Coef. stands for coefficient.
‡ Each quality of life scale is standardized from 4 to 1, with the higher score representing better quality of life.

Table 3. Effects of Green House on Self-reported Health, Satisfaction and Functioning

	Cedars*			Trinity*		
	Coef.*	(S.E.) *	p-value	Coef.	(S.E.)	p-valuc
Self-reported health †	-0.03	(0.16)	0.86	-0.17	(0.18)	0.37
Emotional well-being‡	-1.82	(0.77)	**0.01**	-1.68	(0.89)	0.06
Satisfaction with: §						
--nursing home as a place to live	-1.75	(0.29)	**0.000**	-1.11	(0.31)	**0.000**
--nursing home as a place for care	-1.32	(0.29)	**0.000**	-0.64	(0.32)	**0.04**
Would recommend to others‖	-1.45	(0.27)	**0.000**	-0.67	(0.29)	**0.02**
Activities of daily living (ADL) ¶	0.42	(0.44)	0.34	-0.48	(0.50)	0.34
Instrumental activities of daily living (IADL) #	0.23	(0.48)	0.63	-0.25	(0.54)	0.64

* Random effects-regression analyses with the Green House as reference group, controlled for gender, age, length of stay, proxy respondent in resident interview, baseline ADL from Minimum Data Set, and wave of data collection. Abbreviations in the column headings are Coef. for coefficient and S.E. for standard error.

† A single item measured on a scale of 5 to 1, with 5 reflecting the best self-perceived health.

‡ Composite measure of 10 emotions, each measured on a scale of 1 to 4. The summed scale has a theoretical range of 10 to 40, with a higher score reflecting higher reported emotional well-being.

§ Each of the 2 items was measured separately on a scale of 4 to 1, with 4 reflecting the greatest satisfaction.

‖ Measured on a scale of 4 to 1 with 4 being the greatest likelihood of recommending.

¶ Five ADL items each measured with a 0-3 score were summed for a theoretical range of 0 to 15, with a higher score reflecting greater ADL impairment.

Six IADL items, each measured on a scale of 0 to 3 were summed for a theoretical range of 0-18, with a higher score reflecting greater IADL impairment.

Table 4. Effects of Green House on Quality Indictors

Quality Indicator*	Cedars			Trinity		
	Odds Ratio	(S.D.)*	p-value	Odds Ratio	(S.D.)	p-value
Incidence of new fractures †	NA*	NA	NA	NA	NA	NA
Prevalence of falls	2.10	(1.00)	0.12	2.04	(1.11)	0.18
Prevalence of behavioral symptoms	0.510	(0.25)	0.17	1.56	(0.85)	0.41
Prevalence of depression ‡	0.967	(0.39)	0.94	2.47	(1.05)	**0.03**
Prevalence depression without antidepressants.	0.764	(0.44)	0.64	1.72	(1.02)	0.35
Use of 9 or more medications	1.492	(0.73)	0.41	0.88	(0.47)	0.80
Incidence of cognitive impairment	1.416	(1.47)	0.74	2.12	(2.39)	0.50
Prevalence of incontinence. ‖	1.304	(0.85)	0.68	0.21	(0.16)	**0.03**
Prevalence of incontinence without toilet plan . §	NA	NA	NA	NA	NA	NA
Prevalence of indwelling catheters	1.049	(0.83)	0.95	2.48	(2.09)	0.27
Prevalence of fecal impaction †	NA	NA	NA	NA	NA	NA
Prevalence of urinary tract infections	1.595	(0.74)	0.31	2.44	(1.17)	0.06
Prevalence of weight loss	0.840	(0.27)	0.59	0.92	(0.32)	0.80
Prevalence of tube feeding	1.151	(0.75)	0.83	0.32	(0.25)	0.14
Prevalence of dehydration †	NA	NA	NA	NA	NA	NA
Prevalence of bedfast residents ‖	3.696	(2.10)	**0.02**	0.42	(0.29)	0.21
Incidence of decline of late loss activities of daily living (ADL) ¶	3.012	(1.52)	**0.03**	3.88	(2.05)	**0.01**

Incidence of decline of range of motion	1.798	(1.01)	0.29	1.15	(0.75)	0.82
Prevalence of antipsychotic use –high risk	1.867	(1.02)	0.25	0.41	(0.27)	0.18
Prevalence of antianxiety / hypnotic medications	1.413	(0.84)	0.56	2.42	(1.52)	0.16
Prevalence of hypnotic use > 2 times	1.645	(1.25)	0.51	0.65	(0.55)	0.61
Prevalence of daily physical restraints	1.120	(0.58)	0.83	0.75	(0.43)	0.61
Prevalence of little or no activity **	5.013	(2.68)	0.003	0.88	(0.54)	0.83
Prevalence of stage 1-4 pressure ulcer	1.181	(0.66)	0.76	2.01	(1.18)	0.24

* Differences in QIs are analyzed with random-effects logit regression models with the Green House as the reference group. Abbreviations in the table are S.D. for standard deviation, and NA for not applicable. Each QI is created with specific exclusions and adjustments, as applicable.[27, 28] Specifications for all QIs are available from the author, those with statistical significance are further in these notes.

† Unable to calculate the because of small sample size and low incidence of new fractures and prevalence of dehydration or fecal QI in the settings. None of these adverse outcomes occurred at all in the GH and rarely in the other settings for the samples during entire 18 month period.

‡ Adjusted for gender, age, cognitive performance score, CVA, and Alzheimer's disease.

§ Unable to calculate because of skewness; 100% of the eligible population with incontinence for this QI in all 3 settings had no recorded toilet plans.

‖ Adjusted for comatose/vegetative state and end state disease

¶ Those totally dependent in ADL, comatose/vegetative, or without a prior ADL assessment are excluded. Adjustments were made for Cognitive Performance Score and Alzheimer's disease.

** Comatose/vegetative excluded. No adjustments

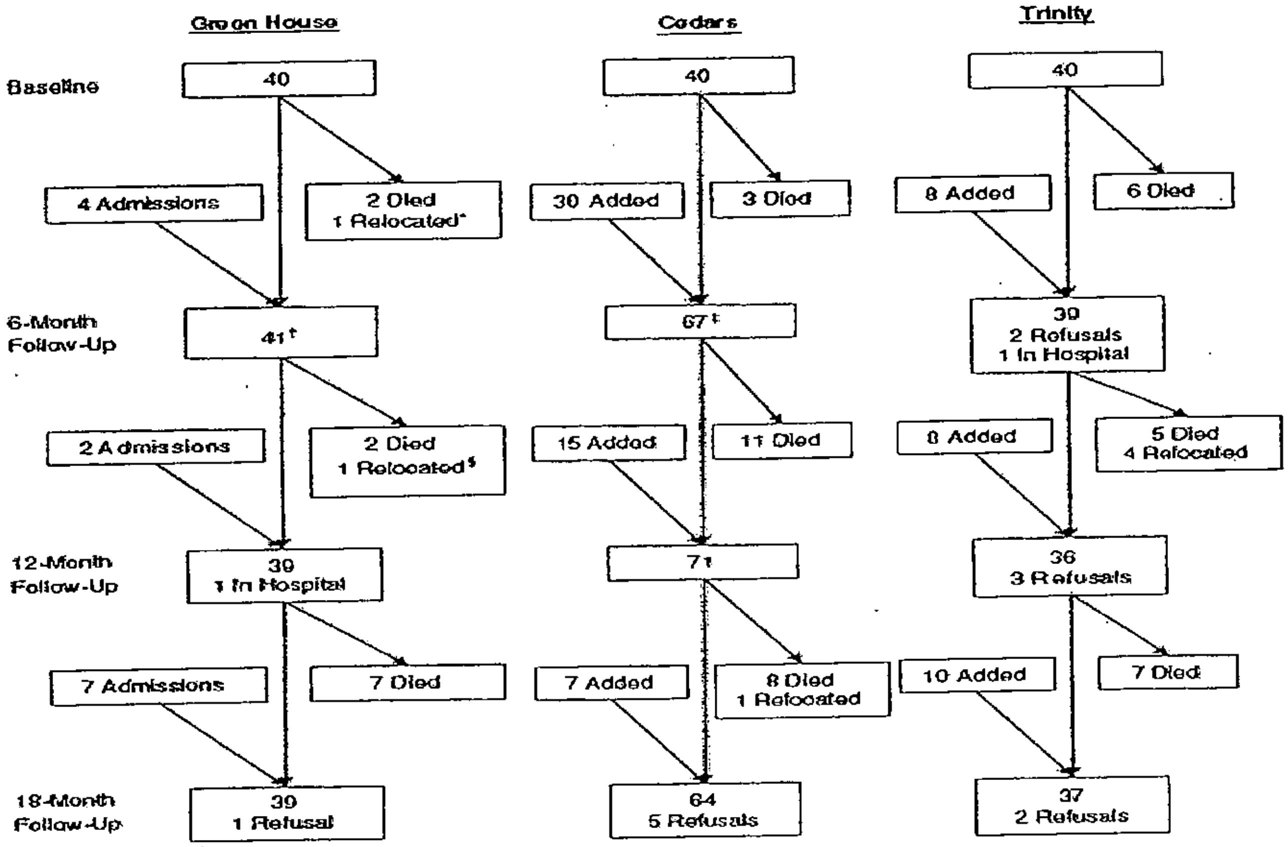

Figure 1. Sample sizes and disposition at each time point of data collection.

Note. Each box shows the number of completed interviews at each time point at each site. Additions to the sample at THE GREEN HOUSEs (GH) are due to new admissions; at any time, the total Green House capacity was 40. At Cedars and Trinity, subjects who died or relocated were replaced using random sampling within the respective facility to keep sample sizes stable. The sample at Trinity dropped below 40 at subsequent waves because, after exclusion of residents who were on Medicare and those who were comatose or vegetative, residents younger than 65 and those who refused, the eligible population was less than 40.

* One resident who had relocated returned to Cedars at own and family request.

† One resident was interviewed and died, and her replacement was also interviewed, accounting for the 41 subjects.

‡ After baseline, Cedars was oversampled in an attempt to acquire baseline data from residents likely to enter GH at subsequent periods, resulting in larger numbers of subjects.

§ At 6 months, one GH resident was asked to leave and went to another nursing home

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Division of Health Policy

School of Public Health

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Study of the Green Houses in Tupelo, MS
Summary as of November 2006

Sponsor: The Commonwealth Fund, New York City

2 Phases:

Phase 1 Study: Quasi-experimental evaluation of 4 Green Houses compared to 2 comparison sites.

Phase 2 Study: 1-year follow-up of the complete implementation of Green Houses in Tupelo.

Research Organization: School of Public Health, University of Minnesota

Investigators: Rosalie A. Kane kanex002@umn.edu
Lois J Cutler cutle001@umn.edu
Terry Lum (University of Minnesota School of Social Work)

Phase 1 Study

Data Collection

--Interviews with all GH residents, all GH line staff members, and family members for all Green House residents at baseline and 3 more times at 6 months intervals.
--Interviews with residents, line staff members and resident family members at comparison sites.
--Observation at the Green Houses, post-occupancy evaluation studies
--Qualitative interviews on implementation issues at baseline and follow-up intervals
--MDS data

Hypothesis-testing

--compared to comparison groups:

1. GH residents will report better quality of life, be more socially engaged, and will report better satisfaction.
2. GH family members will be more engaged with their elder in NH, more satisfied with the elder's care, and more satisfied with their own relationship with the NH as a family member.
3. Line staff (Shahbazim for GH and CNA's for comparison settings) will know the residents under their care better, will be more likely to believe they can influence outcomes of the residents, will be more satisfied with their jobs, and have a greater intent to stay in them.
4. All these results will be achieved with no diminution in Quality Indicators (MDS) at GH.

Findings:

All hypotheses strongly confirmed. Regarding the QIs, there were no significant differences between GH performance and comparison settings in all but 1 QI, and GH was statistically significantly better than one or both comparison settings in s was as good as both comparison settings in 5 QIs.

For copies of measures and tables, and published papers, email Rosalie Kane at kanex002@umn.edu or visit her website: http://www.hpm.umn.edu/ltcresourcecenter/

The website will be populated with Green House material by Thanksgiving 2006

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
§1110.230(c) ALTERNATIVES

The Applicants considered the following alternatives to the proposed project:

1. Build a 30-bed addition to the existing structure;
2. Build a 5-bed addition to the existing structure;
3. Proceed with proposed Project to add a 17-bed addition.

Overview Of Needs To Be Addressed

There is a demand for admission into Hickory Point Christian Village, based upon early fill-up rates at the facility since it opened in the second half of 2011. As of December 31, 2011, 68 residents were admitted to Hickory Point. Hickory Point's sister facility, Fair Havens in nearby Decatur, has historically experienced high occupancy levels and is currently operating at an occupancy of 97.7%.

At approximately the same time in 2011 that Hickory Point was opening, Decatur Memorial Hospital announced its intent to close its long term care unit. The Review Board approved that discontinuation on August 16, 2011. The Macon County Planning Area now has a computed need for 100 additional beds and most Macon County facilities are operating at or near 90% occupancy.

Alternative 1: Build a 30-bed addition to the existing structure

One alternative considered by the Applicant was to build a 30-bed addition to the existing structure. Building a 30-bed addition would better allow Hickory Point to address the high demand for admission as well as the calculated bed need in the Planning Area. Further, a larger 30-bed addition would have a lower construction cost per bed than a 17-bed addition.

A 30-bed addition, however, is not possible because the current lot size is too small to accommodate a 30-bed addition. Therefore, the Applicant rejected this alternative.

Alternative 2: Build a 5-bed addition to the existing structure

The Applicant also considered building a 5-bed addition. This alternative has lower overall construction costs than the proposed Project and this alternative would not require a CON.

Even though this 5-bed alternative has benefits, it was rejected for three reasons: (i) it fails to accommodate the anticipated demand of those individuals seeking admission to the facility; (ii) this alternative would result in a higher construction cost per bed than the proposed Project; and (iii) a 5-bed addition would not be consistent with the Small House concept that has found more optimal social interaction with a 10-17 bed household unit.

Alternative 3: Proceed with the proposed Project

The alternative chosen contemplates a 17-bed expansion of the currently-existing 47-bed skilled nursing facility. This alternative best addresses demand for admission into the facility as well as the high utilization at Hickory Point's nearby sister facility, Fair Havens Christian Village. Additionally, this alternative best suits the size of the existing lot and the current zoning permit allows for the construction of a 17-bed addition. A 64-bed facility also creates operational efficiencies and lower costs by allowing overhead costs to be spread more broadly across the facility. This alternative is also the most cost-effective solution given the constraints of the lot size and completes the "Small House" concept as originally contemplated by the Applicant.

For these reasons, the Applicant decided to proceed with this alternative.

Hickory Point Christian Village

Alternatives to the Proposed Project
Cost/Benefit Analysis

ALTERNATIVE	COSTS	BENEFITS/LIMITATIONS
1. Build 30-Bed Addition	Project cost estimated at $3,700,000.	1. Benefits: --Would better allow Hickory Point to address high demand based upon early fill-up ratios and Fair Havens high occupancy. --Addresses bed need in Planning Area. 2. Limitation: -- Lot size to small to build a 30-bed addition.
2. Build 5-Bed Addition to Existing Structure	Project cost estimated at $1,200,000.	1. Benefits: --Total construction cost would be less --No requirement for CON. --5 bed addition inconsistent with Small House Concept. 2. Limitations: --Fails to accommodate those seeking admission to facility. --Higher construction cost per bed.
3. Proceed with Proposed Plan	Project cost estimated at $1,462,890.	1. Benefits --Addresses demand for admission. --Size of lot and zoning permit allow 17-bed addition. --Most cost effective solution given the building constraints. --Completion of Small House.

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
SIZE OF PROJECT
CRITERION 1110.234(a)

Hickory Point Christian Village proposes to establish a 17-bed addition to its existing skilled nursing facility which will include support, dietary and therapy areas. The proposed Project totals approximately 7,502 gross square feet. As shown below, the Project complies with the size of Project review criterion.

The 17-bed skilled addition has been designed in accordance with the "Small House" concept, matching the "Small House" concept of the current facility, and the addition will constitute the 5th and final small household unit of the existing facility. As per IDPH requirements, a nurse's station with support spaces and a communal bath and shower are included in the addition. Seven of the 12 rooms are private, all of the rooms will have private baths, the 17-bed addition will contain a small therapy kitchen and dining room, which will be served by a small warming kitchen. A floor plan of the 17-bed addition is attached, as well as an architectural drawing of where the addition will be "attached" to the existing structure.

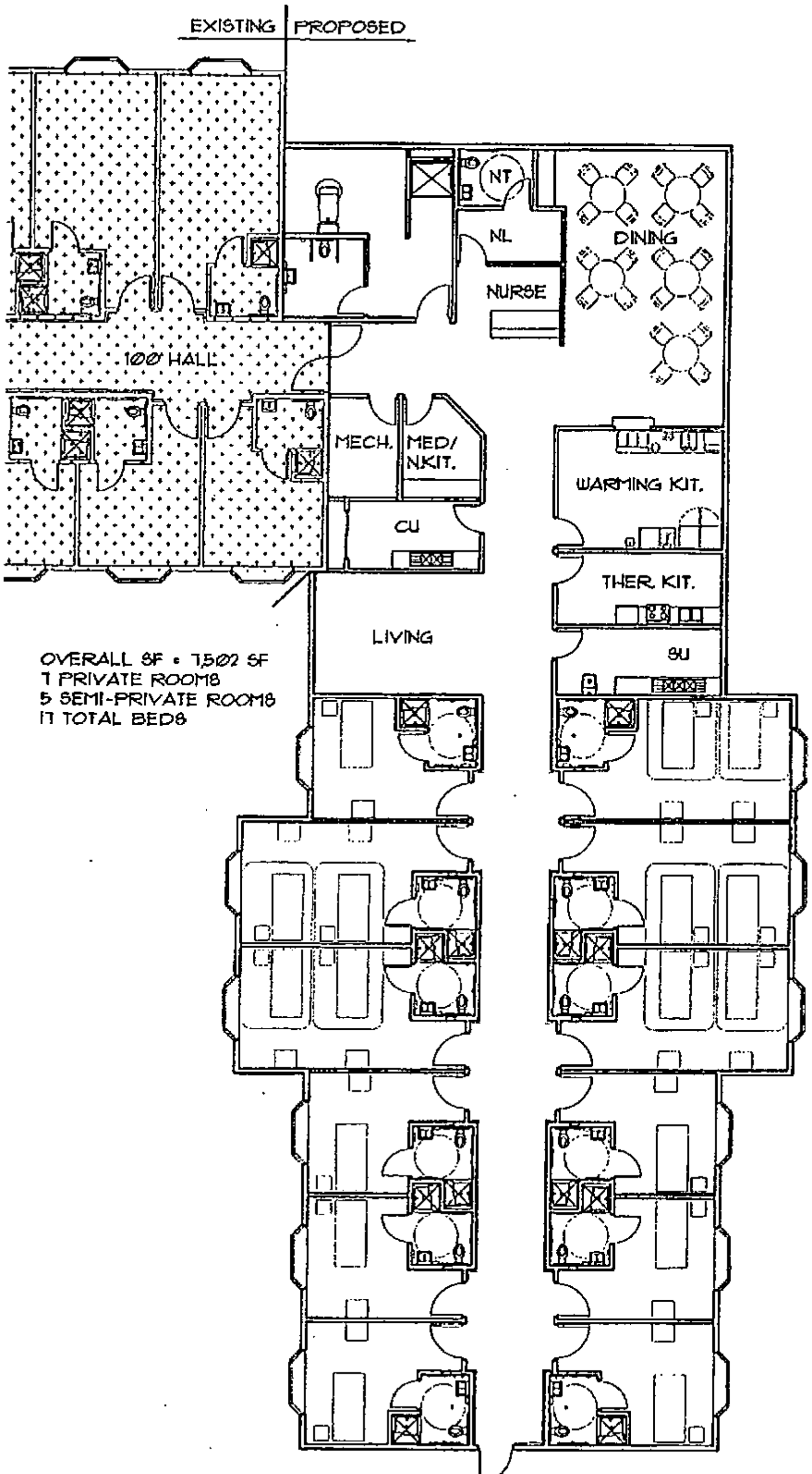
The size of the rooms in the 17-bed addition match the size of the rooms in the existing facility. Because the Project will utilize functions of the existing building, the support spaces are minimal in size, and the therapy and dietary kitchens are small but functional.

The proposed square footage by Departmental Area is included in this Application at Attachment 9.

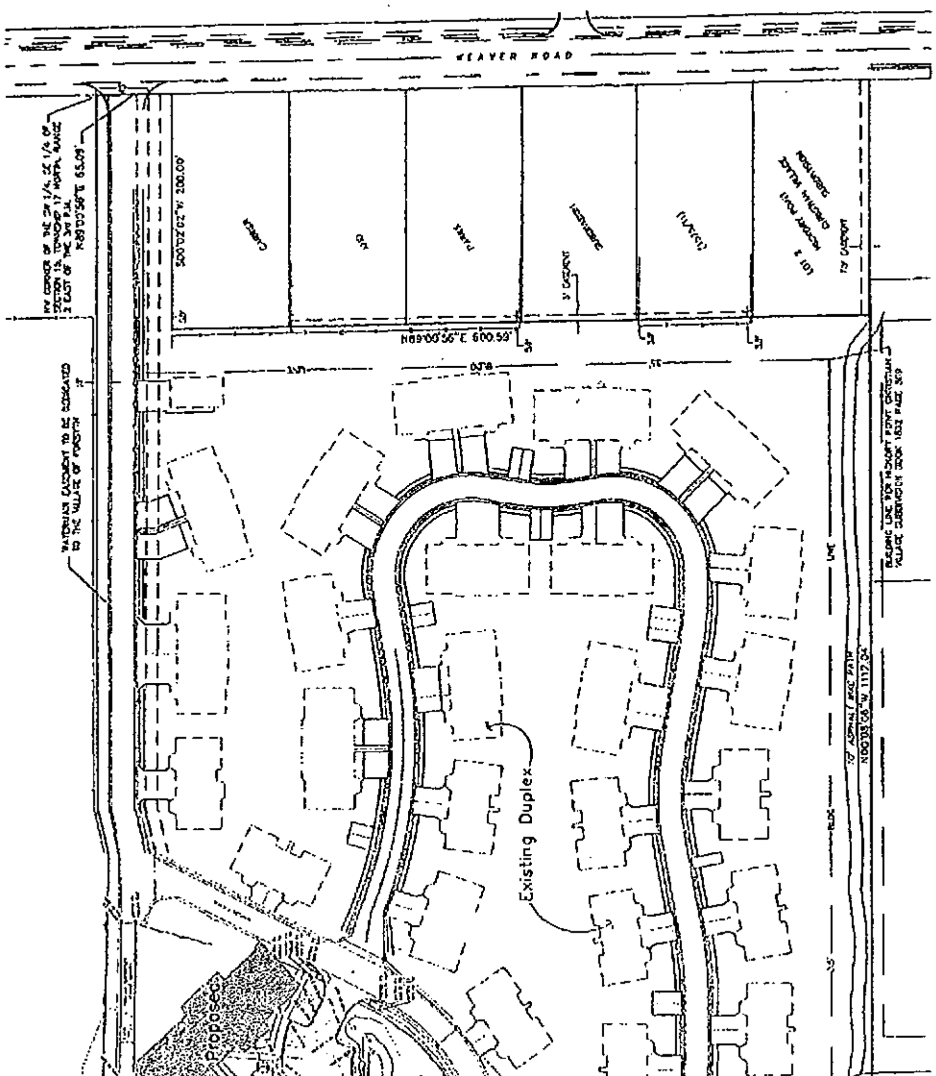
<u>Size Comparison with State Standard</u>

The Review Board rules set forth a range of 435-713 building gross square feet per bed. The existing building of 31,820 bgsf together with the 7,502 square feet addition creates 64 beds. The resulting 614.4 bgsf per bed falls well within the State standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD**
General Long-term care	614.4 BGSF	435-713 BGSF	N/A	Yes



HICKORY POINT CHRISTIAN VILLAGE
17 BED ADDITION
FORSYTH, ILLINOIS



Hickory Point Christian Village
17 Bed Addition
Forsyth, Illinois

ATTACHMENT-14

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
CRITERION §1110.234
PROJECT SERVICES UTILIZATION

The following chart documents that in the second year of operation, the annual utilization of the Applicant shall meet or exceed the State Standard.

UTILIZATION					
FISCAL YEAR	**DEPT./ SERVICE**	**HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.**	**PROJECTED UTILIZATION**	**STATE STANDARD**	**MET STANDARD?**
2011	General long term care	N/A	N/A	90%	
2012	General long term care	N/A	68%	90%	
2013	General long term care	N/A	95%	90%	
2014	General long term care	N/A	72%	90%	N/A
2015	General long term care	N/A	95%	90%	Yes

The rationale which supports the projected utilization in both the first and second years of operation is as follows:

Hickory Point Christian Village opened in the second half of 2011 and demand for admission into the facility is high based upon early, rapid fill-up from individuals in the service area seeking skilled nursing care. Based upon this, Hickory Point projects that it will reach 95% utilization of its existing 47-bed facility in fiscal year 2013, during which time the 17-bed addition Project will be in progress. In addition, Hickory Point's sister facility, Fair Havens Christian Home, in nearby Decatur, has operated at functional capacity over the past several years and is currently experiencing high levels of occupancy (97.7%). Similarly, a majority of facilities in the Planning Area are operating above or near 90% occupancy. Since receiving Medicare certification in October, 2011 over 50 residents (with some discharges) have been admitted to Hickory Point in that short period of time.

Further, Decatur Memorial Hospital closed its 61-bed long term care unit in late 2011. This closure more than offsets the proposed 17-bed addition and will likely keep utilization high at Hickory Point and other facilities.

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
CRITERION 1110.1730(b)(2)
PLANNING AREA NEED-SERVICE TO PLANNING AREA RESIDENTS

In compliance with Section 1110.1730(b)(2) of the Review Board Rules, the Applicants confirm that as to service area, the primary purpose of the Project is to serve residents within Macon County and within a 30-minute drive time of the facility. This primary service area is shown on the attached Area Map.[1] The Applicant's secondary market is sourced from within the larger Macon Planning Area, which has a computed need for 100 additional beds. Because the Project consists of a 17-bed addition to an existing building, the Project will provide health services to the same service area population presently served by Hickory Point.

The attached report provides patient origin information by zip code, based upon the resident's legal residence, for all admissions to Hickory Point Christian Village for the 12-month period ending December 31, 2011. At least 50% of the admissions were residents of the Applicant's service area.

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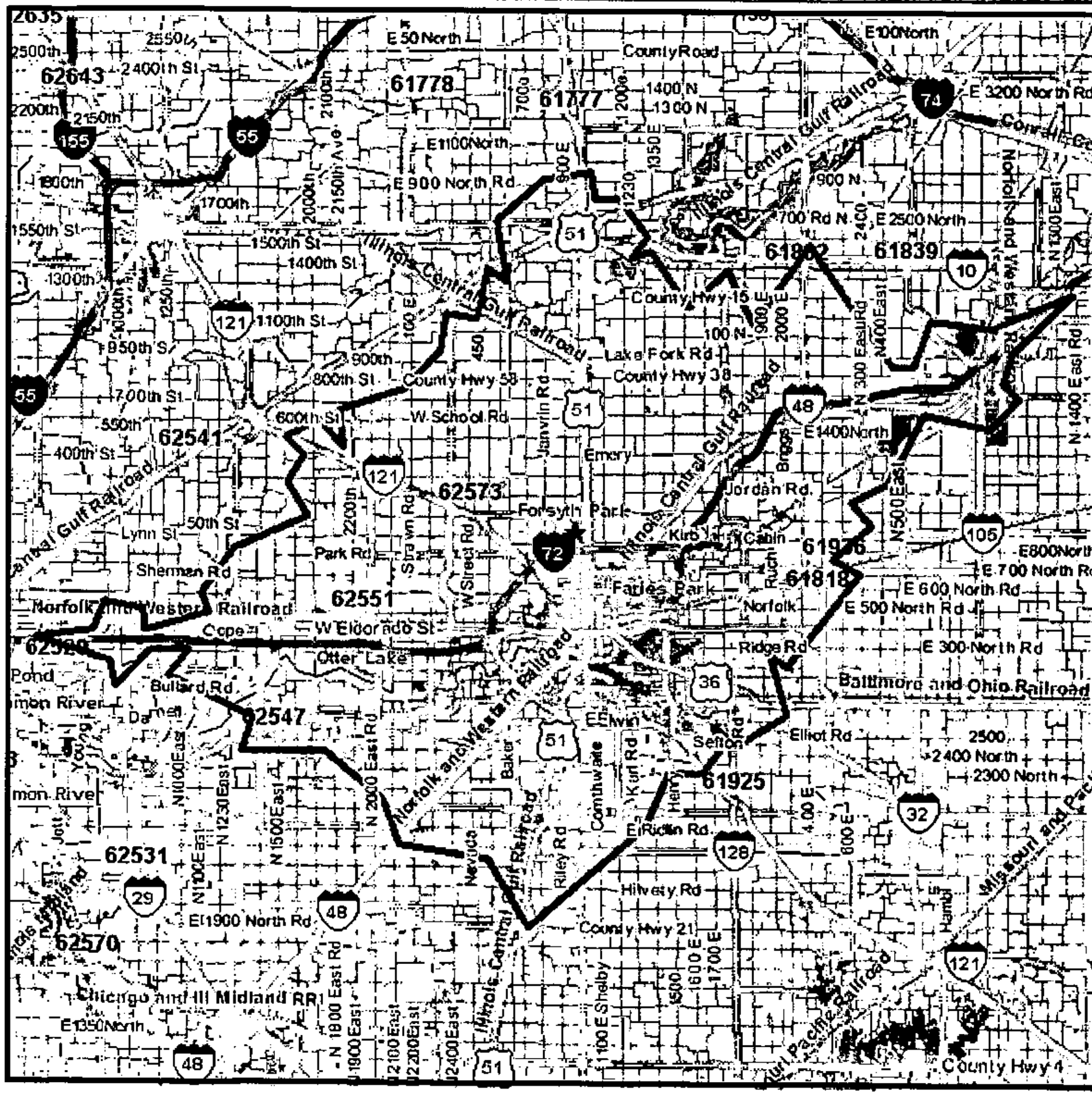
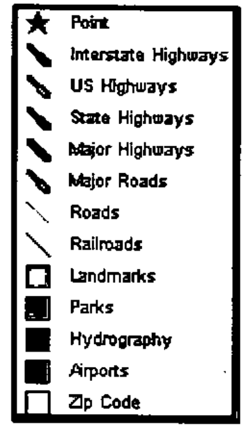
[1]The Nielsen Company Area Map prepared on January 5, 2012.

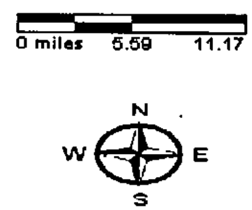
Area Map

565 W MARION AVE, FORSYTH, IL



Coord: 39.921100, -88.963300
Polygon - See Appendix for Points





Area Map

565 W MARION AVE, FORSYTH, IL

Appendix: Area Listing

Area Name:

39.921100 / -88.963300

Type: Drive Time 1: 30 Minute(s)

Polygon Points:

39.623608	-89.009262	39.675491	-89.048172	39.685867	-89.133781	39.719593	-89.149345
39.755913	-89.206413	39.755913	-89.286835	39.781853	-89.276459	39.812984	-89.356880
39.831142	-89.338722	39.831142	-89.375038	39.805202	-89.408760	39.823360	-89.413948
39.841518	-89.486588	39.846706	-89.429520	39.867462	-89.419144	39.862274	-89.382820
39.846706	-89.380226	39.859680	-89.317970	39.875244	-89.325752	39.908970	-89.294617
39.932316	-89.224579	39.958260	-89.242737	39.979012	-89.227173	39.991982	-89.245331
40.004951	-89.214203	39.984200	-89.188255	40.012737	-89.193443	40.028301	-89.131187
40.056835	-89.094864	40.085373	-89.089676	40.080185	-89.061142	40.119099	-89.050766
40.108719	-89.030014	40.155415	-89.040390	40.186546	-88.996284	40.191734	-88.949593
40.170982	-88.946999	40.170982	-88.921059	40.142445	-88.895111	40.126881	-88.910683
40.132069	-88.892517	40.090561	-88.856201	40.119099	-88.817291	40.077591	-88.793938
40.137257	-88.739464	40.046459	-88.659042	40.046459	-88.638290	40.080185	-88.622726
40.074997	-88.565651	40.100937	-88.485229	40.056835	-88.544899	40.033489	-88.552681
40.023113	-88.537117	39.999763	-88.565651	40.010143	-88.627914	39.958260	-88.664230
39.945286	-88.697952	39.927128	-88.679794	39.901184	-88.716118	39.890808	-88.690170
39.820766	-88.760216	39.828548	-88.775780	39.784447	-88.760216	39.761101	-88.809509
39.776665	-88.832855	39.761101	-88.822479	39.740345	-88.843231	39.740345	-88.874359
39.698837	-88.897705	39.623608	-89.009262	39.740345	-88.843231	39.740345	-88.874359

Prepared By:

Hickory Point Christian Village
Admission Information by Zip Code
(Inpatient through 12/31/2012)

J.B.	11/1	61929
L.B.	11/22	62521
K.B.	12/23	62521
J.B.	12/19	62535
J.B.	12/9	62526
N.B.	11/17	
D.B.	8/24	62526
V.C.	12/13	62522
J.C.	12/5	62550
B.C.	11/30	73159
F.D.	11/12	62526
R.F.	11/30	62522
M.G.	12/12	62526
M.G.	12/9	62526
N.H.	12/14	62521
L.H.	12/17	62526
C.H.	12/22	62526
W.H.	12/9	62526
J.H.L.	12/24	62535
B.H.	12/2	62522
P.J.	12/13	62526
V.J.	12/29	
G.K.	11/19	
L.K.	11/6	
M.K.	12/19	62521
A.K.	12/16	62526
D.L.	7/18	62535
P.M.	11/1	61727
E.M.	12/16	62526
M.M.	9/12	62521
D.O.	11/22	62521
W.P.	12/7	62535
B.P.	12/17	62521
F.R.	12/28	
D.R.	12/16	62521
G.R.	11/25	62526
G.R.	12/7	61818
R.S.	12/7	62526

Hickory Point Christian Village
Admission Information by Zip Code
(Inpatient through 12/31/2012)

D.S.	11/18	62526
C.S.	12/20	62543
M.S.	12/8	62522
D.S.	11/22	62549
S.S.	9/21	62521
B.T.	12/9	61937
R.V.	11/3	62550
R.W.	12/16	62526
J.W.	12/8	62522
J.W	12/13	61727
C.Y.	11/21	62526
M.Y.	12/21	62521

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
CRITERION 1110.1730(b)(4)
PLANNING AREA NEED
SERVICE DEMAND-EXPANSION OF BED CATEGORY OF SERVICE

The Review Board approved a permit at its April 2009 meeting authorizing Hickory Point Christian Village to construct a 47-bed skilled facility (Project No. 08-097). That project was completed in 2011 and Hickory Point began accepting residents in the second half of 2011. The 47-bed skilled unit now complements the previous existing 50 independent living units and 48 assisted living units as part of the retirement community.

In its original planning, Christian Homes had always desired to construct a larger skilled facility on the site. At the time of submitting its CON application, however, there was only a calculated bed need of 47 beds. Christian Homes proceeded with the 47-bed facility, but specifically developed the building to allow for a one-time expansion when the need arose. In the fall of 2011 Decatur Memorial Hospital, located within 5 miles of Hickory Point, received Review Board approval to discontinue its 61-bed long term care unit. This closure created both a real need in the area and a corresponding increase in the bed need inventory.

Because the existing Hickory Point skilled nursing facility opened in later 2011 there is not historical data to document the facility's average annual occupancy rate for the preceding two years pursuant to Section 1110.1730(b)(4)(A)(i) of the Review Board rules. Hickory Point, however, is experiencing rapid fill-up of its skilled nursing facility from individuals in the service area seeking skilled nursing care. Further, Hickory Point's sister facility, Fair Havens Christian Home in nearby Decatur, has operated at functional capacity over the past few years and continues to operate at high levels of occupancy (97.7%). Those seeking admission to Fair

Havens Christian Home who are unable to be admitted there due to high occupancy will be referred to, and will have the option of seeking admission at, Hickory Point.

The 17-bed addition is necessary to meet the projected demand for service by those individuals who are currently part of Hickory Point's retirement community, those who reside in the service area and those who may otherwise be referred to the Hickory Point by its nearby sister facility, Fair Havens Christian Home.

The Review Board's revised bed inventory shows a calculated bed need of 100 beds in Macon County. This bed need calculation is supported by the high occupancy of the facilities with the Planning Area. In addition to Hickory Point there are 10 other long term care facilities in Macon County, plus a 14-bed unit at St. Mary's Hospital. Of those facilities, 6 operate at or above the 90% occupancy rate and another at 87.0%. Two facilities operate at 80.2% and 67.3%. The final facility, Eastern Star at Macon, is a restricted access facility (Women of the Eastern Star of good repute) operating at 43.2%. St. Mary's Hospital operates its 14-bed unit at 71.4% occupancy but frequently refers residents to Hickory Point and Fair Havens. St. Mary's has provided a letter of support for the facility. The following chart shows the facility utilization and supports the need for the Project.

Facilities in the Macon County Long-Term Care Planning Area or Within 30-Minutes Travel Time (bolded)

	Long-Term Care Facility	City/Planning Area	Authorized Beds	2009 Occupancy	2010 Occupancy	Travel Time (Minutes)	Distance (Miles)
1	Hickory Point	Forsyth/Macon	47	N/A	N/A	0	0
2	Lincoln Manor	Decatur/Macon	140	83.9%	80.2%	8	4.27
3	Decatur Manor Healthcare	Decatur/Macon	147	90.1%	87.0%	8	4.33
4	Aspen Ridge Care Center	Decatur/Macon	195	92.2%	91.0%	9	4.39
5	Heartland of Decatur	Decatur/Macon	112	92.2%	92.2%	9	4.69
6	McKinley Court	Decatur/Macon	150	86.7%	92.3%	9	4.35
7	Decatur Rehab & Health Care Center	Decatur/Macon	58	65.8%	67.3%	15	12.34
8	Fair Havens Christian Home	Decatur/Macon	154	95.3%	97.7%	18	14.98
9	Imboden Creek Living Center	Decatur/Macon	95	89.2%	89.5%	19	8.14
10	Eastern Star at Macon	Macon/Macon	44	37.6%	43.2%	22	20.35
11	Heritage Manor - Mount Zion	Mount Zion/Macon	75	92.6%	94.1%	24	13.38

	Hospital Facility	City/Planning Area	Authorized Beds	2009 Occupancy	2010 Occupancy	Travel Time (Minutes)	Distance (Miles)
1	Decatur Memorial Hospital (1)	Decatur/Macon	61	36.5%	36.2%	9	4.42
2	St. Mary's Hospital (2)	Decatur/Macon	14	63.4%	71.4%	18	8.14

(1) Board discontinued 8 nursing beds on 4/22/2009; Board approved discontinuation of facility on 8/16/2011.

(2) Permit 06-078 issued to discontinue 36 nursing beds on 3/2/2009.

hickory point **christian** village

565 W. Marion Ave. • Forsyth, IL 62535
Phone: (217)872-1122 • Fax: (217)875-0600

January 16, 2012

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point – Staffing Review Criteria §1110.1730

Dear. Ms. Avery:

As the Administrator for Hickory Point, I have analyzed our staffing needs that would be associated with our proposal to add an additional 17 beds to our existing facility. I have also reviewed staffing requirements and provide Drive letter and chart in compliance of your Section 1110.1730 review criterion.

In our planning for a proposed 17-bed addition we have prepared our intended additional staffing projections. The attached chart shows both our current staffing levels and the additional staffing that we anticipate with the addition.

Both our Hickory Point facility and our sister facility, Fair Havens in Decatur, are considered desirable places to work. We currently have over 640 applications on file for employment for all positions at Hickory Point Christian Village alone. I further certify that the number of applications on file exceed the projected number for each position listed on the attached chart.

Sincerely,

Laurie Brown
Administrator

9926732.1

christian homes, inc.
established 1982
www.hickorypointchristianvillage.org

Current Staffing For Hickory Point Christian Village –

*Administrator	Director of Nursing
*Community Liaison	Activity Director
2 Social Service Directors	*Food Service Director
Ward Clerk	Medical Records
2 Resident Assessment Coordinators	*Evening and Weekend Reception
*Business Office Manager	Day Reception

Activity Aides, Dining Service Staff, Housekeepers and Laundry

*Represents being shared with Assisted Living~

Hands On:

We staff one Registered Nurse, one Licensed Practical Nurse, and 4 certified nursing assistants to each household which represents 24 guest on one household and 23 on the other.

For this addition to our community we would need to hire the following:

Registered Nurse for each shift, Licensed Practical nurse for days and evenings, 3 aides for days and evenings and 2 for nights. We would also hire another housekeeper.

We received 640 applications for various positions throughout our community when we opened our 47 skilled bed addition. We have the following number of applications for those positions:

Registered Nurses:	42
Licensed Practical Nurses:	52
Certified Nursing Assistants:	149
Housekeepers:	134

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
CRITERION 1110.1730(h)
PERFORMANCE REQUIREMENTS-FACILITY SIZE

The maximum size of the facility after completion of the proposed Project will be 64 beds, which is below the maximum sizc of 250 beds specified in Section 1110.1730(h).

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
CRITERION 1110.1730(i)
COMMUNITY RELATED FUNCTIONS

Attached hereto are various community support letters in connection with the Project from St. Mary's Hospital, Decatur Memorial Hospital Home Health Services, individual physicians and residents of the facility.

St. Mary's
HOSPITAL
DECATUR, ILLINOIS

January 3, 2012

Hickory Point Christian Village
Attention: Laurie Brown
Executive Director
565 W. Marion
Forsyth, Illinois 62535

Dear Mrs. Brown,

We at St. Mary's Hospital, Decatur, IL, would like to express our support for the proposed 17 bed addition that Christian Homes, Inc. is hoping to add to its new 47 Skilled Rehab/Nursing facility on the Hickory Point Christian Village campus, located in Forsyth, Illinois.

We recognize that it has been the mission of Christian Homes to care for the physical, emotional, and spiritual well-being of each senior they serve, fostering their hopes and dreams and promoting their independence, while preserving their dignity.

Christian Homes, Inc. has been providing high quality skilled nursing services at their Fair Havens Christian Home campus for many years. We are confident that same quality of service, with a planned emphasis on short term rehab, is now occurring on the Hickory Point Christian Village campus, since Medicare licensure occurred a few short weeks ago. Adding 17 beds will enhance the Christian Homes' mission to meet the growing needs of area seniors, thus we support Christian Homes, Inc. in their desire to expand the Hickory Point Christian Village campus once again. We wish you well and continued success.

Sincerely,

Kevin F. Kast, President / CEO

1800 East Lake Shore Drive
Decatur, Illinois 62521
P: 217-464-2966
www.stmarysdecatur.com

An Affiliate of
Hospital Sisters
Health System

December 29, 2011

Hickory Point Christian Village
Attention: Mrs. Laurie Brown
Executive Director
565 W. Marion
Forsyth, IL 62535

Dear Mrs. Brown:

We at Decatur Memorial Hospital Home Health Services would like to express our support for the proposed skilled addition that Christian Homes is hoping to add to their Hickory Point Christian Village campus located in Forsyth, IL.

Having worked with Christian Homes, Inc. for several years, I have found its quality of care to be of the highest standard. I would not hesitate to choose any one of its facilities to care for my family as the need arises.

Caring for today's seniors is often a thankless job. Christian Homes, however has made it their mission to not only care for these valued individuals, but to do so in a dignified way that fosters their hopes and dreams while preserving their dignity. Not only is the residents' physical well-being closely monitored, but options are available to safeguard their spiritual health as well.

Not only should Christian Homes be commended for offering such a high quality service, they should be allowed to expand that service. The current 47 beds have helped our community and another addition would only enhance. Such an addition would indeed be welcome.

Sincerely,

Leslie Roberts, MSW
DMH Hospice

M. STEPHEN HUSS, M.D., S.C.

Orthopedic Surgery
304 W. Hay St., Suite 213
Decatur, Illinois 62526-6341
(217) 875-1518 Fax (217) 875-9309

January 11, 2012

Hickory Point Christian Village
Attn: Mrs. Laurie Brown
Executive Director
565 W. Marion
Forsyth, IL 62535

Dear Mrs. Brown:

As a practicing Orthopedic Surgeon in Decatur, IL, I am writing to express my support for the skilled care addition that Christian Homes is proposing to add to their Hickory Point Christian Village campus located in Forsyth, IL.

With the shortage of skilled nursing beds in the area and the ever-growing population of senior citizens in need of this type of service, the proposed bed addition would help meet the intense need for quality senior housing options that we are currently experiencing.

I certainly feel this project would be another excellent addition to the Decatur community, as well as the Forsyth community.

Sincerely yours,

M. Stephen Huss, M.D., S.C.

MSH:bmo
cc

December 29, 2011

Hickory Point Christian Village
Attention: Mrs. Laurie Brown
Executive Director
565 W. Marion
Forsyth, IL 62535

Dear Mrs. Brown:

As a practicing Medical Doctor in Decatur, IL, and as the Medical Director of Fair Havens Christian Home Village and Hickory Point Christian Village, I am writing to express my support of the proposed skilled addition that Christian Homes is hoping to add to their Hickory Point Christian Village campus located in Forsyth, IL.

Having worked with Christian Homes, Inc. for several years, I have found its quality of care to be of the highest standard. I would not hesitate to choose any one of its facilities to care for my family as the need arises.

Caring for today's seniors is often a thankless job. Christian Homes, however has made it their mission to not only care for these valued individuals, but to do so in a dignified way that fosters their hopes and dreams while preserving their dignity. Not only is the residents' physical well-being closely monitored, but options are available to safeguard their spiritual health as well.

Not only should Christian Homes be commended for offering such a high quality service, they should be allowed to expand that service. The current 47 beds have helped our community and another addition would only enhance. Such an addition would indeed be welcome.

Sincerely,

Dr. Mahammad Khan, M.D.

hickory point **christian** village
565 W. Marion Ave. • Forsyth, IL 62535
Phone: (217)872-1122 • Fax: (217)875-0600

January 10, 2012

Hickory Point Christian Village
Attention: Laurie Brown
Executive Director
565 West Marion
Forsyth, IL 62535

Dear Mrs. Brown:

I am currently a resident at Hickory Point Christian Village. I love the neighborhood set-up of the building. I feel like I am at home. The staff is 100%; they take care of all my needs. The building is very clean and pleasant. I enjoy visiting with the other residents at mealtime in the dining room.

I recommend anyone coming here to do their rehabilitation.

Sincerely,

Dorothy Rice

Dorothy Rice

christian homes, inc.
established 1962
www.hickorypointchristianvillage.org

hickory point **christian** village

565 W. Marion Ave. • Forsyth, IL 62535
Phone: (217)872-1122 • Fax: (217)875-0600

January 10, 2012

Hickory Point Christian Village
Attention: Laurie Brown
Executive Director
565 West Marion
Forsyth, IL 62535

Dear Mrs. Brown:

I am currently a resident at Hickory Point Christian Village. I love the set-up of the neighborhoods. I enjoy having my meals in the beautiful dining room with the other neighbors. It is by far the nicest place I have been. The facility is very clean and well maintained.

I would highly recommend Hickory Point Christian Village to anyone needing rehabilitation services.

Sincerely,
Dorothy Orr

Dorothy Orr

hickory point **christian** village
565 W. Marion Ave. • Forsyth, IL 62535
Phone: (217)872-1122 • Fax: (217)875-0600

January 10, 2012

Hickory Point Christian Village
Attention: Laurie Brown
Executive Director
565 West Marion
Forsyth, IL 62535

Dear Mrs. Brown:

I am currently a resident at Hickory Point Christian Village. This Community has benefited me by being able to do rehabilitation in such a beautiful environment. It is a very pleasant, comfortable place to come and address my health issues. The staff is very aware of the resident's individual needs. I enjoy coming together at meals with the other neighborhood, it is a special time for us.

I hope you are allowed to add more beds to the current community. I would recommend this to the state.

Sincerely,

Pat Johnson

Pat Johnson

January __10__, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – Assurances

Dear Ms. Avery:

In compliance with Section 1110.1730(k) of the Review Board Rules, Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village, as operator of the Project, hereby provides assurances that we reasonably anticipate that by the second year of operation after the Project completion Hickory Point Christian Village will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the general long term care category of service.

Sincerely,

Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village

Susan McGhee

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this __10__ day of January, 2012

Marcella Tesh

Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

January _10_, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – Availability of Funds

Dear Ms. Avery:

In compliance with Section 1120.120 of the Review Board Rules, we provide documentation that sufficient financial resources are available to pay the total estimated Project costs and related costs from cash and cash equivalents.

I draw your attention to our balance sheet in the attached audited consolidated financial statements as of June 30, 2011. This consolidated balance sheet shows funds are available within the Cash and Cash Equivalents line. These financial statements show our Cash and Cash Equivalents of approximately $20,937,312.

Sincerely,

Fair Havens Christian Homes, Inc., d/b/a Hickory Point Christian Village

Susan McGhee
Chief Financial Officer

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2011 AND 2010

LarsonAllen LLP

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Midwest Christian Villages, Inc.
dba: Christian Homes, Inc. and Affiliates
St. Louis, Missouri

We have audited the accompanying consolidated balance sheets of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates as of June 30, 2011 and 2010, and the related consolidated statements of unrestricted activities, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates as of June 30, 2011 and 2010, and the results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the financial statements, the Organization has adopted the standard on accounting for noncontrolling interests in these consolidated financial statements. The Organization has retrospectively applied the standard to their unrestricted net assets as of July 1, 2009.

LarsonAllen LLP

LarsonAllen LLP

St. Louis, Missouri
October 6, 2011

An independent member of Nexia International

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 20,937,312	$ 22,423,669
Accounts Receivable, Net	12,643,392	14,061,569
Other Current Assets	1,450,806	1,374,520
Current Portion of Assets Limited as to Use	2,557,086	2,926,183
Total Current Assets	37,588,596	40,785,941
ASSETS LIMITED AS TO USE		
Resident Funds and Other Deposits	396,968	386,247
Trustee Held Funds	17,473,643	10,424,611
Total	17,870,611	10,810,858
Less: Current Portion Shown Above	(2,557,086)	(2,926,183)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	15,313,525	7,884,675
PROPERTY AND EQUIPMENT (at Cost)		
Land and Land Improvements	11,492,516	11,492,516
Building and Improvements	170,752,835	167,199,676
Equipment	23,626,432	21,486,861
Construction in Progress	12,013,384	2,579,958
Total	217,885,167	202,759,011
Less: Accumulated Depreciation	83,089,474	77,737,729
Total Property and Equipment (at Depreciated Cost)	134,795,693	125,021,282
OTHER ASSETS		
Deferred Financing Costs	3,958,111	2,944,861
Investments	33,071,038	26,758,968
Cash Surrender Value of Life Insurance and Other Assets	318,081	443,911
Total Other Assets	37,347,230	30,147,740
Total Assets	$ 225,045,044	$ 203,839,638

See accompanying Notes to Consolidated Financial Statements.

	2011	2010
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 18,580,701	$ 14,347,216
Accounts Payable:		
Trade	3,872,543	3,370,946
Construction	2,203,251	1,005,371
Other Accrued Liabilities	13,853,871	11,747,241
Resident Trust Fund Payable	322,944	287,097
Current Portion of Refundable Entrance Fees	1,404,400	1,536,300
Total Current Liabilities	40,237,710	32,294,171
LONG-TERM DEBT (Net of Current Maturities Shown Above)		
Bonds and Notes Payable	122,591,092	116,133,127
Interest Rate Swap	-	1,004,212
Total Long-Term Debt (Net of Current Maturities Shown Above)	122,591,092	117,137,339
OTHER LIABILITIES		
Refundable Entrance Fees	7,040,208	7,180,544
Deferred Revenue from Entrance Fees	12,271,916	14,502,555
Other Liabilities	1,238,971	1,141,119
Total Other Liabilities	20,551,095	22,824,218
Total Liabilities	183,379,897	172,255,728
NET ASSETS		
Unrestricted:		
Controlling Interest	39,577,080	29,774,283
Noncontrolling Interest	1,697,540	1,299,795
Total Unrestricted Net Assets	41,274,620	31,074,078
Temporarily Restricted	176,807	296,112
Permanently Restricted	213,720	213,720
Total Net Assets	41,665,147	31,583,910
Total Liabilities and Net Assets	$ 225,045,044	$ 203,839,638

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF UNRESTRICTED ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011		2010	
	Amount	Percent of Revenue	Amount	Percent of Revenue
OPERATING REVENUE				
Resident Service	$ 148,724,563	96.2 %	$ 141,769,888	96.5 %
Amortization of Admission Fees	1,974,134	1.3	1,620,028	1.1
Other	3,957,279	2.5	3,585,872	2.4
Total Operating Revenue	154,655,976	100.0	146,976,788	100.0
OPERATING EXPENSE				
Nursing	41,852,753	27.1	40,945,039	27.9
Ancillary	22,742,168	14.7	22,239,231	15.1
Dietary	10,679,645	6.9	10,513,162	7.2
Housekeeping	4,077,541	2.6	4,074,037	2.8
Activities and Social Services	3,940,938	2.5	3,803,405	2.6
Plant Operations and Maintenance	8,279,552	5.4	7,828,309	5.3
Administrative	30,606,619	19.8	26,304,238	17.9
Marketing	583,596	0.4	622,164	0.4
Payroll Taxes	4,545,636	2.9	4,444,673	3.0
Employee Benefits	4,780,982	3.1	5,004,945	3.4
Property Taxes	364,923	0.2	244,509	0.2
Interest	7,892,443	5.1	8,065,339	5.5
Depreciation and Amortization	8,439,472	5.5	7,701,262	5.2
Total Operating Expense	148,786,168	96.2	141,790,313	96.5
OPERATING INCOME	5,869,808	3.8	5,185,475	3.5
OTHER INCOME (EXPENSE)				
Investment Income	1,784,482	1.2	1,051,431	0.7
Unrealized Gain on Investments	891,462	0.6	601,451	0.4
Contributions	1,282,583	0.8	937,706	0.6
Net Assets Released from Restriction	277,513	0.2	210,024	0.1
Proceeds from Mine Subsidence Fund	-	-	908,158	0.6
Loss on Disposal of Property and Equipment	(203,965)	(0.1)	(74,616)	(0.1)
Total Other Income (Expense)	4,032,075	2.7	3,634,154	2.3
EXCESS OF REVENUE OVER EXPENSE	9,901,883	6.5 %	8,819,629	5.8 %
Change in Valuation of Interest Rate Swap	42,390		(121,853)	
Capital Contributions	256,269		-	
INCREASE IN UNRESTRICTED NET ASSETS	$ 10,200,542		$ 8,697,776	

See accompanying Notes to Consolidated Financial Statements.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS - JUNE 30, 2009	$ 22,376,302	$ 380,980	$ 213,720	$ 22,971,002
CHANGE IN NET ASSETS				
Excess of Revenue over Expense	8,819,629	-	-	8,819,629
Contributions	-	124,665	-	124,665
Net Assets Released from Restriction	-	(210,024)	-	(210,024)
Change in Value of Charitable Remainder Trust	-	491	-	491
Change in Valuation of Interest Rate Swap	(121,853)	-	-	(121,853)
Total Change in Net Assets	8,697,776	(84,868)	-	8,612,908
NET ASSETS - JUNE 30, 2010	31,074,078	296,112	213,720	31,583,910
CHANGE IN NET ASSETS				
Excess of Revenue over Expense	9,901,883	-	-	9,901,883
Contributions	-	150,033	-	150,033
Net Assets Released from Restriction	-	(277,512)	-	(277,512)
Change in Value of Charitable Remainder Trust	-	8,174	-	8,174
Change in Valuation of Interest Rate Swap	42,390	-	-	42,390
Capital Contributions	256,269	-	-	256,269
Total Change in Net Assets	10,200,542	(119,305)	-	10,081,237
NET ASSETS - JUNE 30, 2011	$ 41,274,620	$ 176,807	$ 213,720	$ 41,665,147

See accompanying Notes to Consolidated Financial Statements.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	$ 10,081,237	$ 8,612,908
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	8,439,472	7,701,262
Amortization of Deferred Income	(1,974,134)	(1,620,028)
Unrealized Gain on Investments	(891,462)	(601,451)
Loss on Disposal of Property and Equipment	217,703	74,616
Change in Valuation of Interest Rate Swap	(42,390)	121,853
(Increases) Decreases in Current Assets:		
Accounts Receivable	1,350,677	82,156
Other Current Assets	(76,286)	(213,283)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	1,699,477	841,095
Accrued Expenses	1,783,028	(244,155)
Net Cash Provided by Operating Activities	20,587,322	14,754,973
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investments	72,786,871	16,539,100
Purchase and Reinvested Interest of Investments	(77,357,316)	(18,322,202)
Purchase of Property and Equipment	(11,105,314)	(10,291,240)
Change in Other Assets	125,830	(26,095)
Net Cash Used by Investing Activities	(15,549,929)	(12,100,437)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance Fee Contracts	2,521,824	2,850,323
Refunds Paid on Entrance Fee Contracts	(2,983,065)	(1,536,749)
Change in Other Liabilities	133,699	(5,096)
Payments of Financing Costs	(385,524)	-
Payments on Long-Term Debt	(5,810,684)	(6,094,988)
Net Cash Used by Financing Activities	(6,523,750)	(4,786,510)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,486,357)	(2,131,974)
Cash and Cash Equivalents - Beginning	22,423,669	24,555,643
CASH AND CASH EQUIVALENTS - ENDING	$ 20,937,312	$ 22,423,669

See accompanying Notes to Consolidated Financial Statements.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
NONCASH INVESTING AND FINANCING ACTIVITIES		
Issuance of 2010 Bonds	$ 25,000,000	$ -
Original Issue Discount	(385,050)	-
Refund Series 2007C Bonds	(8,112,816)	-
Swap Termination Payment	(979,421)	-
Issuance Costs	(833,500)	-
Accrued Financing Costs	341,201	-
Deposit to Project and Debt Service Reserve Funds	(15,030,414)	-
Total	$ -	$ -
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash Paid for Interest	$ 7,696,024	$ 7,769,054

See accompanying Notes to Consolidated Financial Statements.

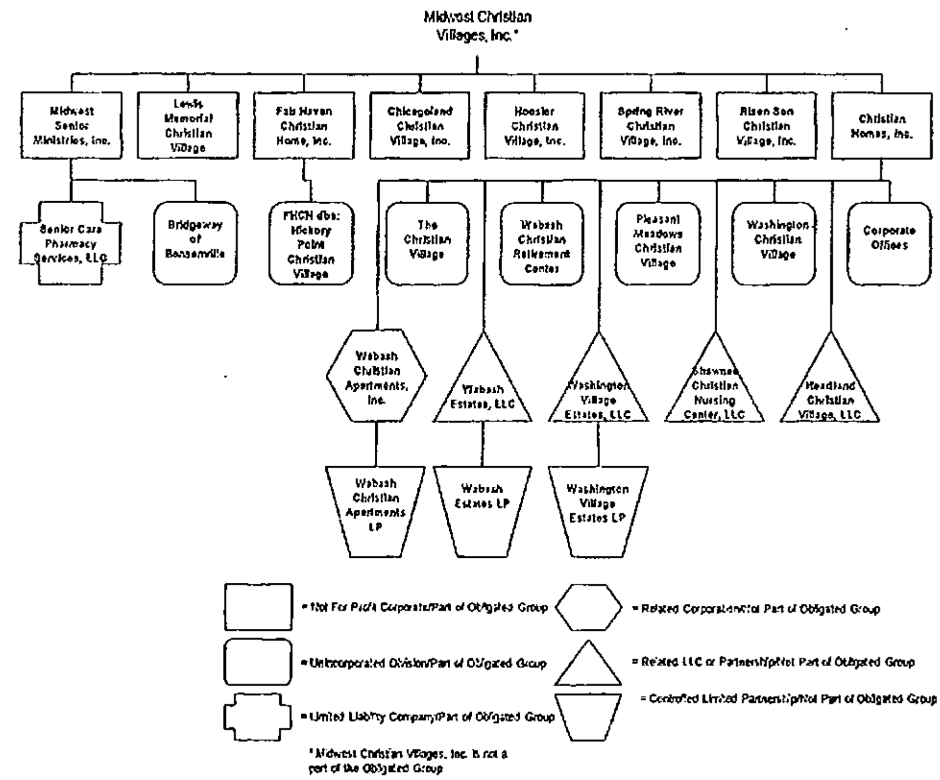
MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Midwest Christian Villages, Inc. was incorporated on July 1, 2008 as the parent and management company for Christian Homes, Inc. and Affiliates ("CHI" or "Organization"). CHI entities are nonprofit organizations organized primarily to own, operate and support senior living and health care communities. Housing and services for seniors are provided at CHI communities through a continuum of care including various levels of independent living, assisted living and skilled nursing. CHI operates in the states of Illinois, Indiana, Iowa and Missouri. The Organization's stated mission is that it exists to honor God by providing a continuum of excellent care and support services, primarily for the aged.

CHI operates through a number of wholly-owned subsidiaries, Limited Liability Companies (LLCs) and Limited Partnerships (LPs). Certain of these entities are also members of an obligated group for credit purposes. Following is an organizational chart that illustrates the structure:



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of Midwest Christian Villages, Inc., Christian Homes Inc., Fair Havens Christian Home Inc., Lewis Memorial Christian Village, Hoosier Christian Village Inc., Spring River Christian Village Inc., Chicagoland Christian Village Inc., Risen Son Christian Village, Midwest Senior Ministries Inc., Wabash Christian Apartments Inc., Wabash Christian Apartments LP, Wabash Estates LLC, Wabash Estates LP, Washington Village Estates LLC, Washington Village Estates LP Shawnee Christian Nursing Center LLC and Heartland Christian Village LLC. All significant intercompany transactions and balances have been eliminated in the consolidation.

During the year ended June 30, 2011 the Organization adopted a new accounting standard on noncontrolling interests in these consolidated financial statements. The standard requires noncontrolling interests to be presented separately on the consolidated balance sheet and included in unrestricted net assets (see Note 4).

Tax Status

The Organizations, except for the limited partnerships, qualify as tax-exempt corporations described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organizations, except for the limited partnerships, are not subject to federal income taxes under Section 501(a) of the Code. The Organizations are classified as publicly-supported charitable organizations under the Code and contributions to the Organizations qualify as a charitable tax deduction for the contributor.

The Organizations follow the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. It also prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. This standard has no impact on the Organization's financial statements.

The Organizations' income tax returns are subject to review and examination by federal, state, and local authorities. The Organizations are not aware of any activities that would jeopardize their tax-exempt status. The Organizations are not aware of any activities that are subject to tax on unrelated business income or excise or other taxes other than what is already being reported. The tax returns for the years 2008 to 2010 are open to examination by federal, local, and state authorities.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as unrestricted contributions.

Permanently and temporarily restricted net assets consist of amounts restricted for capital expenditures, beneficial interest in trusts and miscellaneous operational purposes.

Resident Services Revenue

Resident services revenue includes room charges and ancillary services to residents and is recorded at established rates, net of contractual adjustments, resulting from agreements with third-party payors.

The Organization provides care to residents covered by various third-party payors such as Medicare, Medicaid and private insurance companies. Medicare and Medicaid agreements provide for rate payments which are updated annually by the federal and applicable state governments, respectively. Many of the residents served by the Organization are elderly and many have limited resources to pay for care without assistance from the Medicare and Medicaid programs.

Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in revenue in the year of settlement.

Third Party Reimbursement Agreements

Nursing facilities licensed for participation in the Medicare and Medicaid Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the nursing facility.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 1 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Third Party Reimbursement Agreements (Continued)

A licensed nursing facility that participated in the Medicare program for the years ended June 30, 2011 and 2010 was reimbursed based on a Prospective Payment System (PPS). This program is administered by the United States Department of Health and Human Services. The PPS is a per diem price based system. Annual cost reports are submitted to the designated intermediary; however, they do not contain a cost settlement.

Occupancy Percentages

During the years ended June 30, 2011 and 2010, occupancy percentages and the percentage of resident days covered under the Medicaid and Medicare program for all of CHI skilled nursing facilities were as follows:

		June 30, 2011			
Facility	Location	Licensed Beds	Occupancy	Medicaid	Medicare
The Christian Village	Lincoln, IL	112	92.05 %	44.15 %	10.64 %
Fair Havens	Decatur, IL	154	96.79	46.46	19.01
Pleasant Meadows	Chrisman, IL	109	84.51	59.15	13.31
Lewis Memorial	Springfield, IL	155	94.26	37.22	30.01
Hoosier	Brownstown, IN	97	97.27	73.64	8.76
Wabash	Carmi, IL	158	82.56	55.04	16.28
Shawnee	Herrin, IL	159	79.17	68.25	25.27
Washington	Washington, IL	122	77.06	42.08	22.12
Spring River	Joplin, MO	120	88.13	52.28	27.69
Chicagoland	Crown Point, IN	146	89.73	63.39	20.53
Risen Son	Council Bluffs, IA	102	94.86	34.35	23.72
Heartland	Neoga, IL	71	95.85	39.21	16.86
Bridgeway	Bensenville, IL	222	73.85	53.82	23.61
Total		1,727			

		June 30, 2010			
Facility	Location	Licensed Beds	Occupancy	Medicaid	Medicare
The Christian Village	Lincoln, IL	112	93.20 %	42.21 %	13.23 %
Fair Havens	Decatur, IL	154	95.86	43.70	21.97
Pleasant Meadows	Chrisman, IL	109	83.14	60.66	13.17
Lewis Memorial	Springfield, IL	155	92.16	35.30	31.72
Hoosier	Brownstown, IN	97	92.92	70.72	10.23
Wabash	Carmi, IL	158	81.57	53.34	17.24
Shawnee	Herrin, IL	159	79.76	57.17	22.49
Washington	Washington, IL	122	79.95	45.50	18.92
Spring River	Joplin, MO	120	87.51	52.23	30.22
Chicagoland	Crown Point, IN	146	91.25	59.84	23.11
Risen Son	Council Bluffs, IA	102	95.01	35.23	22.91
Heartland	Neoga, IL	71	90.22	36.49	17.23
Bridgeway	Bensenville, IL	222	72.26	52.67	25.90
Total		1,727			

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy Percentages (Continued)

For the years ended June 30, 2011 and 2010, occupancy percentages for the senior living units were as follows:

		June 30, 2011		June 30, 2010	
Facility	Location	Units	Occupancy	Units	Occupancy
Assisted Living					
Hickory Point	Decatur, IL	48	91.29 %	48	85.45 %
Spring River	Joplin, MO	73	99.79	73	89.54
Risen Son	Council Bluffs, IA	62	79.91	62	78.11
Total		183		183	
Independent Living					
The Christian Village	Lincoln, IL	65	93.32 %	65	90.64 %
Fair Havens	Decatur, IL	10	86.30	10	84.66
Hickory Point	Decatur, IL	50	87.95	50	92.22
Pleasant Meadows	Chrisman, IL	15	69.90	15	88.06
Lewis Memorial	Springfield, IL	46	72.52	46	64.95
Hoosier	Brownstown, IN	13	92.84	13	91.68
Wabash	Carmi, IL	11	97.14	11	95.64
Washington	Washington, IL	14	52.60	30	68.77
Spring River	Joplin, MO	70	82.11	70	86.58
Chicagoland	Crown Point, IN	74	74.76	74	83.41
Risen Son	Council Bluffs, IA	95	90.67	95	91.01
Heartland	Neoga, IL	8	83.39	8	88.36
Bridgeway	Bensenville, IL	173	75.29	173	72.02
Total		644		660	

Cash and Cash Equivalents

The Organization considers all money market accounts and certificates of deposit with maturity dates of three months or less to be cash equivalents except for those included in investments. Certificates of deposit are stated at cost, which approximates market value. The Organization deposits its temporary cash investments in financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or as the claim is submitted for third-party payors. Accounts past due more than 30 days are individually analyzed for collectibility. In addition, an allowance is estimated for other accounts based on historical experience. At June 30, 2011 and 2010, the allowance for uncollectible accounts was approximately $910,000 and $630,000, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in net revenue over expense unless the income or loss is restricted by donor or law.

Assets Limited as to Use

Assets limited as to use include resident funds and deposits held in trust, assets held by trustees under bond and mortgage indenture agreements, and assets set aside by the board of directors for future capital improvements and other purposes, over which the board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Assets limited as to use are primarily invested in cash and cash equivalents, government bond obligations and guaranteed investment contracts, which are measured at fair value on the balance sheet.

Property and Equipment

Property and equipment are recorded at cost for purchased assets or fair market value at the date of receipt for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the asset.

Construction In Progress

Construction in progress costs have been deferred until the projects have been completed. When the planned projects are completed, the construction in progress costs are capitalized and depreciated over the estimated life of the project including interest costs from borrowed funds.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized using the effective interest method over the term of the related indebtedness. During the year ended June 30, 2011, the Organization incurred additional financing costs totaling $1,219,024 in conjunction with the issuance of Series 2010 Bonds. Deferred financing costs are reported on the balance sheet, net of accumulated amortization of $662,772 and $456,998 at June 30, 2011 and 2010, respectively. Amortization expense for the years ended June 30, 2011 and 2010 was $205,774 and $140,654, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Gift Annuities Payable

The Organization has established a gift annuity program whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contributions at the date of the gift as specified by the donor on the contribution component. The Organization uses published mortality rate tables adopted by the United States Internal Revenue Service. The annuity liability is revalued annually based upon computed present values. Total charitable gift annuities payable as of June 30, 2011 and 2010 were $782,989 and $720,854, respectively, and are included in other liabilities on the balance sheet.

Asset Retirement Obligation

Asset retirement obligations represent future obligations to dispose of assets that are legally required to be removed at a future date. They are recorded at the net present value using a risk-free interest rate and inflationary rate and are included in other liabilities on the balance sheet.

Refundable Entrance Fees and Deferred Revenue from Entrance Fees

Residents of the independent senior living apartments and garden homes have the option to enter into a rental contract or an entrance fee contract. Under the rental contract a resident simply pays a fee each month to live in a unit. Prior to August 2009, under the entrance fee residency agreement the resident generally had three options to choose from for all facilities except for Bridgeway Christian Village. Residents of Bridgeway Christian Village generally had four entrance fee contracts to choose from. In August 2009 CHI started offering three contract types, only, at all campuses. The old contracts will continue to be honored for those residents who moved in prior to August 2009. The new contract types are described below.

The current entrance fee contracts offered at all CHI campuses provide for a refundable portion of 80%, 50% or no refund. The non-refundable portion of the entrance fee is recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. The refundable portion is not amortized and is recorded as a liability and reported as refundable entrance fees. When the resident vacates the unit he or she receives a refund, due immediately, equal to the refundable portion as outlined in the entrance fee contract. The resident has the option, if transferring to a CHI nursing facility, to transfer the remaining non-refundable balance and draw upon it until amortized to zero. Residents also agree to pay a monthly fee that is subject to periodic adjustment to reflect the cost of occupancy.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Entrance Fees and Deferred Revenue from Entrance Fees (Continued)

Management has estimated a current portion of the amount of the remaining refundable balances as of June 30, 2011 and 2010 to be $1,404,400 and $1,536,300, respectively, based on historical refund activity.

On the Bridgeway Christian Village campus prior to August 2009, residents were required to pay an initial entrance fee and a recurring monthly service fee per the residency agreements. These fees entitle the resident to the use of the residential unit and various services and amenities including up to 730 days of health care in a semi-private room on the campus or at another skilled nursing facility. The contracts entitle the resident or their estate to a refund of a portion of the entrance fee, minimum of 70%, 50%, or 20% of the contract amount depending on the contract type, upon termination of the agreement due to death or move-out.

Obligation to Provide Future Services

The Organization annually analyzes the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from life occupancy fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from life occupancy fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income.

As described above, contracts that provide for free or discounted future care are generally limited to Bridgeway Christian Village. No liability was required to be recorded at June 30, 2011 and 2010.

Resident Deposits

Guaranty deposits of amounts ranging from $30 - $2,500 are required for each resident entering an independent or assisted living facility within the Organization. The deposits in the case of non-rental units are credited to the residents' accounts upon execution of the occupancy agreement. In the case of rental units, the deposits are treated as security deposits and refunded at the time the premises are vacated.

Other Operating Revenue

Other operating revenue consists primarily of non-resident rental income, change in value of insurance policies, vending sales, activity income, and other miscellaneous revenue.

Contributed Services

The Organization receives a substantial amount of services donated by volunteers. No amounts have been reflected in the consolidated financial statements for these services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Benefit

The Organization provides care to residents who meet the criteria to be covered under the Medicaid program in the various states in which they operate. Typically, the reimbursement rates under this program are significantly less than the cost of providing the care resulting in a significant reduction in revenue. Management has estimated the amount of care provided in excess of reimbursement under these programs based upon average Medicaid reimbursement rates and average daily costs to provide care. The estimated cost of community benefits provided under this program for the years ended June 30, 2011 and 2010 was approximately $12,489,000 and $10,175,000, respectively.

Risks and Uncertainties

The Organization owns investments in a variety of investment holdings. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect account balances reported on the balance sheet of the Organization.

Excess of Revenue over Expense

Statements of unrestricted activities include a measurement of excess of revenue over expense. Changes in unrestricted net assets, which are excluded from excess of revenue over expense, consistent with industry practice, include, change in valuation of effective interest rate swaps and capital contributions from noncontrolling interests.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was $583,596 and $622,004 for the years ended June 30, 2011 and 2010, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Organization may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinanical assets and liabilities measured at fair value in the second step of goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Organization has elected the fair value option for investments to simplify record keeping. This election effectively moves the classification of investments from available for sale to trading which has no impact on the balance sheet presentation. The impact on the statement of unrestricted activities to this election is that unrealized gains and losses on investments are shown within the performance indicator.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities Available for Sale

Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, mutual funds, and corporate debt securities. The Organization does not have any securities that are valued using Level 3 inputs.

Derivatives

Quoted market prices were available and used for exchange-traded derivatives, such as certain interest rate futures and option contracts; such derivatives were classified as using Level 1 inputs.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 6, 2011, the date the financial statements were issued.

NOTE 2 ASSETS LIMITED AS TO USE

The Organization is required to hold funds in various accounts based upon terms in the indenture of trust of the various bond issuances. Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The assets in the trustee held funds consist of cash and cash equivalents and fixed income bonds. The Organization was required to maintain the following accounts:

	2011	2010
Resident Funds	$ 396,968	$ 386,247
Trustee Held Funds:		
General Obligation Bond Retirement Fund	2,105,707	2,368,847
Debt Service Reserve Fund	8,260,188	6,555,437
Project Fund	5,898,973	-
Building Fund	59,168	59,168
SLF and HUD Escrows	1,149,607	1,441,159
Total Trustee Held Funds	17,473,643	10,424,611
Total	$ 17,870,611	$ 10,810,858

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Resident Funds

Resident funds are agency funds held locally at the facilities for individual residents' personal use, resident security deposits, and other miscellaneous deposits.

General Obligation Bond Retirement Fund

The Bond Retirement Fund was established to deposit amounts necessary to pay interest on the general obligation bonds of the Organization.

Debt Service Reserve Fund

The Debt Service Reserve Fund was established to provide a reserve for payment of principal and interest on the bonds in the event the Organization's principal and interest payments are insufficient to meet debt service requirements.

Project Fund

The Project Fund consists of monies to be used for approved development projects at various campus locations over approximately the next two to three years.

Building Fund

The Building Fund has been established to temporarily hold bond proceeds for capital project expenditures.

SLF and HUD Escrows

These escrows have been established by the supportive living facilities and HUD financed facilities to hold funds to be used for the repair or replacement of capital items and operating purposes as needed. Approval is needed to withdraw funds.

NOTE 3 INVESTMENTS

The fair value of investments is estimated based upon quoted market prices for those or similar investments. Investment portfolios consisted of the following at June 30, 2011 and 2010:

	2011		2010	
	Cost	Market	Cost	Market
Cash and Cash Equivalents	$ 6,076,949	$ 6,076,949	$ 7,740,231	$ 7,740,231
Fixed Income	16,311,686	16,433,183	13,867,443	14,021,665
Equity Securities	8,979,146	9,741,798	4,873,151	4,501,072
Mutual Funds	299,190	323,108	-	-
Certificate of Deposit	496,000	496,000	496,000	496,000
	$ 32,162,971	$ 33,071,038	$ 26,976,825	$ 26,758,968

The Organization had unrealized gains of $891,462 and $601,451 at June 30, 2011 and 2010, respectively. Unrealized gains losses are excluded from operating income.

NOTE 4 INVESTMENT IN LIMITED PARTNERSHIPS

CHI maintains control over Wabash Christian Apartments, Inc., Wabash Estates, LLC and Washington Village Estates, LLC (collectively, the "General Partners"). Each of the General Partners is a wholly owned subsidiary of CHI and owns between .01% and 1% in the respective limited partnerships.

Under the partnership agreements, the General Partners shall have the option after the completion of the "compliance audit termination date," upon written notice to the limited partners, to purchase the limited partner's entire interest in the partnership. The compliance audit termination date is defined as the period specified under Section 42(l)(l) of the IRS Code, which requires the limited partnerships to operate as tax credit projects for 15 years. Wabash Christian Apartments, LP began operations as a tax credit project in 1995 and Wabash Estates, LP and Washington Village Estates, LP began operations during the latter half of 2007. The partnership agreements define the terms of the purchase option. CHI's management plans to exercise the purchase options of the General Partners in the future and obtain full ownership of the projects.

Prior consolidated financial statements accounted for these noncontrolling interests separately and were not included in consolidated net assets. Applicable for fiscal year 2011, generally accepted accounting principles require the noncontrolling interests of these limited partnerships to be included within the consolidated unrestricted net assets of CHI.

The application of this standard has been applied retrospectively as of July 1, 2009. The changes in consolidated net assets attributed to CHI and the noncontrolling interests within unrestricted net assets are as follows:

	Total Consolidated	Controlling Interest	Noncontrolling Interests
Unrestricted Net Assets - July 1, 2009	$ 22,376,302	$ 21,037,017	$ 1,339,285
Deficit of Revenue over Expense	8,819,629	8,859,119	(39,490)
Change in Valuation of Interest Rate Swap	(121,853)	(121,853)	-
Change in Unrestricted Net Assets	8,697,776	8,737,266	(39,490)
Unrestricted Net Assets - June 30, 2010	31,074,076	29,774,283	1,299,795
Deficit of Revenue over Expense	9,901,883	9,952,417	(50,534)
Change in Valuation of Interest Rate Swap	42,390	42,390	-
Capital Contributions	256,269	-	256,269
Special Allocations	-	(192,010)	192,010
Change in Unrestricted Net Assets	10,200,542	9,802,797	397,745
Unrestricted Net Assets - June 30, 2011	$ 41,274,620	$ 39,577,080	$ 1,697,540

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE 5 LONG-TERM DEBT

The Organization's long-term debt at June 30, 2011 and 2010 was as follows:

Description		2011	2010
CHI General Obligation Bonds, various series outstanding	(1)	$ 33,388,984	$ 36,704,984
Illinois Finance Authority, Revenue Refunding Bonds, Series 2007A	(2)	36,385,000	37,365,000
Illinois Finance Authority, Taxable Variable Rate Demand Revenue Refunding Bonds, Series 2007B	(2)	-	905,000
Illinois Finance Authority, Taxable Convertible Variable Rate Demand Revenue Refunding Bonds, Series 2007C	(2)	-	8,090,000
City of Crown Point, Indiana, Revenue Refunding Bonds Series, 2007D	(2)	6,980,000	7,155,000
County of Pottawattamie, Iowa, Revenue Refunding Bonds Series, 2007E	(2)	8,100,000	8,300,000
Industrial Development Authority of the City of Joplin, Missouri, Revenue Refunding Bonds, Series 2007F	(2)	12,040,000	12,340,000
Illinois Finance Authority, Revenue Bonds, Series 2010	(2)	25,000,000	-
Southeastern Illinois Economic Development Authority Supportive Living Facility Multi-Family Housing Revenue Bonds, Series 2006A	(3)	3,853,376	3,909,840
City of Washington, Illinois, Supportive Living Facility Multi-Family Housing Revenue Bonds, Series 2006A	(4)	4,720,385	4,789,553
Various Mortgages Payable	(5)	521,130	531,417
Two Section 232 HUD Insured Mortgage Notes Payable to Ziegler Financing Corporation	(6)	10,182,918	10,389,549
Total Long-Term Debt		141,171,793	130,480,343
Less: Current Maturities		18,580,701	14,347,216
Long-Term Portion		$ 122,591,092	$ 116,133,127

The Obligated Group for the Series 2010 and Series 2007 Revenue Bonds consists of Christian Homes, Inc., Risen Son Christian Village, Spring River Christian Village, Inc., Hoosier Christian Village, Inc., Chicagoland Christian Village, Inc., Fair Havens Christian Home, Inc., Lewis Memorial Christian Village, and Midwest Senior Ministries, Inc.

Bonds Payable

(1) CHI General Obligation Bonds are issued onsite at the corporate office in Lincoln, Illinois. Maturity dates range from April 2017 to July 2032. Certain of the Bonds have optional redemption dates beginning in fiscal year 2012. Bondholders have the right to demand repayment on those option dates. Interest is paid quarterly with rates ranging from 4.00% to 6.75% and is funded through mandatory monthly deposits to a sinking fund. General Obligation Bonds are secured by the revenue of the Organization.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

(2) On June 28, 2007, the CHI obligated group through the Illinois Finance Authority, the County of Pottawattamie, Iowa, and the Industrial Development Authority of the City of Joplin, Missouri issued $72,920,000 of Revenue Refunding Bonds, Series 2007 under a newly formed master trust indenture.

On July 16, 2007, the CHI obligated group issued the Series 2007D bonds at a total value of $7,155,000 under the newly formed master trust indenture. The proceeds from these bonds were used to refinance the Series 1993 bonds issued by the City of Crown Point, Indiana, to fund the debt service reserve and the project fund, and to pay the underwriter's discount.

The proceeds of the 2007A, 2007B and 2007C bonds were used to refund the $4,775,000 Series 1989A bonds of Bensenville Home Society, refund the $17,100,000 Series 1995A bonds of Lifelink Corporation Obligated Group, refund the $18,410,000 Series 1998 bonds of Lifelink Corporation Obligated Group, refund the $1,920,000 Series 2002 bonds of Lewis Memorial Christian Village, and refund the $6,800,000 Series 2004 bonds of Fair Havens Christian Home.

The proceeds of the 2007E bonds were used to refund the $9,250,000 Series 1992 bonds of Risen Son Christian Village.

The proceeds of the 2007F bonds were used to refund the $10,000,000 Series 2002A bonds of Spring River Christian Village and refund the $1,695,000 Series 2002B bonds of Spring River Christian Village.

Other proceeds from the Series 2007 issuance were used for funding portions of the debt service reserve funds for these bonds, related expenses of the refinancing and refunding of prior bonds, and costs of capital projects at some of the Organization's facilities.

The 2007A, 2007D, 2007E and 2007F bonds consist of term bonds with maturity dates ranging from May 2011 to May 2031 and interest rates ranging from 5.00% to 5.75%.

The 2007B and 2007C bonds were fully refunded during the year ended June 30, 2011. All outstanding principal and interest on the 2007B bonds was paid on May 15, 2011 in accordance with the optional redemption schedule. The 2007C bonds were refunded as part of the Series 2010 bond issuance (see Series 2010 Bonds).

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

(2) (Continued)

The 2007B and 2007C bonds were variable rate demand bonds. By definition, a variable rate demand bond is a long-term tax-exempt bond, the interest rate of which is indexed to a current short-term market rate. The interest rates at June 30, 2010 were 0.40% and 0.38%, respectively. A demand feature allowed the bonds to be remarketed upon 7 days notice at par value plus accrued interest. The Organization held irrevocable letters of credit with the bond trustee for the face amount of the bonds. In the event remarketing was not successful, the letter of credit would be drawn upon to pay the bond trustee. Upon refunding of the 2007B and 2007C bonds, the letters of credit were terminated.

In relation to the 2007B and 2007C variable rate demand bonds, the Organization entered into interest rate swap agreements with a financial institution on July 12, 2007. The swap agreements had the effect of limiting the variability of the interest rate on the bonds. The swap agreement relating to the 2007B bonds expired on May 15, 2011. The swap agreement relating to the 2007C bonds was terminated early, effective July 29, 2010 in conjunction with the issuance of Series 2010 Bonds (see Series 2010 Bonds). At June 30, 2011 and 2010, the fair value of the interest rate swap agreements was $0 and $1,004,212, respectively and recorded as a long-term liability on the balance sheet. The change of $42,390 and ($121,853) is reported as part of change in unrestricted net assets for the years ended June 30, 2011 and 2010, respectively.

The Organization recorded all derivative instruments, which consisted of interest rate swap agreements, on the balance sheet at their respective fair values and all changes in fair value in the consolidated statements of unrestricted activities as gain (loss) on derivative financial instruments.

Series 2010 Bonds

On July 20, 2010, the CHI Obligated Group, through the Illinois Finance Authority, issued $25,000,000 of Revenue Bonds, Series 2010 under the existing Master Trust Indenture as amended and supplemented by the First Supplemental Master Indenture. The proceeds of the bonds were used for the following, (i) to fund construction and remodeling of certain facilities of the Obligated Group, (ii) refund all of the existing Series 2007C Bonds described above, (iii) pay certain termination costs owed on the interest rate swap agreements relating to the Series 2007C Bonds, (iv) fund the Debt Service Reserve Fund for the Bonds, and (v) to fund certain issuance costs. The Series 2010 Bonds consist of term bonds with maturities ranging from May 2012 to May 2027 and interest rates ranging from 3.40% to 6.125%.

The Series 2010 and Series 2007 bonds are secured by the underlying mortgages and gross receipts of the obligated group.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

(3) The Southeastern Illinois Economic Development Authority Supportive Living Facility Multi-Family Revenue Bonds, Series 2006A and 2006B were issued on behalf of Wabash Estates, LP. The bonds bear interest ranging from 6.71%-7.25% and are secured by the indenture and mortgage. The 2006A bonds mature in December 2023, and the 2006B bonds matured in October 2008.

(4) The City of Washington, Illinois Supportive Living Facility Multi-Family Revenue Bonds, Series 2006A and 2006B were issued on behalf of Washington Village Estates, LP. The bonds bear interest ranging from 6.71%-7.25% and are secured by the indenture and mortgage. The 2006A bonds mature in December 2023, and the 2006B bonds matured in October 2008.

Mortgages Payable

(5) Mortgages payable consist of mortgages held at Wabash Christian Apartments, Limited Partnership. The first mortgage bears interest at 7%, and the second mortgage bears no interest. Both mortgages are secured by property and improvements and mature in December 2025.

HUD Mortgages

(6) On July 19, 2007, Shawnee Christian Nursing Center, LLC refinanced the existing facility with a mortgage note payable to Ziegler Financing Corporation in the original amount of $6,634,900. The mortgage is insured by the Department of Housing and Urban Development under Section 232 of the National Housing Act and collateralized by all assets, receipts, and profits of the Project. The mortgage bears interest at 5.88% and matures in August 2032. Proceeds from the mortgage were used to pay off the City of Herrin, Illinois Healthcare Facilities First Mortgage Refunding Revenue Bonds, Series 1993.

On July 19, 2007, Heartland Christian Village, LLC refinanced the existing facility with a mortgage note payable to Ziegler Financing Corporation in the original amount of $4,292,500. The mortgage is insured by the Department of Housing and Urban Development under Section 232 of the National Housing Act and collateralized by all assets, receipts, and profits of the Project. The mortgage bears interest at 5.88% and matures in August 2037. Proceeds from the mortgage were used to pay off the City of Neoga, Illinois First Mortgage Revenue Bonds, Series 1991.

Interest expense for the years ended June 30, 2011 and 2010 was $7,892,443 and $8,065,339, respectively. The Organization capitalized interest totaling $593,584 and $0 during the years ended June 30, 2011 and 2010, respectively.

NOTE 5 LONG-TERM DEBT (CONTINUED)

HUD Mortgages (Continued)

Aggregate future maturities of long-term debt include all bonds presumed redeemed at their next option date, since individual bondholders have a right to demand repayment on those option dates. Scheduled principal payments on long-term debt are as follows at June 30, 2011:

Year Ending June 30,	Amount
2012	$ 18,580,701
2013	4,937,549
2014	7,981,880
2015	8,802,691
2016	7,342,336
Later Years	93,526,636
Total	$ 141,171,793

The following scheduled principal payments at June 30, 2011 are based upon the assumption no bond is redeemed on any future option date and more closely reflects management's expectations, based on historical experience.

Year Ending June 30,	Amount
2012	$ 4,334,701
2013	4,481,549
2014	4,774,880
2015	5,028,691
2016	5,331,336
Later Years	117,220,636
Total	$ 141,171,793

Loan Payable

On June 28, 2007, the Organization entered into a revolving loan payable with a financial institution for $18,100,000. The loan's purpose was to provide liquidity for redeeming general obligation bonds as they are presented at the end of interest periods and not refunded by issuance of new debt. The loan was secured by the master indenture and related mortgages. The loan's interest rate floated consistent with the current prime rate. No amounts had been drawn at June 30, 2010 and the loan matured on June 28, 2011, without renewal.

Restrictive Covenants

The provisions of the debt agreements described above contain various restrictive covenants that limit the occurrence of additional debt, require Organization to apply for a credit rating from a rating agency periodically, and require certain measures of financial performance be satisfied as long as the debt is outstanding.

NOTE 6 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of June 30, 2011:

	2011			
Description	Total	Level 1	Level 2	Level 3
Trading Securities:				
Equity Securities	$ 9,741,798	$ 9,741,798	$ -	$ -
Mutual Funds	323,108	323,108	-	-
Fixed Income	16,433,183	-	16,433,183	-
Total	$ 26,498,089	$ 10,064,906	$ 16,433,183	$ -

	2010			
Description	Total	Level 1	Level 2	Level 3
Trading Securities:				
Equity Securities	$ 4,501,072	$ 4,501,072	$ -	$ -
Fixed Income	14,021,665	-	14,021,665	-
Total	$ 18,522,737	$ 4,501,072	$ 14,021,665	$ -
Liabilities:				
Interest Rate Swap Agreements	$ 1,004,212	$ 1,004,212	$ -	$ -
Total	$ 1,004,212	$ 1,004,212	$ -	$ -

The following is a summary of financial instruments for which the Organization did not elect the fair value option. The fair values of such instruments have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows, and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Organization. The provisions of the disclosure do not require the disclosure of non financial assets including intangible assets.

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts Receivable

The carrying amount approximates fair value because of the short maturity of those instruments.

Long-Term Debt

The fair value of long-term debt is estimated for each individual issue based upon current reasonable interest rates taking type of debt and maturities into account.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

All Other

The carrying value is a reasonable estimate of the fair value for all other financial instruments due to the short-term nature of those financial instruments.

The following disclosures represent financial instruments in which the ending balances at June 30, 2011 and 2010 are not carried at fair value in their entirety on the consolidated balance sheet:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt - Fixed	$ 141,171,793	$ 138,027,089	$ 121,485,343	$ 116,224,782
Long-Term Debt - Variable	$ -	$ -	$ 8,995,000	$ 8,995,000

NOTE 7 BENEFICIAL INTEREST IN TRUST

The Organization receives contributions of property in which the donor may retain a life interest. The assets are invested and administered by an unrelated trustee and distributions are made to the beneficiaries during the term of the agreement.

Those funds held by the unrelated trustee are invested in debt and equity securities and the Organization records its interest in these trusts at fair value based on estimated future cash receipts. Initial recognition and subsequent adjustments to the assets' carrying values are recognized as contribution revenue and changes in value of split interest agreements, respectively, and are classified as permanently restricted, temporarily restricted, or unrestricted depending on donor-stipulated purpose and time restrictions, if any.

The value of these trusts was $0 and $146,230 at June 30, 2011 and 2010, respectively. The trusts are temporarily restricted and are included in other assets on the balance sheet.

NOTE 8 CONSTRUCTION IN PROGRESS

Construction in progress consisted of the following significant projects:

Corporate Office

At June 30, 2011 and 2010 the corporate office had approximately $1,037,000 and $820,000 of costs incurred for construction projects, respectively. The June 2010 costs related to HR and payroll software updates. The project was completed and placed in service during fiscal year end 2011. The costs incurred as of June 30, 2011 relate to clinical software updates, is estimated to cost $1,300,000 in total, and is being financed by the Series 2010 Bonds.

NOTE 8 CONSTRUCTION IN PROGRESS (CONTINUED)

Hickory Point Christian Village

At June 30, 2011 and 2010 Hickory Point Christian Village had incurred total costs of approximately $7,400,000 and $800,000, respectively, related to the construction of a 47-bed skilled nursing facility, which was funded by the Series 2010 Bonds. Costs to complete the project totaled approximately $7,500,000, which was placed into service subsequent to year end in July 2011.

Lewis Memorial Christian Village

At June 30, 2011 Lewis Memorial Christian Village incurred costs of approximately $1,100,000 related to various projects, the largest of which are mine subsidence improvements, a 10-unit shared housing villa and a new maintenance building. Total costs to complete the mine subsidence improvements are currently unknown and are being financed with funds received from the Mine Subsidence Insurance Fund (see Commitments and Contingencies disclosure). Total costs to complete the villa and maintenance building projects are expected to be $750,000 and $115,000, respectively, and are being financed by the Series 2010 Bonds

The Christian Village

At June 30, 2011 The Christian Village incurred costs of approximately $1,300,000 related to various campus renovations. Total costs to complete the project are expected to be approximately $1,900,000 and are being financed by the Series 2010 Bonds.

Other

CHI had multiple other smaller projects in progress on its various campuses. Upon completion, cost related to these projects will begin to be depreciated.

NOTE 9 RETIREMENT PLANS

Qualified Retirement Plans

CHI has a Section 403(b) retirement plan. Employees who elect to participate in the plan may defer up to the maximum amount allowable under the Internal Revenue Code. CHI does not make matching contributions under the plan.

Non-Qualified Retirement Plans

CHI has a non-qualified Section 457 retirement plan covering certain executive and management personnel. These key employees are eligible for the plan upon obtaining one year of employment with the Organization. CHI makes quarterly contributions ranging from $1,000 to $1,500 for each employee depending on level of leadership. Contributions made to the plan were $216,750 and $200,875 for the years ended June 30, 2011 and 2010, respectively.

NOTE 10 FUNCTIONAL CLASSIFICATION OF EXPENSES

Functional classification of expenses for the years ended June 30, 2011 and 2010 consisted of the following:

	2011	2010
Program	$ 125,253,892	$ 121,332,882
Management and General Support	23,532,276	20,457,431
Total Operating Expenses	$ 148,786,168	$ 141,790,313

Fundraising expenses incurred during the years ended June 30, 2011 and 2010 were immaterial and are included with management and general support. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Workers' Compensation Insurance

The Organization is self-insured for workers' compensation insurance through the Christian Homes Workers' Compensation Trust. The Trust was organized and operates under the provisions of the Illinois Religious and Charitable Risk Pooling Trust Act (the Act). The trustees of the Trust are appointed by CHI's Board of Directors. The Trust retains the first $250,000 of the costs for any individual claim. CHI remains responsible for claims paid and as such has estimated a reserve for claims incurred but not reported of approximately $2,203,000 and $1,612,000 at June 30, 2011 and 2010, respectively.

CHI's provision for claims incurred but not reported, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the consolidated financial statements.

Self-Insured Medical Benefits

The Organization provides health and death benefits through a self insured health plan. Administrative support of the plan is provided by employees of CHI. The Organization insures for excessive and unexpected claims and is liable for claims with limits determined through actuarial reports. Claims in excess of the insurance limit are funded by the Organization. The Organization has stop-loss insurance to cover excessive claims over $425,000 per individual. CHI is responsible for claims paid and as such has estimated a reserve for claims incurred but not reported of approximately $350,000 at June 30, 2011 and 2010.

CHI's provision for claims incurred but not reported, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the consolidated financial statements.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lewis Memorial Mine Contingency

During the year ended June 30, 2007, the Organization discovered that damage was occurring to their senior apartment building on the Lewis Memorial Christian Village campus in Springfield, Illinois, which included cracking and issues with windows and door frames. Through a process of professional inspections, it was determined that the damage was being caused by coal mine subsidence. During the year ended June 30, 2008, CHI decided that it was not prudent to continue repairs on this building, and it was vacated and demolished during the year ended June 30, 2009. The operating impact of closing the senior apartment building was not deemed material to the overall campus. During the year ended June 30, 2009 the Organization received $1,119,628 from the Mine Subsidence Insurance Fund to cover repair and replacement expenses incurred or accrued at year end for structures other than the senior apartment building affected by the mine subsidence. During the year ended June 30, 2010 the Organization received $908,158 from the Mine Subsidence Insurance Fund, however, no repair or replacement costs have been identified due to continued movement.

To date, the Organization has taken all recommended safety precautions and has not been materially hindered in their operation of the remainder of the campus. Management is currently in the process of working with the Department of Natural Resources and other consultants to determine the cost of correcting other problems. Certain of these costs will be the responsibility of the Organization, while other costs may be covered by the Illinois Mine Subsidence Insurance Fund. Presently an estimate of the total cost and related timing of the work cannot be determined, therefore, no liability has been reflected in these consolidated financial statements.

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

Health Care

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents, investments, and assets limited as to use, at financial institutions which management believes has strong credit ratings and that the credit risk related to these deposits is minimal. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, deposits may exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The Organization grants credit without collateral to its various facility residents or their families, most of whom are local individuals and are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows at June 30, 2011 and 2010:

	2011 Percent	2010 Percent
Medicaid	14.6 %	29.7 %
Medicare	35.8	34.2
Private and Insurance	49.6	36.1
Total	100.0 %	100.0 %

LarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMBINING AND CONSOLIDATING SUPPLEMENTARY INFORMATION

Board of Directors
Midwest Christian Villages, Inc.
dba: Christian Homes, Inc. and Affiliates
Lincoln, Illinois

Our report on our audits of the basic consolidated financial statements of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates for the years ended June 30, 2011 and 2010 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 33 through 48 is presented for additional analysis of the basic consolidated financial statements and is not a required part of the basic consolidated financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, therefore, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

St. Louis, Missouri
October 6, 2011

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
CURRENT ASSETS												
Cash and Cash Equivalents	$ 6,673,013	$ 7,555,165	$ (2,022,296)	$ 619,527	$ 11,109,377	$ 4,098,360	$ 3,251,966	$ 996,827	$ 3,667,144	$ 3,762,853	$ 261,402	$ 40,073,338
Accounts Receivable, Net	436,469	803,416	(8,286)	529,722	1,738,995	630,391	793,812	1,038,588	1,174,901	1,089,388	1,019,831	9,247,025
Intercompany Receivables	(1,125)	(320)	320	-	-	-	123,396	-	1,125	-	-	123,396
Other Current Assets	49,719	53,503	7,040	34,526	66,136	26,089	202,579	43,013	154,143	31,767	62,949	731,466
Current Portion of Assets Limited as to Use	37,907	43,612	195,142	30,782	165,378	14,192	34,818	77,571	20,681	232,847	135,081	988,011
Total Current Assets	7,195,983	8,555,376	(1,828,080)	1,214,557	13,079,888	4,769,032	4,408,371	2,155,999	5,017,994	5,118,853	1,479,263	51,163,236
ASSETS LIMITED AS TO USE												
Resident Funds	19,279	23,278	3,823	28,489	23,357	14,192	23,674	44,865	12,070	62,500	38,214	293,721
Trustee Held Funds	18,628	20,334	1,199,040	2,313	407,396	-	11,144	361,137	8,611	1,254,042	720,318	4,002,963
Total	37,907	43,612	1,202,863	30,782	430,753	14,192	34,818	406,002	20,681	1,316,542	758,532	4,296,684
Less: Current Portion Shown Above	(37,907)	(43,612)	(195,142)	(30,782)	(165,378)	(14,192)	(34,818)	(77,571)	(20,681)	(232,847)	(135,081)	(988,011)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	-	-	1,007,721	-	265,375	-	-	328,431	-	1,083,695	623,451	3,308,673
PROPERTY AND EQUIPMENT (at Cost)												
Land and Land Improvements	314,370	101,875	312,579	40,694	308,762	27,135	65,910	81,971	170,658	297,903	205,479	1,927,334
Building and Improvements	9,175,827	6,204,072	14,102,296	4,593,501	15,362,017	3,422,225	5,043,802	4,790,672	4,455,343	13,914,067	20,564,806	101,628,828
Equipment	1,744,169	1,627,350	997,362	1,205,159	1,629,874	1,335,867	1,158,186	979,402	776,999	989,252	2,311,290	14,754,910
Construction in Progress	1,308,017	56,557	7,756,940	-	1,542,247	-	4,750	9,850	106,910	500	1,040	10,786,811
Total	12,542,383	7,989,854	23,169,177	5,839,354	18,842,900	4,785,227	6,272,648	5,861,895	5,509,908	15,201,722	23,082,815	129,097,883
Less: Accumulated Depreciation	6,713,344	4,952,017	4,123,230	3,489,396	7,225,154	3,194,992	3,804,053	3,648,229	3,058,192	7,383,442	11,044,188	58,636,237
Total Property and Equipment (at Depreciated Cost)	5,829,039	3,037,837	19,045,947	2,349,958	11,617,746	1,590,235	2,468,595	2,213,666	2,451,716	7,818,280	12,038,427	70,461,446
OTHER ASSETS												
Deferred Financing Costs	-	-	237,770	-	62,423	-	-	205,997	-	268,429	212,363	986,982
Investments	2,578,217	2,293,013	31,630	1,921,451	7,780,905	319,814	1,102,506	151,035	83,066	124,943	51,155	16,437,735
Notes Receivable	-	-	-	-	-	-	1,452,900	-	1,842,199	-	-	3,295,099
Cash Surrender Value of Life Insurance and Other Assets	-	7,893	-	-	-	-	-	-	-	-	-	7,893
Total Other Assets	2,578,217	2,300,906	269,400	1,921,451	7,843,328	319,814	2,555,406	357,032	1,925,265	393,372	263,518	20,727,709
Total Assets	$ 15,603,239	$ 13,894,119	$ 18,494,988	$ 5,485,966	$ 32,808,337	$ 6,679,081	$ 9,430,372	$ 5,055,128	$ 9,394,975	$ 14,412,200	$ 14,404,659	$ 145,661,064

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MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
ASSETS	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
CURRENT ASSETS												
Cash and Cash Equivalents	$ 40,073,338	$ 2,630,192	$ 1,240,513	$ 4,596,068	$ (15,382,245)	$ 395,823	$ 483,960	$ 51,765	$ (13,141,902)	$ 20,937,312	$ -	$ 20,937,312
Accounts Receivable, Net	9,247,025	701,776	427,481	778,232	1,292,908	868	243,017	(2,859)	292,892	12,981,338	(337,946)	12,643,392
Intercompany Receivables	123,396	-	-	-	(2,534)	(459)	-	209	40,289,592	40,410,204	(40,410,204)	-
Other Current Assets	731,466	44,113	56,210	533,653	61,292	4,545	15,368	1,163	295,616	1,748,426	(297,620)	1,450,806
Current Portion of Assets Limited as to Use	988,011	125,040	23,144	-	372,867	9,750	10,812	3,730	1,023,732	2,557,086	-	2,557,086
Total Current Assets	51,163,236	3,501,121	1,747,348	5,912,953	(13,657,714)	400,327	753,157	54,008	28,759,930	78,634,366	(41,045,770)	37,588,586
ASSETS LIMITED AS TO USE												
Resident Funds	293,721	10,858	1,439	-	66,658	9,750	10,812	3,730	-	396,968	-	396,968
Trustee Held Funds	4,002,963	842,980	522,015	-	4,857,357	117,270	197,435	10,918	6,922,705	17,473,643	-	17,473,643
Total	4,296,684	853,838	523,454	-	4,924,015	127,020	208,247	14,648	6,922,705	17,870,611	-	17,870,611
Less: Current Portion Shown Above	(988,011)	(125,040)	(23,144)	-	(372,867)	(9,750)	(10,812)	(3,730)	(1,023,732)	(2,557,086)	-	(2,557,086)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	3,308,673	728,798	500,310	-	4,551,148	117,270	197,435	10,916	5,898,973	15,313,525	-	15,313,525
PROPERTY AND EQUIPMENT (at Cost)												
Land and Land Improvements	1,927,334	426,135	83,534	-	8,800,000	17,000	89,000	41,000	108,513	11,492,516	-	11,492,516
Building and Improvements	101,628,628	19,191,204	4,203,777	216,657	30,787,689	6,070,234	7,888,978	1,274,290	1,058,378	172,319,835	(1,567,000)	170,752,835
Equipment	14,754,910	1,404,991	851,999	455,003	1,284,586	271,705	192,522	88,201	4,322,515	23,626,432	-	23,626,432
Construction in Progress	10,786,811	-	-	-	189,357	-	-	-	1,037,216	12,013,384	-	12,013,384
Total	129,097,683	21,022,330	5,139,310	671,660	41,061,632	6,358,939	8,170,500	1,403,491	6,526,622	219,452,167	(1,567,000)	217,885,167
Less: Accumulated Depreciation	58,636,237	10,527,336	2,451,168	378,792	6,122,767	1,034,829	1,149,060	774,482	2,014,803	83,089,474	-	83,089,474
Total Property and Equipment (at Depreciated Cost)	70,461,446	10,494,994	2,688,142	292,868	34,938,865	5,324,110	7,021,440	629,009	4,511,819	138,362,693	(1,567,000)	134,795,693
OTHER ASSETS												
Deferred Financing Costs	986,902	189,262	78,657	-	917,526	152,122	207,103	7,458	1,419,001	3,958,111	-	3,958,111
Investments	16,437,735	70,649	80,395	-	-	-	-	-	23,221,259	39,810,038	(6,739,000)	33,071,038
Notes Receivable	3,295,099	-	-	-	-	-	-	-	-	3,295,099	(3,295,099)	-
Cash Surrender Value of Life Insurance and Other Assets	7,893	-	-	-	-	-	-	-	310,188	318,081	-	318,081
Total Other Assets	20,727,709	259,911	159,052	-	917,526	152,122	207,103	7,458	24,950,448	47,381,329	(10,034,099)	37,347,230
Total Assets	$ 145,561,064	$ 14,984,824	$ 5,094,652	$ 6,205,821	$ 28,749,825	$ 5,993,829	$ 8,179,135	$ 701,393	$ 54,121,170	$ 277,691,913	$ (52,646,869)	$ 225,045,044

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
CURRENT LIABILITIES												
Current Maturities of Long-Term Debt	$ 31,939	$ 27,742	$ 293,569	$ 7,132	$ 186,694	$ -	$ 15,454	$ 155,272	$ 15,900	$ 315,000	$ 185,000	$ 1,233,702
Accounts Payable:												
Trade	160,307	275,046	46,561	158,643	362,565	121,264	246,964	230,830	148,876	251,039	264,871	2,266,966
Construction	224,553	150,760	417,503	54,292	412,993	12,000	56,204	109,687	353,868	9,584	17,501	1,818,855
Intercompany Payables	3,367	1,560	802	5,756	9,334	1,438	(2,721)	2,373	180	1,400	8,217	31,716
Other Accrued Liabilities	447,936	327,014	258,327	435,365	535,366	359,176	377,125	788,131	347,848	525,445	733,668	5,133,401
Resident Trust Fund Payable	19,279	23,278	3,923	28,469	23,357	11,408	23,674	44,865	12,070	33,428	20,338	243,989
Current Portion of Refundable Entrance Fees	89,000	18,400	307,300	-	357,400	(300)	13,300	-	5,500	109,600	267,500	1,167,700
Total Current Liabilities	976,381	823,800	1,327,865	689,657	1,887,709	504,986	730,000	1,329,158	894,282	1,245,476	1,497,095	11,896,429
LONG-TERM DEBT (Net of Current Maturities Shown Above)	3,132,518	1,255,746	14,374,744	148,255	10,387,732	160,835	837,513	5,969,582	5,181,511	13,483,788	22,932,972	77,865,296
OTHER LIABILITIES												
Refundable Entrance Fees	747,822	124,237	1,887,611	-	591,887	5,475	42,483	-	35,280	870,251	1,458,060	5,763,106
Deferred Revenue from Entrance Fees	741,843	103,259	601,125	-	545,779	47,846	77,208	-	13,328	808,545	757,416	3,696,149
Other Liabilities	10,049	1,302	-	10,986	84,676	11,519	127,821	17,197	31,777	9,321	13,329	317,977
Total Other Liabilities	1,499,714	228,798	2,488,736	10,986	1,222,342	64,840	247,512	17,197	80,385	1,688,117	2,228,805	9,777,232
Total Liabilities	5,608,613	2,308,344	18,191,365	848,898	13,497,783	730,461	1,815,125	7,315,937	8,146,178	16,417,381	26,658,872	99,538,957
NET ASSETS												
Unrestricted:												
Controlling Interest	9,765,527	11,594,296	258,408	4,622,740	19,276,161	5,941,449	7,607,992	(2,264,218)	3,244,683	(2,005,181)	(12,260,308)	45,771,549
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Unrestricted Net Assets	9,765,527	11,584,298	258,408	4,622,740	19,278,161	5,941,449	7,607,992	(2,264,218)	3,244,683	(2,005,181)	(12,260,308)	45,771,549
Temporarily Restricted	40,379	1,479	45,215	14,328	32,393	7,171	7,255	3,409	4,114	-	6,095	161,838
Permanently Restricted	188,720	-	-	-	-	-	-	-	-	-	-	188,720
Total Net Assets	9,994,626	11,585,775	303,623	4,637,068	19,308,554	5,948,620	7,615,247	(2,260,809)	3,248,797	(2,005,181)	(12,254,213)	46,122,107
Total Liabilities and Net Assets	$ 15,603,239	$ 13,894,119	$ 18,494,988	$ 5,485,966	$ 32,806,337	$ 6,679,081	$ 9,430,372	$ 5,055,128	$ 8,394,975	$ 14,412,200	$ 14,404,859	$ 145,861,054

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ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
LIABILITIES AND NET ASSETS	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
CURRENT LIABILITIES												
Current Maturities of Long-Term Debt	$ 1,233,702	$ 215,000	$ 67,826	$ -	$ 564,520	$ 60,035	$ 73,543	$ 11,078	$ 19,361,050	$ 21,586,754	$ (3,006,053)	$ 18,580,701
Accounts Payable:												
Trade	2,266,966	237,928	98,707	186,486	529,843	9,919	10,184	3,876	866,580	4,210,489	(337,946)	3,872,543
Construction	1,818,955	14,975	87,059	-	79,183	-	-	-	203,079	2,203,251	-	2,203,251
Intercompany Payables	31,716	1,164	1,375	1,410	58,649	2,794	3,287	123,146	(24,840)	196,701	(196,701)	-
Other Accrued Liabilities	5,133,401	1,068,091	274,220	137,572	1,247,233	243,604	315,570	30,693	5,701,107	14,151,491	(297,620)	13,853,871
Resident Trust Fund Payable	243,989	10,858	1,439	-	66,658	-	-	-	-	322,944	-	322,944
Current Portion of Refundable Entrance Fees	1,167,700	186,300	-	-	-	-	-	-	48,400	1,404,400	-	1,404,400
Total Current Liabilities	11,895,429	1,736,316	530,626	325,468	2,544,086	316,352	402,584	168,793	26,155,376	44,078,030	(3,838,320)	40,237,710
LONG-TERM DEBT (Net of Current Maturities Shown Above)	77,865,296	19,427,875	3,594,222	-	24,487,524	5,248,241	6,489,041	510,052	31,812,390	169,832,641	(47,241,549)	122,591,092
OTHER LIABILITIES												
Refundable Entrance Fees	5,763,106	1,104,292	2,750	-	42,500	9,750	10,912	3,540	103,458	7,040,208	-	7,040,208
Deferred Revenue from Entrance Fees	3,696,149	1,918,860	-	-	6,588,235	-	-	-	68,672	12,271,916	-	12,271,916
Other Liabilities	317,977	3,528	8,024	-	72,321	-	-	23,232	813,889	1,238,971	-	1,238,971
Total Other Liabilities	9,777,232	3,026,680	10,774	-	6,703,056	9,750	10,912	26,772	986,019	20,551,095	-	20,551,095
Total Liabilities	99,538,957	24,190,871	4,535,622	325,468	33,734,866	5,572,343	6,902,437	705,617	58,953,785	234,459,766	(51,078,869)	183,379,897
NET ASSETS												
Unrestricted:												
Controlling Interst	45,771,549	(9,210,026)	549,722	5,880,353	(6,985,823)	42	102	(4,224)	5,142,385	41,144,080	(1,567,000)	39,577,080
Noncontrolling Interest	-	-	-	-	-	421,444	1,276,096	-	-	1,697,540	-	1,697,540
Total Unrestricted Net Assets	45,771,549	(9,210,026)	549,722	5,880,353	(6,985,823)	421,486	1,276,198	(4,224)	5,142,385	42,841,620	(1,567,000)	41,274,620
Temporarily Restricted	161,838	3,979	9,508	-	982	-	500	-	-	176,807	-	176,807
Permanently Restricted	188,720	-	-	-	-	-	-	-	25,000	213,720	-	213,720
Total Net Assets	46,122,107	(9,206,047)	559,230	5,880,353	(6,984,841)	421,486	1,276,698	(4,224)	5,167,385	43,232,147	(1,567,000)	41,665,147
Total Liabilities and Net Assets	$ 145,661,064	$ 14,984,824	$ 5,094,852	$ 6,205,821	$ 26,749,825	$ 5,993,829	$ 8,179,135	$ 701,393	$ 64,121,170	$ 277,691,913	$ (52,646,869)	$ 225,045,044

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
OPERATING REVENUE												
Resident Service	$ 7,824,527	$ 11,663,871	$ 2,233,436	$ 6,362,180	$ 14,138,001	$ 6,506,126	$ 8,979,844	$ 9,610,350	$ 8,986,434	$ 12,022,894	$ 12,593,039	$ 100,900,702
Amortization of Admission Fees	146,376	27,176	169,197	-	121,279	4,700	13,063	-	2,052	67,648	164,097	715,608
Other	2,939	5,818	33,047	10,424	48,097	3,751	23,774	4,702	582	14,989	28,251	178,374
Total Operating Revenue	7,973,842	11,696,865	2,435,680	6,372,604	14,307,377	6,514,577	9,016,701	9,615,052	8,989,068	12,105,531	12,785,387	101,792,684
OPERATING EXPENSE												
Nursing	2,627,036	3,475,082	449,743	2,305,770	4,260,067	2,260,072	2,734,328	2,822,170	2,433,124	3,160,425	3,585,544	30,112,359
Ancillary	933,402	1,861,113	2,463	926,823	2,253,623	841,471	1,520,667	1,826,176	1,294,934	1,731,497	1,539,592	14,833,761
Dietary	633,823	798,250	248,356	513,349	857,704	394,379	578,451	605,698	542,431	835,656	951,851	7,059,759
Housekeeping	245,699	341,534	32,413	224,561	356,289	237,182	308,266	306,735	199,462	365,278	338,684	2,956,103
Activities and Social Services	309,578	292,877	56,368	259,358	422,179	178,759	313,911	264,071	210,550	284,389	397,121	2,989,159
Plant Operations and Maintenance	537,303	391,947	229,260	347,248	620,138	277,755	418,061	393,622	277,513	548,510	665,268	4,706,625
Administrative	1,067,154	1,577,513	484,295	998,222	1,871,168	819,041	1,223,690	1,567,929	1,175,254	2,363,426	2,301,641	15,449,331
Marketing	21,808	24,862	38,551	39,661	43,752	6,951	33,572	22,032	12,139	65,172	55,483	361,983
Payroll Taxes	268,973	347,086	54,588	233,158	403,320	218,933	284,326	292,450	246,090	334,454	366,380	3,049,758
Employee Benefits	595,700	768,343	123,396	468,939	843,092	511,575	751,530	542,684	566,751	810,389	760,113	6,742,512
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Interest	86,601	71,860	412,462	7,864	281,789	9,533	48,257	396,958	233,716	810,344	1,351,537	3,710,922
Depreciation and Amortization	385,847	410,968	457,275	252,564	753,641	194,705	378,324	262,988	257,041	465,318	804,502	4,823,171
Total Operating Expense	7,712,924	10,361,435	2,588,180	6,579,515	12,966,760	5,950,356	8,693,401	9,303,512	7,449,005	11,874,856	13,117,496	96,595,442
OPERATING INCOME (LOSS)	260,918	1,335,430	(150,500)	(206,911)	1,340,617	564,221	323,300	311,540	1,520,063	230,673	(332,109)	5,197,242
OTHER INCOME (EXPENSE)												
Investment Income	122,203	111,068	(13,416)	83,747	388,097	14,582	191,404	18,347	186,238	33,706	33,858	1,169,854
Unrealized Gain on Investments	104,270	101,001	2,836	76,575	361,145	12,350	45,938	5,832	3,208	35,709	4,665	753,527
Contributions	322,358	37,464	395	90,579	74,949	47,790	124,968	32,026	288,324	93,833	33,347	1,126,033
Net Assets Released from Restriction	7,574	5,423	-	5,244	84,209	2,292	1,188	1,717	1,280	28	8,554	117,507
Loss on Disposal of Property and Equipment	(7,385)	(3,660)	(3,793)	-	(9,867)	(1,807)	(5,318)	(1,966)	(7,257)	(23,767)	(9,162)	(73,962)
Total Other Income (Expense)	549,020	251,316	(13,978)	256,145	898,533	75,207	358,178	55,956	451,793	139,507	71,262	3,092,939
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	809,938	1,586,746	(164,478)	49,234	2,239,150	639,428	681,478	367,496	1,971,856	370,180	(260,847)	8,290,181
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-
Equity Transfers Between Affiliates	-	-	-	-	-	-	-	(1,038,130)	-	-	-	(1,038,130)
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 809,938	$ 1,585,746	$ (164,478)	$ 49,234	$ 2,239,150	$ 639,428	$ 681,478	$ (670,634)	$ 1,971,856	$ 370,180	$ (260,847)	$ 7,252,051

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ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2011

(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
OPERATING REVENUE												
Resident Service	$ 100,900,702	$ 12,523,126	$ 5,479,771	$ 10,731,029	$ 19,686,797	$ 1,401,832	$ 1,942,735	$ 114,468	$ -	$ 152,780,450	$ (4,055,897)	$ 148,724,563
Amortization of Admission Fees	715,608	310,892	-	-	936,282	-	-	-	11,352	1,974,134	-	1,974,134
Other	176,374	16,004	117	43,500	350,918	55,132	26,591	8,349	17,778,158	18,455,143	(14,497,864)	3,957,279
Total Operating Revenue	101,792,684	12,850,022	5,479,888	10,774,529	20,973,997	1,456,964	1,969,326	122,817	17,789,510	173,209,737	(18,553,761)	154,655,976
OPERATING EXPENSE												
Nursing	30,112,359	3,069,765	1,487,019	806,160	6,046,643	124,535	206,272	-	-	41,852,753	-	41,852,753
Ancillary	14,833,761	1,539,942	675,262	7,293,379	2,455,245	474	2	-	-	26,798,065	(4,055,897)	22,742,168
Dietary	7,059,758	894,040	326,228	-	2,023,308	158,270	217,941	-	-	10,679,545	-	10,679,545
Housekeeping	2,956,103	354,993	136,949	88	570,346	19,380	39,702	-	-	4,077,541	-	4,077,541
Activities and Social Services	2,989,159	259,451	159,079	-	476,532	34,680	21,507	530	-	3,940,938	-	3,940,938
Plant Operations and Maintenance	4,706,625	874,824	197,791	29,785	1,840,608	122,143	164,776	47,784	495,216	8,279,552	-	8,279,552
Administrative	15,449,331	1,773,537	733,728	1,201,175	3,832,398	198,750	267,119	79,378	16,714,533	40,249,949	(9,643,330)	30,606,619
Marketing	361,983	22,986	32,830	496	100,111	9,115	3,181	424	52,470	583,596	-	583,596
Payroll Taxes	3,049,758	325,721	153,276	74,245	566,362	25,015	35,391	-	295,868	4,545,636	-	4,545,636
Employee Benefits	6,742,512	692,157	326,781	114,475	947,358	62,380	68,770	-	885,413	9,839,846	(5,058,864)	4,780,982
Property Taxes	-	-	-	-	218,215	20,662	128,046	-	-	364,923		364,923
Interest	3,710,922	1,151,389	260,942	-	1,532,487	400,078	496,085	12,310	3,238,563	10,802,776	(2,910,333)	7,892,443
Depreciation and Amortization	4,623,171	716,272	216,033	83,114	1,620,166	272,361	319,087	52,846	538,402	8,439,472	-	8,439,472
Total Operating Expense	96,595,442	11,475,077	4,705,918	9,602,897	22,247,799	1,447,843	1,957,879	193,272	22,218,465	170,454,592	(21,668,424)	148,786,168
OPERATING INCOME (LOSS)	5,197,242	1,374,945	773,970	1,171,632	(1,273,602)	9,121	1,447	(70,455)	(4,428,955)	2,755,145	3,114,663	5,869,808
OTHER INCOME (EXPENSE)												
Investment Income	1,169,854	40,362	10,975	1,226	198,935	4,590	3,502	57	3,285,314	4,894,815	(2,910,333)	1,784,482
Unrealized Gain on Investments	753,527	5,561	3,314	-	51,534	-	-	-	77,526	891,462	-	891,462
Contributions	1,128,033	81,055	29,567	-	37,472	-	185	320	212,231	1,486,913	(204,330)	1,282,583
Net Assets Released from Restriction	117,507	1,950	-	-	3,652	-	-	-	154,404	277,513	-	277,513
Loss on Disposal of Property and Equipment	(73,982)	(137,704)	-	3,800	(1,626)	-	-	-	5,547	(203,965)	-	(203,965)
Total Other Income (Expense)	3,092,939	(8,776)	43,856	5,026	289,967	4,590	3,687	377	3,715,072	7,146,738	(3,114,663)	4,032,075
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	8,290,181	1,366,169	817,826	1,176,658	(983,835)	13,711	5,134	(70,078)	(713,883)	9,901,883	-	9,901,883
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	42,390	42,390	-	42,390
Equity Transfers Between Affiliates	(1,038,130)	-	(548,590)	-	-	-	-	-	1,588,720	-	-	-
Capital Contributions	-	-	-	-	-	-	256,269	-	-	256,269	-	256,269
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 7,252,051	$ 1,366,169	$ 269,236	$ 1,176,658	$ (983,835)	$ 13,711	$ 261,403	$ (70,078)	$ 915,227	$ 10,200,542	$ -	$ 10,200,542

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ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
UNRESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 8,955,569	$ 9,997,550	$ 422,886	$ 4,573,506	$ 17,037,011	$ 5,302,021	$ 6,926,514	$ (1,593,584)	$ 1,272,827	$ (2,375,361)	$ (11,999,461)	$ 38,519,498
Change in Net Assets:												
Excess (Deficit) of Revenue over Expense	809,938	1,586,746	(164,478)	49,234	2,239,150	639,428	681,478	367,466	1,971,856	370,180	(260,847)	8,290,181
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-
Equity Tranfer (to)/from Affiliate	-	-	-	-	-	-	-	(1,038,130)	-	-	-	(1,038,130)
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2011	$ 9,765,527	$ 11,584,296	$ 258,408	$ 4,622,740	$ 19,276,161	$ 5,941,449	$ 7,607,992	$ (2,264,218)	$ 3,244,683	$ (2,005,181)	$ (12,260,308)	$ 45,771,549
TEMPORARILY RESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 38,567	$ 5,423	$ -	$ 11,025	$ 95,141	$ 4,732	$ 1,520	$ 1,717	$ 2,025	$ 26	$ 11,144	$ 171,320
Change in Net Assets:												
Contributions	9,386	1,479	45,215	8,547	21,461	4,731	6,923	3,409	3,369	-	3,505	108,025
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets Released from Restriction	(7,574)	(5,423)	-	(5,244)	(84,209)	(2,292)	(1,188)	(1,717)	(1,280)	(26)	(8,554)	(117,507)
Net Assets - June 30, 2011	$ 40,379	$ 1,479	$ 45,215	$ 14,328	$ 32,393	$ 7,171	$ 7,255	$ 3,409	$ 4,114	$ -	$ 6,095	$ 161,838
PERMANENTLY RESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720
Change in Net Assets:												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2011	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 33,519,498	$ (10,576,195)	$ 280,486	$ 4,703,695	$ (6,001,988)	$ 407,775	$ 1,014,785	$ 65,854	$ 4,227,158	$ 32,641,078	$ (1,567,000)	$ 31,074,078
Change in Net Assets:												
Excess (Deficit) of Revenue over Expense	8,290,181	1,366,169	817,826	1,176,658	(983,835)	13,711	5,134	(70,078)	(713,883)	9,901,883	-	9,901,883
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	42,390	42,390	-	42,390
Equity Transfer (to)/from Affiliate	(1,038,130)	-	(548,590)	-	-	-	-	-	1,586,720	-	-	-
Capital Contributions	-	-	-	-	-	-	256,269	-	-	256,269	-	256,269
Net Assets - June 30, 2011	$ 45,771,549	$ (9,210,026)	$ 549,722	$ 5,880,353	$ (6,985,823)	$ 421,486	$ 1,276,188	$ (4,224)	$ 5,142,385	$ 42,841,620	$ (1,567,000)	$ 41,274,620
TEMPORARILY RESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 171,320	$ 1,950	$ (27,039)	$ -	$ 3,652	$ -	$ -	$ -	$ 146,229	$ 296,112	$ -	$ 298,112
Change in Net Assets:												
Contributions	108,025	3,979	36,547	-	982	-	500	-	-	150,033	-	150,033
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	8,174	8,174	-	8,174
Net Assets Released from Restriction	(117,507)	(1,950)	-	-	(3,652)	-	-	-	(154,403)	(277,512)	-	(277,512)
Net Assets, June 30, 2011	$ 161,838	$ 3,979	$ 9,508	$ -	$ 982	$ -	$ 500	$ -	$ -	$ 176,807	$ -	$ 176,807
PERMANENTLY RESTRICTED NET ASSETS												
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720
Change in Net Assets:												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets, June 30, 2011	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
CURRENT ASSETS									
Cash and Cash Equivalents	$ 6,673,013	$ 7,655,165	$ (2,022,286)	$ 619,527	$ 11,109,377	$ 4,098,360	$ 3,251,966	$ 3,667,144	$ 35,052,256
Accounts Receivable, Net	436,469	803,416	(8,286)	529,722	1,738,995	630,391	793,612	1,174,901	6,099,220
Intercompany Receivables	(1,125)	(320)	320	-	-	-	123,396	1,125	123,396
Other Current Assets	49,719	53,503	7,040	34,526	66,138	28,089	202,579	154,143	593,737
Current Portion of Assets Limited as to Use	37,907	43,812	195,142	30,782	165,378	14,192	34,818	20,681	542,512
Total Current Assets	7,195,983	8,555,376	(1,828,080)	1,214,557	13,079,888	4,769,032	4,408,371	5,017,994	42,411,121
ASSETS LIMITED AS TO USE									
Resident Funds	19,279	23,278	3,823	28,469	23,357	14,192	23,674	12,070	148,142
Trustee Held Funds	18,628	20,334	1,199,040	2,313	407,396	-	11,144	8,611	1,667,466
Total	37,907	43,612	1,202,863	30,782	430,753	14,192	34,818	20,681	1,815,808
Less: Current Portion Shown Above	(37,907)	(43,512)	(195,142)	(30,782)	(165,378)	(14,192)	(34,818)	(20,681)	(542,512)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	-	-	1,007,721	-	265,375	-	-	-	1,273,096
PROPERTY AND EQUIPMENT (at Cost)									
Land and Land Improvements	314,370	101,875	312,579	40,694	308,762	27,135	65,910	170,656	1,341,981
Building and Improvements	9,175,827	6,204,072	14,102,296	4,593,501	15,362,017	3,422,225	5,043,802	4,455,343	62,359,083
Equipment	1,744,169	1,627,350	997,362	1,205,159	1,629,874	1,335,867	1,158,186	776,999	10,474,966
Construction in Progress	1,308,017	56,557	7,756,940	-	1,542,247	-	4,750	106,910	10,775,421
Total	12,542,383	7,989,854	23,169,177	5,839,354	18,842,900	4,785,227	6,272,648	5,509,908	84,951,451
Less: Accumulated Depreciation	6,713,344	4,952,017	4,123,230	3,489,396	7,225,154	3,194,992	3,804,053	3,058,192	36,560,378
Total Property and Equipment (at Depreciated Cost)	5,829,039	3,037,837	19,045,947	2,349,958	11,617,746	1,590,235	2,468,595	2,451,716	48,391,073
OTHER ASSETS									
Deferred Financing Costs	-	-	237,770	-	62,423	-	-	-	300,193
Investments	2,578,217	2,293,013	31,630	1,921,451	7,780,905	319,814	1,102,506	83,066	16,110,602
Notes Receivable	-	-	-	-	-	-	1,452,900	1,842,199	3,295,099
Cash Surrender Value of Life Insurance and Other Assets	-	7,893	-	-	-	-	-	-	7,893
Total Other Assets	2,578,217	2,300,906	269,400	1,921,451	7,843,328	319,814	2,555,406	1,925,265	19,713,787
Total Assets	$ 15,603,239	$ 13,894,119	$ 18,494,988	$ 5,485,966	$ 32,806,337	$ 6,679,081	$ 9,430,372	$ 9,394,875	$ 111,789,077

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
ASSETS	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Combined Total
CURRENT ASSETS										
Cash and Cash Equivalents	$ 35,052,256	$ 3,762,853	$ 261,402	$ 2,830,192	$ 4,596,068	$ (15,382,245)	$ (15,022,911)	$ 15,897,615	$ -	$ 15,897,615
Accounts Receivable, Net	6,099,220	1,089,386	1,019,831	701,776	778,232	1,292,906	-	10,981,351	(279,736)	10,701,615
Intercompany Receivables	123,396	-	-	-	-	(2,534)	40,289,592	40,410,454	(40,260,929)	149,525
Other Current Assets	593,737	31,767	62,949	44,113	538,653	61,292	50,438	1,382,949	-	1,382,949
Current Portion of Assets Limited as to Use	542,512	232,847	135,081	125,040	-	372,867	1,023,732	2,432,079	-	2,432,079
Total Current Assets	42,411,121	5,116,853	1,479,263	3,501,121	5,912,953	(13,657,714)	26,340,851	71,104,448	(40,540,665)	30,563,783
ASSETS LIMITED AS TO USE										
Resident Funds	148,142	62,500	38,214	10,858	-	66,658	-	326,372	-	326,372
Trustee Held Funds	1,667,466	1,254,042	720,318	842,980	-	4,857,357	6,922,705	16,264,868	-	16,264,868
Total	1,815,608	1,316,542	758,532	853,838	-	4,924,015	6,922,705	16,591,240	-	16,591,240
Less: Current Portion Shown Above	(542,512)	(232,847)	(135,081)	(125,040)	-	(372,867)	(1,023,732)	(2,432,079)	-	(2,432,079)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	1,273,096	1,083,695	623,451	728,798	-	4,551,148	5,898,973	14,159,161	-	14,159,161
PROPERTY AND EQUIPMENT (at Cost)										
Land and Land Improvements	1,341,981	297,903	205,479	426,135	-	8,800,000	108,513	11,180,011	-	11,180,011
Building and Improvements	62,359,083	13,914,067	20,564,806	19,191,204	216,657	30,787,689	1,058,378	148,091,884	-	148,091,884
Equipment	10,474,966	989,252	2,311,290	1,404,991	455,003	1,284,586	4,322,515	21,242,603	-	21,242,603
Construction in Progress	10,775,421	500	1,040	-	-	189,357	1,037,216	12,003,534	-	12,003,534
Total	84,951,451	15,201,722	23,082,615	21,022,330	671,660	41,061,632	6,526,622	192,518,032	-	192,518,032
Less: Accumulated Depreciation	36,560,378	7,383,442	11,044,188	10,527,336	378,792	6,122,767	2,014,803	74,031,706	-	74,031,706
Total Property and Equipment (at Depreciated Cost)	48,391,073	7,818,280	12,038,427	10,494,994	292,868	34,938,865	4,511,819	118,486,326	-	118,486,326
OTHER ASSETS										
Deferred Financing Costs	300,193	268,429	212,363	189,262	-	917,526	1,419,001	3,306,774	-	3,306,774
Investments	16,110,602	124,943	51,155	70,649	-	-	20,246,183	36,603,532	(6,739,000)	29,864,532
Notes Receivable	3,295,099	-	-	-	-	-	-	3,295,099	-	3,295,099
Cash Surrender Value of Life Insurance and Other Assets	7,893	-	-	-	-	-	310,188	318,081	-	318,081
Total Other Assets	19,713,787	393,372	263,518	259,911	-	917,526	21,975,372	43,523,486	(6,739,000)	36,784,486
Total Assets	$ 111,789,077	$ 14,412,200	$ 14,404,659	$ 14,984,824	$ 6,205,821	$ 26,749,825	$ 56,727,015	$ 247,273,421	$ (47,279,665)	$ 199,993,756

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	$ 31,939	$ 27,742	$ 293,569	$ 7,132	$ 186,694	$ -	$ 15,454	$ 15,900	$ 578,430
Accounts Payable:									
Trade	160,307	275,046	46,561	158,643	362,565	121,264	246,964	148,878	1,520,226
Construction	224,553	150,760	417,503	54,292	412,993	12,000	56,204	353,898	1,682,203
Intercompany Payables	3,387	1,560	602	5,756	9,334	1,438	(2,721)	190	19,726
Other Accrued Liabilities	447,935	327,014	256,327	435,365	535,366	359,178	377,125	347,848	3,088,157
Resident Trust Fund Payable	19,279	23,278	3,823	28,469	23,357	11,408	23,674	12,070	145,358
Current Portion of Refundable Entrance Fees	89,000	18,400	307,300	-	357,400	(300)	13,300	5,500	790,600
Total Current Liabilities	976,361	823,800	1,327,885	689,657	1,887,709	504,988	730,000	884,282	7,824,700
LONG-TERM DEBT (Net of Current Maturities Shown Above)	3,132,518	1,255,746	14,374,744	148,255	10,367,732	160,835	837,613	5,181,511	35,478,954
OTHER LIABILITIES									
Refundable Entrance Fees	747,822	124,237	1,887,611	-	591,887	5,475	42,483	35,280	3,434,795
Deferred Revenue from Entrance Fees	741,843	103,259	601,125	-	545,779	47,646	77,208	13,328	2,130,188
Other Liabilities	10,049	1,302	-	10,986	84,676	11,519	127,821	31,777	278,130
Total Other Liabilities	1,499,714	228,798	2,488,736	10,986	1,222,342	64,640	247,512	80,385	5,843,113
Total Liabilities	5,608,613	2,308,344	18,191,365	848,898	13,497,783	730,461	1,815,125	6,146,178	49,146,787
NET ASSETS									
Unrestricted	9,765,527	11,584,298	258,408	4,622,740	19,276,161	5,941,449	7,607,992	3,244,683	62,301,256
Temporarily Restricted	40,379	1,479	45,215	14,328	32,393	7,171	7,255	4,114	152,334
Permanently Restricted	188,720	-	-	-	-	-	-	-	188,720
Total Net Assets	9,994,626	11,585,775	303,623	4,637,068	19,308,554	5,948,620	7,615,247	3,248,797	62,642,310
Total Liabilities and Net Assets	$ 15,603,239	$ 13,894,119	$ 18,494,988	$ 5,485,966	$ 32,806,337	$ 5,679,081	$ 9,430,372	$ 9,394,975	$ 111,789,077

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
LIABILITIES AND NET ASSETS	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Combined Total
CURRENT LIABILITIES										
Current Maturities of Long-Term Debt	$ 578,430	$ 315,000	$ 185,000	$ 215,000	$ -	$ 564,520	$ 19,361,050	$ 21,219,000	$ -	$ 21,219,000
Accounts Payable:										
Trade	1,520,226	251,039	254,871	237,928	186,486	529,843	688,755	3,679,148	(279,736)	3,399,412
Construction	1,682,203	9,564	17,501	14,975	-	79,183	203,079	2,006,505	-	2,006,505
Intercompany Payables	19,726	1,400	8,217	1,164	1,410	56,649	(41,140)	47,426	(47,426)	-
Other Accrued Liabilities	3,088,157	525,445	733,668	1,068,091	137,572	1,247,233	4,510,659	11,310,825	-	11,310,825
Resident Trust Fund Payable	145,358	33,428	20,338	10,858	-	66,658	-	276,640	-	276,640
Current Portion of Refundable Entrance Fees	790,600	109,600	257,500	168,300	-	-	48,400	1,404,400	-	1,404,400
Total Current Liabilities	7,824,700	1,245,476	1,497,095	1,736,316	325,468	2,544,086	24,770,803	39,943,944	(327,162)	39,616,782
LONG-TERM DEBT (Net of Current Maturities Shown Above)	35,478,954	13,483,788	22,932,972	19,427,875	-	24,487,524	31,812,390	147,623,503	(46,952,503)	100,671,000
OTHER LIABILITIES										
Refundable Entrance Fees	3,434,795	870,251	1,458,060	1,104,292	-	42,500	103,458	7,013,356	-	7,013,356
Deferred Revenue from Entrance Fees	2,130,188	808,545	757,416	1,918,860	-	6,588,235	68,672	12,271,916	-	12,271,916
Other Liabilities	278,130	9,321	13,329	3,528	-	72,321	813,889	1,190,518	-	1,190,518
Total Other Liabilities	5,843,113	1,688,117	2,228,805	3,026,680	-	6,703,056	986,019	20,475,790	-	20,475,790
Total Liabilities	49,146,767	16,417,381	26,658,872	24,190,871	325,468	33,734,666	57,569,212	208,043,237	(47,279,665)	160,763,572
NET ASSETS										
Unrestricted	62,301,256	(2,005,181)	(12,260,308)	(9,210,026)	5,880,353	(6,985,823)	1,132,803	38,853,074	-	38,853,074
Temporarily Restricted	152,334	-	6,095	3,979	-	982	-	163,390	-	163,390
Permanently Restricted	188,720	-	-	-	-	-	25,000	213,720	-	213,720
Total Net Assets	62,642,310	(2,005,181)	(12,254,213)	(9,206,047)	5,880,353	(6,984,841)	1,157,803	39,230,184	-	39,230,184
Total Liabilities and Net Assets	$ 111,789,077	$ 14,412,200	$ 14,404,659	$ 14,984,824	$ 8,205,821	$ 26,749,825	$ 58,727,015	$ 247,273,421	$ (47,279,665)	$ 199,993,756

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF UNRESTRICTED ACTIVITIES – OBLIGATED GROUP
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
OPERATING REVENUE									
Resident Service	$ 7,824,527	$ 11,663,871	$ 2,233,436	$ 6,362,180	$ 14,138,001	$ 6,509,126	$ 8,979,844	$ 8,986,434	$ 66,674,419
Amortization of Admission Fees	146,376	27,176	169,197	-	121,279	4,700	13,063	2,052	483,863
Other	2,939	5,818	33,047	10,424	48,097	3,751	23,774	582	128,432
Total Operating Revenue	7,973,842	11,696,865	2,435,680	6,372,604	14,307,377	6,514,577	9,016,701	8,969,068	67,286,714
OPERATING EXPENSE									
Nursing	2,627,036	3,475,082	448,743	2,305,770	4,260,087	2,260,072	2,734,326	2,433,124	20,544,220
Ancillary	933,402	1,861,113	2,463	928,823	2,253,623	841,471	1,620,667	1,294,934	9,736,496
Dietary	633,823	798,250	248,366	513,349	857,704	394,379	578,451	542,431	4,568,753
Housekeeping	245,699	341,534	32,413	224,561	356,289	237,182	308,286	199,462	1,945,426
Activities and Social Services	309,578	292,877	56,368	259,356	422,179	178,759	313,911	210,550	2,043,578
Plant Operations and Maintenance	537,303	391,947	229,260	347,248	620,138	277,755	418,061	277,513	3,099,225
Administrative	1,067,154	1,577,513	484,295	998,222	1,871,166	619,041	1,223,690	1,175,254	9,216,335
Marketing	21,808	24,862	36,551	39,661	43,752	6,951	33,572	12,139	219,296
Payroll Taxes	268,973	347,086	54,588	233,158	403,320	218,933	284,326	246,090	2,056,474
Employee Benefits	595,700	768,343	123,398	468,939	843,092	511,575	751,530	568,751	4,629,326
Property Taxes	-	-	-	-	-	-	-	-	-
Interest	86,601	71,860	412,462	7,864	281,789	9,533	48,257	233,716	1,152,082
Depreciation and Amortization	385,847	410,968	457,275	252,564	753,641	194,705	378,324	257,041	3,090,365
Total Operating Expense	7,712,924	10,361,435	2,586,180	6,579,515	12,966,760	5,950,356	8,693,401	7,449,005	62,299,576
OPERATING INCOME (LOSS)	260,918	1,335,430	(150,500)	(206,911)	1,340,617	564,221	323,300	1,520,063	4,987,138
OTHER INCOME (EXPENSE)									
Investment Income	122,203	111,088	(13,416)	83,747	388,097	14,582	191,404	186,238	1,083,943
Unrealized Loss on Investments	104,270	101,001	2,836	76,575	361,145	12,350	45,936	3,208	707,321
Contributions	322,358	37,454	395	90,579	74,949	47,790	124,968	268,324	966,827
Net Assets Released from Restriction	7,574	5,423	-	5,244	84,209	2,292	1,188	1,280	107,210
Loss on Disposal of Property and Equipment	(7,385)	(3,680)	(3,793)	-	(9,867)	(1,807)	(5,318)	(7,257)	(39,087)
Total Other Income (Expense)	549,020	251,316	(13,978)	256,145	898,533	75,207	358,178	451,793	2,826,214
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	809,938	1,586,746	(164,478)	49,234	2,239,150	639,428	681,478	1,971,856	7,813,352
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-
Equity Transfers Between Affiliates	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 809,938	$ 1,586,746	$ (164,478)	$ 49,234	$ 2,239,150	$ 639,428	$ 681,478	$ 1,971,856	$ 7,813,352

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF UNRESTRICTED ACTIVITIES – OBLIGATED GROUP (CONTINUED)
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Combined Total
OPERATING REVENUE										
Resident Service	$ 66,674,419	$ 12,022,894	$ 12,593,039	$ 12,523,126	$ 10,731,029	$ 19,686,797	$ -	$ 134,231,304	$ (3,398,919)	$ 130,832,385
Amortization of Admission Fees	483,863	67,648	164,097	310,892	-	936,282	11,352	1,974,134	-	1,974,134
Other	128,432	14,989	28,251	16,004	43,500	350,918	8,817,027	9,399,121	(5,127,668)	4,271,453
Total Operating Revenue	67,286,714	12,105,531	12,785,387	12,850,022	10,774,529	20,973,997	8,828,379	145,604,559	(8,526,587)	137,077,972
OPERATING EXPENSE										
Nursing	20,544,220	3,160,425	3,585,544	3,069,765	808,180	6,048,643	-	37,212,757	-	37,212,757
Ancillary	9,736,496	1,731,497	1,539,592	1,539,942	7,293,379	2,455,245	-	24,296,151	(3,398,919)	20,897,232
Dietary	4,566,753	935,856	951,651	894,040	-	2,023,308	-	9,371,408	-	9,371,408
Housekeeping	1,945,426	385,278	338,664	354,993	68	570,346	-	3,574,775	-	3,574,775
Activities and Social Services	2,043,578	284,389	387,121	259,451	-	476,532	-	3,461,071	-	3,461,071
Plant Operations and Maintenance	3,099,225	548,510	665,268	674,824	29,785	1,840,608	-	6,858,220	-	6,858,220
Administrative	9,216,335	2,363,426	2,301,641	1,773,537	1,201,175	3,832,398	9,878,315	30,566,827	(1,028,726)	29,538,101
Marketing	219,298	65,172	55,483	22,986	496	100,111	-	463,544	-	463,544
Payroll Taxes	2,056,474	334,454	366,380	325,721	74,245	586,362	-	3,743,636	-	3,743,636
Employee Benefits	4,529,326	810,389	760,113	692,157	114,475	947,358	291,202	8,245,020	(4,303,272)	3,941,748
Property Taxes	-	-	-	-	-	216,215	-	216,215	-	216,215
Interest	1,152,082	810,344	1,351,537	1,151,389	-	1,532,487	3,239,563	9,236,402	(2,594,083)	6,642,319
Depreciation and Amortization	3,090,385	465,318	804,502	716,272	83,114	1,620,186	538,402	7,316,159	-	7,316,159
Total Operating Expense	62,299,576	11,874,858	13,117,496	11,475,077	9,602,897	22,247,799	13,944,482	144,562,185	(11,325,000)	133,237,185
OPERATING INCOME (LOSS)	4,987,138	230,673	(332,109)	1,374,945	1,171,632	(1,273,802)	(5,116,103)	1,042,374	2,798,413	3,840,787
OTHER INCOME (EXPENSE)										
Investment Income	1,083,943	33,706	33,858	40,362	1,226	198,935	3,242,142	4,634,172	(2,594,083)	2,040,089
Unrealized Gain on Investments	707,321	35,709	4,665	5,561	-	51,534	93,961	898,751	-	898,751
Contributions	986,827	93,633	33,347	61,055	-	37,472	212,081	1,424,615	(204,330)	1,220,285
Net Assets Released from Restriction	107,210	26	8,554	1,950	-	3,652	154,404	275,796	-	275,796
Gain (Loss) on Disposal of Property and Equipment	(39,087)	(23,767)	(9,162)	(137,704)	3,800	(1,626)	5,547	(201,999)	-	(201,999)
Total Other Income (Expense)	2,826,214	139,507	71,262	(8,776)	5,026	289,967	3,708,135	7,031,335	(2,798,413)	4,232,922
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	7,813,352	370,180	(260,847)	1,366,169	1,176,658	(983,835)	(1,407,968)	8,073,709	-	8,073,709
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	42,390	42,390	-	42,390
Equity Transfers Between Affiliates	-	-	-	-	-	-	894,720	894,720	-	894,720
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 7,813,352	$ 370,180	$ (260,847)	$ 1,366,169	$ 1,176,658	$ (983,835)	$ (470,858)	$ 9,010,819	$ -	$ 9,010,819

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF CHANGES IN NET ASSETS - OBLIGATED GROUP
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
UNRESTRICTED NET ASSETS									
Net Assets - June 30, 2010	$ 8,955,589	$ 9,997,550	$ 422,886	$ 4,573,506	$ 17,037,011	$ 5,302,021	$ 6,926,514	$ 1,272,827	$ 54,487,904
Change in Net Assets									
Excess (Deficit) of Revenue over Expense	809,938	1,586,746	(164,478)	49,234	2,239,150	639,428	681,478	1,971,856	7,813,352
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-
Equity Transfer from Affiliate	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2011	$ 9,765,527	$ 11,584,296	$ 258,408	$ 4,622,740	$ 19,276,161	$ 5,941,449	$ 7,607,992	$ 3,244,683	$ 62,301,256
TEMPORARILY RESTRICTED NET ASSETS									
Net Assets - June 30, 2010	$ 38,567	$ 5,423	$ -	$ 11,025	$ 95,141	$ 4,732	$ 1,520	$ 2,025	$ 158,433
Change in Net Assets:									
Contributions	9,386	1,479	45,215	8,547	21,461	4,731	6,923	3,369	101,111
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	-
Net Assets Released from Restriction	(7,574)	(5,423)	-	(5,244)	(84,209)	(2,292)	(1,188)	(1,280)	(107,210)
Net Assets - June 30, 2011	$ 40,379	$ 1,479	$ 45,215	$ 14,328	$ 32,393	$ 7,171	$ 7,255	$ 4,114	$ 152,334
PERMANENTLY RESTRICTED NET ASSETS									
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720
Change In Net Assets:									
Contributions	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2011	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF CHANGES IN NET ASSETS - OBLIGATED GROUP (CONTINUED)
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Midwest Senior Ministries: Senior Care Pharmacy Services	Midwest Senior Ministries: Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Combined Total
UNRESTRICTED NET ASSETS										
Net Assets - June 30, 2010	$ 54,487,904	$ (2,375,361)	$ (11,999,461)	$ (10,576,195)	$ 4,703,695	$ (8,001,988)	$ 1,603,661	$ 29,842,255	$ -	$ 29,842,255
Change in Net Assets										
Excess (Deficit) of Revenue over Expense	7,813,352	370,180	(260,847)	1,366,169	1,176,658	(983,835)	(1,407,968)	8,073,709	-	8,073,709
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	42,390	42,390	-	42,390
Equity Transfer from Affiliate	-	-	-	-	-	-	894,720	894,720	-	894,720
Net Assets - June 30, 2011	$ 62,301,256	$ (2,005,181)	$ (12,260,308)	$ (9,210,026)	$ 5,880,353	$ (6,985,823)	$ 1,132,803	$ 38,853,074	$ -	$ 38,853,074
TEMPORARILY RESTRICTED NET ASSETS										
Net Assets - June 30, 2010	$ 158,433	$ 26	$ 11,144	$ 1,950	$ -	$ 3,652	$ 146,229	$ 321,434	$ -	$ 321,434
Change in Net Assets:										
Contributions	101,111	-	3,505	3,979	-	982	-	109,577	-	109,577
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	8,174	8,174	-	8,174
Net Assets Released from Restriction	(107,210)	(26)	(8,554)	(1,950)	-	(3,652)	(154,403)	(275,795)	-	(275,795)
Net Assets, June 30, 2011	$ 152,334	$ -	$ 6,095	$ 3,979	$ -	$ 982	$ -	$ 163,390	$ -	$ 163,390
PERMANENTLY RESTRICTED NET ASSETS										
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720
Change in Net Assets:										
Contributions	-	-	-	-	-	-	-	-	-	-
Net Assets, June 30, 2011	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720

MIDWEST CHRISTIAN VILLAGES, INC.

DBA: CHRISTIAN HOMES, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
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YEARS ENDED JUNE 30, 2010 AND 2009

INDEPENDENT AUDITORS' REPORT

Board of Directors
Midwest Christian Villages, Inc.
dba: Christian Homes, Inc. and Affiliates
Lincoln, Illinois

We have audited the accompanying consolidated balance sheets of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates as of June 30, 2010 and 2009, and the related consolidated statements of unrestricted activities, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates as of June 30, 2010 and 2009, and the consolidated results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

St. Louis, Missouri
September 17, 2010

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 22,423,669	$ 24,555,643
Accounts Receivable, Net	14,061,569	14,143,725
Other Current Assets	1,374,520	1,161,237
Current Portion of Assets Limited as to Use	2,926,183	2,968,834
Total Current Assets	40,785,941	42,829,439
ASSETS LIMITED AS TO USE		
Resident Funds and Other Deposits	386,247	444,702
Trustee Held Funds	10,424,611	16,598,401
Total	10,810,858	17,043,103
Less: Current Portion Shown Above	(2,926,183)	(2,968,834)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	7,884,675	14,074,269
PROPERTY AND EQUIPMENT (at Cost)		
Land and Land Improvements	11,492,516	11,492,516
Building and Improvements	167,199,676	161,355,642
Equipment	21,486,861	20,493,707
Construction in Progress	2,579,958	981,691
Total	202,759,011	194,323,556
Less: Accumulated Depreciation	77,737,729	71,958,288
Total Property and Equipment (at Depreciated Cost)	125,021,282	122,365,268
OTHER ASSETS		
Deferred Financing Costs	2,944,861	3,085,513
Investments	26,758,968	18,142,170
Cash Surrender Value of Life Insurance and Other Assets	443,911	417,816
Total Other Assets	30,147,740	21,645,499
Total Assets	$ 203,839,638	$ 200,914,475

See accompanying Notes to Consolidated Financial Statements.

	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 14,347,216	$ 14,616,956
Accounts Payable	4,376,317	3,535,223
Other Accrued Liabilities	11,747,241	11,991,396
Resident Trust Fund Payable	287,097	343,144
Current Portion of Refundable Entrance Fees	1,536,300	1,398,300
Total Current Liabilities	32,294,171	31,885,019
LONG-TERM DEBT (Net of Current Maturities Shown Above)		
Bonds and Notes Payable	116,133,127	121,958,375
Interest Rate Swap	1,004,212	882,359
Total Long-Term Debt (Net of Current Maturities Shown Above)	117,137,339	122,840,734
OTHER LIABILITIES		
Refundable Entrance Fees	7,180,544	7,757,602
Deferred Revenue from Entrance Fees	14,502,555	14,369,951
Other Liabilities	1,141,119	1,090,168
Total Other Liabilities	22,824,218	23,217,721
Total Liabilities	172,255,728	177,943,474
CONTINGENCIES AND COMMITMENTS		
NONCONTROLLING INTEREST	1,299,795	1,339,285
NET ASSETS		
Unrestricted	29,774,283	21,037,016
Temporarily Restricted	296,112	380,980
Permanently Restricted	213,720	213,720
Total Net Assets	30,284,115	21,631,716
Total Liabilities and Net Assets	$ 203,839,638	$ 200,914,475

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF UNRESTRICTED ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
	Amount	Percent of Revenue	Amount	Percent of Revenue
OPERATING REVENUE				
Resident Service	$ 141,769,888	96.5 %	$ 137,649,264	97.9 %
Amortization of Admission Fees	1,620,028	1.1	1,852,748	1.3
Other	3,585,872	2.4	1,041,353	0.8
Total Operating Revenue	146,975,788	100.0	140,543,365	100.0
OPERATING EXPENSE				
Nursing	40,945,039	27.9	40,417,866	28.8
Ancillary	22,239,231	15.1	20,524,956	14.6
Dietary	10,513,162	7.2	10,677,377	7.6
Housekeeping	4,074,037	2.8	3,962,375	2.8
Activities and Social Services	3,803,405	2.6	3,660,593	2.6
Plant Operations and Maintenance	7,828,309	5.3	7,941,988	5.7
Administrative	26,304,398	17.9	19,935,190	14.2
Marketing	622,004	0.4	709,328	0.5
Payroll Taxes	4,444,673	3.0	4,297,467	3.1
Employee Benefits	5,004,945	3.4	6,144,380	4.4
Property Taxes	244,509	0.2	482,685	0.3
Interest	8,065,339	5.5	8,736,946	6.2
Depreciation and Amortization	7,701,262	5.2	7,141,660	5.1
Total Operating Expense	141,790,313	96.5	134,632,811	95.9
OPERATING INCOME	5,185,475	3.5	5,910,554	4.1
OTHER INCOME (EXPENSE)				
Investment Income	1,051,431	0.7	1,114,558	0.8
Unrealized Gain (Loss) on Investments	601,451	0.4	(438,122)	(0.3)
Contributions	937,706	0.6	2,312,990	1.6
Net Assets Released from Restriction	210,024	0.1	56,804	-
Insurance Proceeds	-	-	2,450,000	1.7
Proceeds from Mine Subsidence Fund	908,158	0.6	1,119,628	0.8
Impairment Loss on Long-Lived Assets	-	-	(1,119,628)	(0.8)
Loss on Disposal of Property and Equipment	(74,616)	(0.1)	(108,453)	(0.1)
Change in Valuation of Interest Rate Swap	-	-	(7,603)	-
Total Other Income (Expense)	3,634,154	2.3	5,380,174	3.7
EXCESS OF REVENUE OVER EXPENSE	8,819,629	5.8 %	11,290,728	7.8 %
Change in Valuation of Interest Rate Swap	(121,853)		(249,121)	
Equity Transfers Between Affiliates	-		(503,569)	
Return of Capital	-		(42,075)	
INCREASE IN UNRESTRICTED NET ASSETS BEFORE NONCONTROLLING INTEREST	8,697,776		10,495,963	
Change in Noncontrolling Interest	(39,491)		(228,882)	
INCREASE IN UNRESTRICTED NET ASSETS	$ 8,737,267		$ 10,724,845	

See accompanying Notes to Consolidated Financial Statements.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NET ASSETS - JUNE 30, 2008	$ 10,312,171	$ 337,896	$ 213,720	$ 10,863,787
CHANGE IN NET ASSETS				
Excess of Revenue over Expense	11,290,728	-	-	11,290,728
Contributions	-	132,551	-	132,551
Net Assets Released from Restriction	-	(56,804)	-	(56,804)
Change in Value of Charitable Remainder Trust	-	(32,663)	-	(32,663)
Change in Valuation of Interest Rate Swap	(249,121)	-	-	(249,121)
Equity Transfers Between Affiliates	(503,569)	-	-	(503,569)
Return of Capital	(42,075)	-	-	(42,075)
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	10,495,963	43,084	-	10,539,047
Change in Noncontrolling Interest	(228,882)	-	-	(228,882)
NET ASSETS - JUNE 30, 2009	21,037,016	380,980	213,720	21,631,716
CHANGE IN NET ASSETS				
Excess of Revenue over Expense	8,819,629	-	-	8,819,629
Contributions	-	124,665	-	124,665
Net Assets Released from Restriction	-	(210,024)	-	(210,024)
Change in Value of Charitable Remainder Trust	-	491	-	491
Change in Valuation of Interest Rate Swap	(121,853)	-	-	(121,853)
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	8,697,776	(84,868)	-	8,612,908
Change in Noncontrolling Interest	(39,491)	-	-	(39,491)
NET ASSETS - JUNE 30, 2010	$ 29,774,283	$ 296,112	$ 213,720	$ 30,284,115

See accompanying Notes to Consolidated Financial Statements.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	$ 8,652,399	$ 10,767,929
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	7,701,262	7,141,660
Amortization of Deferred Income	(1,620,028)	(1,852,748)
Unrealized (Gain) Loss on Investments	(601,451)	438,122
Loss on Disposal of Property and Equipment	74,616	108,453
Decrease in Noncontrolling Interest	(39,491)	(228,882)
Proceeds from Mine Subsidence Fund	-	(1,119,628)
Impairment Loss on Long-Lived Assets	-	1,119,628
Change in Valuation of Interest Rate Swap	121,853	256,725
(Increases) Decreases in Current Assets:		
Accounts Receivable	82,156	536,668
Other Current Assets	(213,283)	(376,258)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	841,095	350,113
Accrued Expenses	(244,155)	1,099,303
Net Cash Provided by Operating Activities	14,754,973	18,241,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investments	16,539,100	17,132,308
Purchase and Reinvested Interest of Investments	(18,322,202)	(19,537,669)
Purchase of Property and Equipment	(10,291,240)	(4,713,983)
Change in Other Assets	(26,095)	45,028
Net Cash Used by Investing Activities	(12,100,437)	(7,074,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance Fee Contracts	2,850,323	3,293,826
Refunds Paid on Entrance Fee Contracts	(1,536,749)	(3,764,762)
Change in Other Liabilities	(5,096)	(1,370)
Payments on Long-Term Debt	(6,094,988)	(9,829,636)
Net Cash Used by Financing Activities	(4,786,510)	(10,301,942)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,131,974)	864,827
Cash and Cash Equivalents - Beginning	24,555,643	23,690,816
CASH AND CASH EQUIVALENTS - ENDING	$ 22,423,669	$ 24,555,643

SUPPLEMENTARY CASH FLOW INFORMATION

Cash Paid for Interest	$ 7,769,054	$ 8,478,854

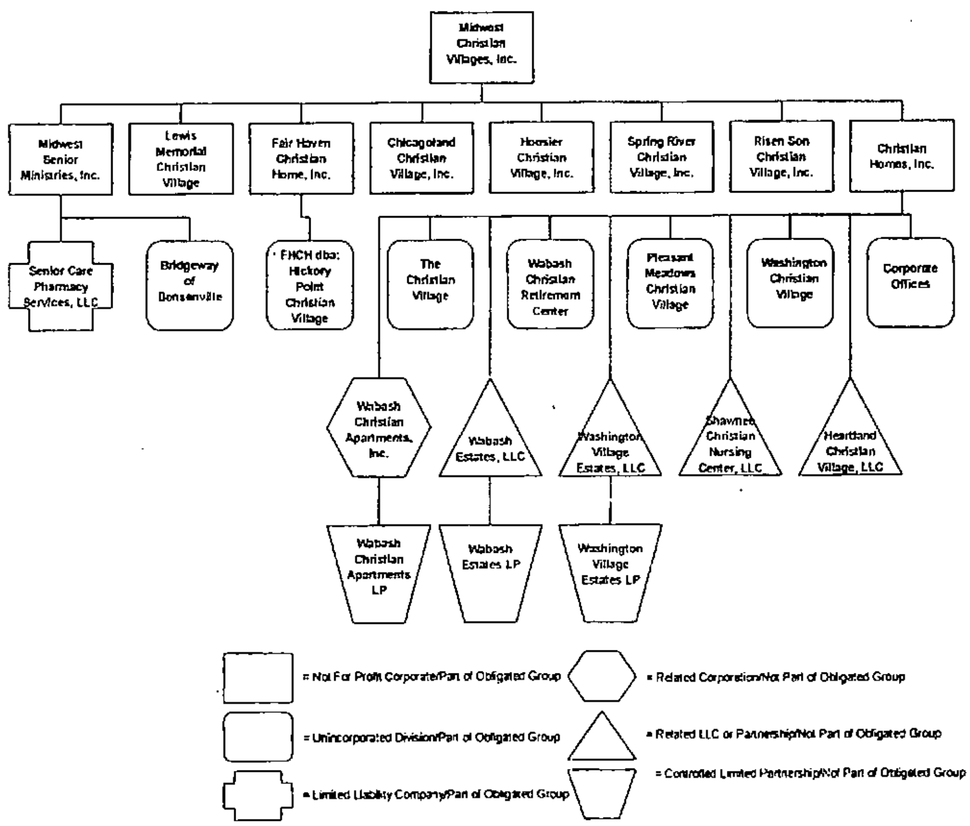
See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Midwest Christian Villages, Inc. was incorporated on July 1, 2008 as the parent and management company for Christian Homes, Inc. and Affiliates ("CHI" or "Organization"). CHI entities are nonprofit organizations organized primarily to own, operate and support senior living and health care communities. Housing and services for seniors are provided at CHI communities through a continuum of care including various levels of independent living, assisted living and skilled nursing. CHI operates in the states of Illinois, Indiana, Iowa and Missouri. The Organization's stated mission is that it exists to honor God by providing a continuum of excellent care and support services, primarily for the aged.

CHI operates through a number of wholly-owned subsidiaries, Limited Liability Companies (LLCs) and Limited Partnerships (LPs). Certain of these entities are also members of an obligated group for credit purposes. Following is an organizational chart that illustrates the structure:



NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of Midwest Christian Villages, Inc., Christian Homes Inc., Fair Havens Christian Home Inc., Lewis Memorial Christian Village, Hoosier Christian Village Inc., Spring River Christian Village Inc., Chicagoland Christian Village Inc., Risen Son Christian Village, Midwest Senior Ministries Inc., Wabash Christian Apartments Inc., Wabash Christian Apartments LP, Wabash Estates LLC, Wabash Estates LP, Washington Village Estates LLC, and Washington Village Estates LP. All significant intercompany transactions and balances have been eliminated in the consolidation.

Tax Status

The Organizations, except for the limited partnerships, qualify as tax-exempt corporations described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organizations, except for the limited partnerships, are not subject to federal income taxes under Section 501(a) of the Code. The Organizations are classified as publicly-supported charitable organizations under the Code and contributions to the Organizations qualify as a charitable tax deduction for the contributor.

The Organizations follow the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. It also prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. This standard had no impact on the Organization's financial statements.

The Organizations' income tax returns are subject to review and examination by federal, state, and local authorities. The Organizations are not aware of any activities that would jeopardize their tax-exempt status. The Organizations are not aware of any activities that are subject to tax on unrelated business income or excise or other taxes other than what is already being reported. The tax returns for the years 2007 to 2009 are open to examination by federal, local, and state authorities.

Standards of Accounting and Financial Reporting

The Organization follows the accounting guidance in the audit and accounting guide, *Health Care Organizations*, which is in conformity with the recommendations of the American Institute of Certified Public Accountants.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as unrestricted contributions.

Permanently and temporarily restricted net assets consist of amounts restricted for capital expenditures, beneficial interest in trusts and miscellaneous operational purposes.

Resident Services Revenue

Resident services revenue includes room charges and ancillary services to residents and is recorded at established rates, net of contractual adjustments, resulting from agreements with third-party payors.

The Organization provides care to residents covered by various third-party payors such as Medicare, Medicaid and private insurance companies. Medicare and Medicaid agreements provide for rate payments which are updated annually by the federal and applicable state governments, respectively. Many of the residents served by the Organization are elderly and many have limited resources to pay for care without assistance from the Medicare and Medicaid programs.

Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in revenue in the year of settlement.

Third Party Reimbursement Agreements

Nursing facilities licensed for participation in the Medicare and Medicaid Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the nursing facility.

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Third Party Reimbursement Agreements (Continued)

A licensed nursing facility that participated in the Medicare program for the years ended June 30, 2010 and 2009 was reimbursed based on a Prospective Payment System (PPS). This program is administered by the United States Department of Health and Human Services. The PPS is a per diem price based system. Annual cost reports are submitted to the designated intermediary; however, they do not contain a cost settlement.

Occupancy Percentages

During the years ended June 30, 2010 and 2009, occupancy percentages and the percentage of resident days covered under the Medicaid and Medicare program for all of CHI skilled nursing facilities were as follows:

		June 30, 2010			
Facility	Location	Licensed Beds	Occupancy	Medicaid	Medicare
The Christian Village	Lincoln, IL	112	93.20 %	42.21 %	13.23 %
Fair Havens	Decatur, IL	154	95.86	43.70	21.97
Pleasant Meadows	Chrisman, IL	109	83.14	60.66	13.17
Lewis Memorial	Springfield, IL	155	92.16	35.30	31.72
Hoosier	Brownstown, IN	97	92.92	70.72	10.23
Wabash	Carmi, IL	158	81.57	53.34	17.24
Shawnee	Herrin, IL	159	79.76	57.17	22.49
Washington	Washington, IL	122	79.95	45.50	18.92
Spring River	Joplin, MO	120	87.51	52.23	30.22
Chicagoland	Crown Point, IN	146	91.25	59.84	23.11
Risen Son	Council Bluffs, IA	102	95.01	35.23	22.91
Heartland	Neoga, IL	71	90.22	36.49	17.23
Anchorage	Bensenville, IL	222	72.26	52.57	25.90
Total		1,727			

		June 30, 2009			
Facility	Location	Licensed Beds	Occupancy	Medicaid	Medicare
The Christian Village	Lincoln, IL	112	91.76 %	41.08 %	14.29 %
Fair Havens	Decatur, IL	154	91.58	48.17	21.30
Pleasant Meadows	Chrisman, IL	109	88.10	61.29	11.10
Lewis Memorial	Springfield, IL	155	92.21	35.67	30.43
Hoosier	Brownstown, IN	97	95.16	70.29	9.51
Wabash	Carmi, IL	158	86.17	53.22	14.71
Shawnee	Herrin, IL	159	83.76	64.32	19.80
Washington	Washington, IL	122	81.97	46.28	16.71
Spring River	Joplin, MO	120	86.69	55.56	27.74
Chicagoland	Crown Point, IN	146	92.30	47.50	24.84
Risen Son	Council Bluffs, IA	102	95.31	38.23	22.73
Heartland	Neoga, IL	71	91.04	35.45	16.79
Anchorage	Bensenville, IL	222	73.04	53.33	23.56
Total		1,727			

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy Percentages (Continued)

For the years ended June 30, 2010 and 2009, occupancy percentages for the senior living units were as follows:

		June 30, 2010		June 30, 2009	
Facility	Location	Units	Occupancy	Units	Occupancy
Assisted Living					
Hickory Point	Decatur, IL	48	85.45 %	48	97.17
Spring River	Joplin, MO	73	89.54	73	97.83
Risen Son	Council Bluffs, IA	62	78.11	62	78.16
Total		183		183	
Independent Living					
The Christian Village	Lincoln, IL	65	90.54 %	65	95.47 %
Fair Havens	Decatur, IL	10	84.66	10	92.88
Hickory Point	Decatur, IL	50	92.22	50	92.88
Pleasant Meadows	Chrisman, IL	15	88.06	15	82.78
Lewis Memorial	Springfield, IL	46	64.95	46	70.22
Hoosier	Brownstown, IN	13	91.68	13	84.09
Wabash	Carmi, IL	11	95.64	11	94.89
Washington	Washington, IL	30	68.77	30	83.84
Spring River	Joplin, MO	70	86.58	70	91.09
Chicagoland	Crown Point, IN	74	83.41	74	86.19
Risen Son	Council Bluffs, IA	95	91.01	95	93.70
Heartland	Neoga, IL	8	88.36	8	75.58
Bridgeway	Bensenville, IL	173	72.02	173	75.78
Total		660		660	

Cash and Cash Equivalents

The Organization considers all money market accounts and certificates of deposit with maturity dates of three months or less to be cash equivalents. Certificates of deposit are stated at cost, which approximates market value. The Organization deposits its temporary cash investments in financial institutions. At times, such investments may be in excess of the FDIC insurance limit.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or as the claim is submitted for third-party payors. Accounts past due more than 30 days are individually analyzed for collectibility. In addition, an allowance is estimated for other accounts based on historical experience. At June 30, 2010 and 2009, the allowance for uncollectible accounts was approximately $630,000 and $950,000, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in net revenue over expense unless the income or loss is restricted by donor or law.

Assets Limited as to Use

Assets limited as to use include resident funds and deposits held in trust, assets held by trustees under bond and mortgage indenture agreements, and assets set aside by the board of directors for future capital improvements and other purposes, over which the board retains control and may, at its discretion, subsequently use for other purposes. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Assets limited as to use are primarily invested in cash and cash equivalents, government bond obligations and guaranteed investment contracts, which are measured at fair value on the balance sheet.

Property and Equipment

Property and equipment are recorded at cost for purchased assets or fair market value at the date of receipt for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the asset.

Impairment Loss on Long-Lived Assets

Impairment loss on long-lived assets includes repair and maintenance expense incurred or to be incurred to maintain the use of existing facilities and the net book value and accrued demolition costs of the senior apartment building at Lewis Memorial Christian Village. During the years ended June 30, 2010 and 2009, impairment losses of $0 and $1,119,628, respectively, were recognized due to mine subsidence issues (see note 12).

Construction in Progress

Construction in progress costs have been deferred until the projects have been completed. When the planned projects are completed, the construction in progress costs are capitalized and depreciated over the estimated life of the project including interest costs from borrowed funds.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized using the straight-line method over the term of the related indebtedness. Deferred financing costs are reported on the balance sheet, net of accumulated amortization of $456,998 and $316,344 at June 30, 2010 and 2009, respectively. Amortization expense for the years ended June 30, 2010 and 2009 was $140,654 and $143,227, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Gift Annuities Payable

The Organization has established a gift annuity program whereby donors may contribute assets to the Organization in exchange for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as unrestricted contributions at the date of the gift as specified by the donor on the contribution component. The Organization uses published mortality rate tables adopted by the United States Internal Revenue Service. The annuity liability is revalued annually based upon computed present values. Total charitable gift annuities payable as of June 30, 2010 and 2009 were $720,854 and $697,844, respectively, and are included in other liabilities on the balance sheet.

Asset Retirement Obligation

Asset retirement obligations represent future obligations to dispose of assets that are legally required to be removed at a future date. They are recorded at the net present value using a risk-free interest rate and inflationary rate and are included in other liabilities on the balance sheet.

Refundable Entrance Fees and Deferred Revenue from Entrance Fees

Residents of the independent senior living apartments and garden homes have the option to enter into a rental contract or an entrance fee contract. Under the rental contract a resident simply pays a fee each month to live in a unit. Prior to August 2009, under the entrance fee residency agreement the resident generally had three options to choose from for all facilities except for Bridgeway Christian Village. Residents of Bridgeway Christian Village generally had four entrance fee contracts to choose from. In August 2009 CHI started offering three contract types, only, at all campuses. The old contracts will continue to be honored for those residents who moved in prior to August 2009. The new contract types are described below.

Prior to August 2009, for all facilities except Bridgeway Christian Village, the non-refundable portion of the entrance fee is recorded as deferred revenue and amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Due to the nature of the contracts, the refundable portion, generally one-third or a minimum of 75% depending on the contract type, is not amortized and is recorded as a liability and reported as refundable entrance fees. When the resident vacates the unit he or she receives a refund, due immediately, equal to the refundable portion as outlined in the entrance fee contract. The resident has the option, if transferring to a CHI nursing facility, to transfer the remaining non-refundable balance and draw upon it until amortized to zero. Residents also agree to pay a monthly fee that is subject to periodic adjustment to reflect the cost of occupancy.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Entrance Fees and Deferred Revenue from Entrance Fees (Continued)

The new entrance fee contracts, now used at all campuses including Bridgeway Christian Village, are similar to those described above with the exception of the refundable portion percentage. Under the current contracts the resident can choose from a refundable portion of 80%, 50% or no refund. The refundable portion is not amortized and is recorded as a liability and reported as refundable entrance fees. When the resident vacates the unit he or she receives a refund, due immediately, equal to the refundable portion as outlined in the entrance fee contract. The resident has the option, if transferring to a CHI nursing facility, to transfer the remaining non-refundable balance and draw upon it until amortized to zero. Residents also agree to pay a monthly fee that is subject to periodic adjustment to reflect the cost of occupancy.

Management has estimated a current portion of the amount of the remaining refundable balances as of June 30, 2010 and 2009 to be $1,536,300 and $1,398,300, respectively, based on historical refund activity.

On the Bridgeway Christian Village campus prior to August 2009, residents were required to pay an initial entrance fee and a recurring monthly service fee per the residency agreements. These fees entitle the resident to the use of the residential unit and various services and amenities including up to 730 days of health care in a semi-private room on the campus or at another skilled nursing facility. The contracts entitle the resident or their estate to a refund of a portion of the entrance fee, minimum of 70%, 50%, or 20% of the contract amount depending on the contract type, upon termination of the agreement due to death or move-out. Refunds are payable only upon re-occupancy of the resident's unit. All entrance fees under these contracts are recorded as deferred revenue. The portions of the entrance fees paid by the residents that are not refundable upon re-occupancy are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. Entrance fees refundable upon re-occupancy are amortized into income over the estimated useful life of the building.

Obligation to Provide Future Services

The Organization annually analyzes the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from life occupancy fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from life occupancy fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income.

As described above, contracts that provide for free or discounted future care are generally limited to Bridgeway Christian Village. No liability was required to be recorded at June 30, 2010 and 2009, based on the overall operations of CHI.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Deposits

Guaranty deposits of amounts ranging from $30 - $2,500 are required for each resident entering an independent or assisted living facility within the Organization. The deposits in the case of non-rental units are credited to the residents' accounts upon execution of the occupancy agreement. In the case of rental units, the deposits are treated as security deposits and refunded at the time the premises are vacated.

Other Operating Revenue

Other operating revenue consists primarily of non-resident rental income, change in value of insurance policies, vending sales, activity income, and other miscellaneous revenue.

Contributed Services

The Organization receives a substantial amount of services donated by volunteers. No amounts have been reflected in the consolidated financial statements for these services.

Community Benefit

The Organization provides care to residents who meet the criteria to be covered under the Medicaid program in the various states in which they operate. Typically, the reimbursement rates under this program are significantly less than the cost of providing the care resulting in a significant reduction in revenue. Management has estimated the amount of care provided in excess of reimbursement under these programs based upon average Medicaid reimbursement rates and average daily costs to provide care. The estimated cost of community benefits provided under this program for the years ended June 30, 2010 and 2009 was approximately $10,175,000 and $8,560,000, respectively.

Risks and Uncertainties

The Organization owns investments in a variety of investment holdings. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect account balances reported on the balance sheet of the Organization.

Excess of Revenue over Expense

Statements of unrestricted activities include a measurement of excess of revenue over expense. Changes in unrestricted net assets, which are excluded from excess of revenue over expense, consistent with industry practice, include, change in valuation of effective interest rate swaps, contributions for capital expenditures of long-lived assets, and return of capital.

Advertising

Advertising costs are charged to operations when incurred. Advertising expense was $622,004 and $709,328 for the years ended June 30, 2010 and 2009, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Organization may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinanical assets and liabilities measured at fair value in the second step of goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Organization has elected the fair value option for investments to simplify record keeping. This election effectively moves the classification of investments from available for sale to trading which has no impact on the balance sheet presentation. The impact on the statement of unrestricted activities to this election is that unrealized gains and losses on investments are shown within the performance indicator.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Securities Available for Sale

Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, mutual funds, and corporate debt securities. The Organization does not have any securities that are valued using Level 3 inputs.

Derivatives

Quoted market prices are available and used for exchange-traded derivatives, such as certain interest rate futures and option contracts; such derivatives are classified as using Level 1 inputs. The Organization's swap agreement's fair value is determined using internally developed models that use primarily market observable inputs, such as yield curves and option volatilities, and, accordingly, are classified as using Level 2 and Level 3 inputs.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 17, 2010, the date the financial statements were available to be issued.

NOTE 2 ASSETS LIMITED AS TO USE

The Organization is required to hold funds in various accounts based upon terms in the indenture of trust of the various bond issuances. Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets. The assets in the trustee held funds consist of cash and cash equivalents and fixed income bonds. The Organization was required to maintain the following accounts:

	2010	2009
Resident Funds	$ 386,247	$ 444,702
Trustee Held Funds:		
General Obligation Bond Retirement Fund	2,368,847	2,352,840
Debt Service Reserve Fund	6,555,437	6,555,095
Project Fund	-	6,340,376
Building Fund	59,168	59,168
SLF and HUD Escrows	1,441,159	1,290,922
Total Trustee Held Funds	10,424,611	16,598,401
Total	$ 10,810,858	$ 17,043,103

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Resident Funds

Resident funds are agency funds held locally at the facilities for individual residents' personal use, resident security deposits, and other miscellaneous deposits.

General Obligation Bond Retirement Fund

The Bond Retirement Fund was established to deposit amounts necessary to pay interest on the general obligation bonds of the Organization.

Debt Service Reserve Fund

The Debt Service Reserve Fund was established to provide a reserve for payment of principal and interest on the bonds in the event the Organization's principal and interest payments are insufficient to meet debt service requirements.

Project Fund

The Project Fund consists of monies to be used for approved development projects at various campus locations over approximately the next two to three years.

Building Fund

The Building Fund has been established to temporarily hold bond proceeds for capital project expenditures.

SLF and HUD Escrows

These escrows have been established by the supportive living facilities and HUD financed facilities to hold funds to be used for the repair or replacement of capital items and operating purposes as needed. Approval is needed to withdraw funds.

NOTE 3 INVESTMENTS

The fair value of investments is estimated based upon quoted market prices for those or similar investments. Investment portfolios consisted of the following at June 30, 2010 and 2009:

	2010		2009	
	Cost	Market	Cost	Market
Cash and Cash Equivalents	$ 7,740,231	$ 7,740,231	$ 12,497,986	$ 12,497,986
Fixed Income	13,867,443	14,021,665	1,120,974	1,178,358
Equity Securities	4,873,151	4,501,072	2,263,691	1,672,727
Mutual Funds	-	-	1,309,088	1,047,099
Certificate of Deposit	496,000	496,000	1,746,000	1,746,000
	$ 26,976,825	$ 26,758,968	$ 18,937,739	$ 18,142,170

The Organization had unrealized gains (losses) of $601,451 and ($438,122) at June 30, 2010 and 2009, respectively. Unrealized gains (losses) are excluded from operating income.

NOTE 4 INVESTMENT IN LIMITED PARTNERSHIPS

CHI maintains control over Wabash Christian Apartments, Inc., Wabash Estates, LLC and Washington Village Estates, LLC (collectively, the "General Partners"). Each of the General Partners is a wholly owned subsidiary of CHI and owns between .01% and 1% in the respective limited partnerships.

As the General Partners maintain controlling interest in the partnerships, the partnership totals have been included in the consolidated financial statements. The equity attributable to the limited partners of each of the partnerships has been reflected on the consolidated balance sheet as "noncontrolling interest."

Under the partnership agreements, the General Partners shall have the option after the completion of the "compliance audit termination date," upon written notice to the limited partners, to purchase the limited partner's entire interest in the partnership. The compliance audit termination date is defined as the period specified under Section 42(i)(I) of the IRS Code, which requires the limited partnerships to operate as tax credit projects for 15 years. Wabash Christian Apartments, LP began operations as a tax credit project in 1995 and Wabash Estates, LP and Washington Village Estates, LP began operations during the latter half of 2007. The partnership agreements define the terms of the purchase option. CHI's management plans to exercise the purchase options of the General Partners in the future and obtain full ownership of the projects.

NOTE 5 LONG-TERM DEBT

The Organization's long-term debt at June 30, 2010 and 2009 was as follows:

Description		2010	2009
CHI General Obligation Bonds, various series outstanding	(1)	$ 36,704,984	$ 40,092,983
Illinois Finance Authority, Revenue Refunding Bonds, Series 2007A	(2)	37,365,000	37,365,000
Illinois Finance Authority, Taxable Variable Rate Demand Revenue Refunding Bonds, Series 2007B	(2)	905,000	3,290,000
Illinois Finance Authority, Taxable Convertible Variable Rate Demand Revenue Refunding Bonds, Series 2007C	(2)	8,090,000	8,090,000
City of Crown Point, Indiana, Revenue Refunding Bonds Series, 2007D	(2)	7,155,000	7,155,000
County of Pottawattamie, Iowa, Revenue Refunding Bonds Series, 2007E	(2)	8,300,000	8,300,000
Industrial Development Authority of the City of Joplin, Missouri, Revenue Refunding Bonds, Series 2007F	(2)	12,340,000	12,340,000
Southeastern Illinois Economic Development Authority Supportive Living Facility Multi-Family Housing Revenue Bonds, Series 2006A and 2006B	(3)	3,909,840	3,962,649
City of Washington, Illinois, Supportive Living Facility Multi-Family Housing Revenue Bonds, Series 2006A and 2006B	(4)	4,789,553	4,854,244
Various Mortgages Payable	(5)	531,417	541,047
Two Section 232 HUD Insured Mortgage Notes Payable to Ziegler Financing Corporation	(6)	10,389,549	10,584,408
Total Long-Term Debt		130,480,343	136,575,331
Less: Current Maturities		14,347,216	14,616,956
Long-Term Portion		$ 116,133,127	$ 121,958,375

The Obligated Group for the Series 2007 Revenue Bonds consists of Christian Homes, Inc., Risen Son Christian Village, Spring River Christian Village, Inc., Hoosier Christian Village, Inc., Chicagoland Christian Village, Inc., Fair Havens Christian Home, Inc., Lewis Memorial Christian Village, and Midwest Senior Ministries, Inc.

Bonds Payable

(1) CHI General Obligation Bonds are issued onsite at the corporate office in Lincoln, Illinois. Maturity dates range from July 2010 to October 2031. Interest is paid quarterly with rates ranging from 4.00% to 6.75% and is funded through mandatory monthly deposits to a sinking fund. General Obligation Bonds are secured by the revenue of the Organization.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

(2) On June 28, 2007, the CHI obligated group through the Illinois Finance Authority, the County of Pottawattamie, Iowa, and the Industrial Development Authority of the City of Joplin, Missouri issued $72,920,000 of Revenue Refunding Bonds, Series 2007 under a newly formed master trust indenture.

On July 16, 2007, the CHI obligated group issued the Series 2007D bonds at a total value of $7,155,000 under the newly formed master trust indenture. The proceeds from these bonds were used to refinance the Series 1993 bonds issued by the City of Crown Point, Indiana, to fund the debt service reserve and the project fund, and to pay the underwriter's discount.

The proceeds of the 2007A, 2007B and 2007C bonds were used to refund the $4,775,000 Series 1989A bonds of Bensenville Home Society, refund the $17,100,000 Series 1995A bonds of Lifelink Corporation Obligated Group, refund the $18,410,000 Series 1998 bonds of Lifelink Corporation Obligated Group, refund the $1,920,000 Series 2002 bonds of Lewis Memorial Christian Village, and refund the $6,800,000 Series 2004 bonds of Fair Havens Christian Home.

The proceeds of the 2007E bonds were used to refund the $9,250,000 Series 1992 bonds of Risen Son Christian Village.

The proceeds of the 2007F bonds were used to refund the $10,000,000 Series 2002A bonds of Spring River Christian Village and refund the $1,695,000 Series 2002B bonds of Spring River Christian Village.

Other proceeds from the Series 2007 issuance were used for funding portions of the debt service reserve funds for these bonds, related expenses of the refinancing and refunding of prior bonds, and costs of capital projects at some of the Organization's facilities.

The 2007A, 2007D, 2007E and 2007F bonds consist of term bonds with maturity dates ranging from May 2011 to May 2031 and interest rates ranging from 5.00% to 5.75%.

The 2007B and 2007C bonds are variable rate demand bonds. By definition, a variable rate demand bond is a long-term tax-exempt bond, the interest rate of which is indexed to a current short-term market rate. The interest rates at June 30, 2010 and 2009 were 0.40% (0.38% on 2007C) and 0.85%, respectively. A demand feature allows the bonds to be remarketed upon 7 days notice at par value plus accrued interest. The Organization holds irrevocable letters of credit with the bond trustee for the face amount of the bonds. The letters of credit have an initial five-year term, expiring in June 2012. In the event remarketing is not successful, the letter of credit will be drawn upon to pay the bond trustee.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

(2) (Continued)

The Organization has a liability to the bond trustee immediately upon a draw on the letter of credit. Any draws on the letter of credit automatically convert to term loans if outstanding longer than 30 days. Term loans will be repaid in equal quarterly installments with the final payment due at expiration of the letter of credit. The amount shown on the balance sheet as current maturities of long-term debt represents the amount that would be payable in the first year if the bonds were converted to term loans.

In relation to the 2007B and 2007C variable rate demand bonds, the Organization entered into interest rate swap agreements with a financial institution on July 12, 2007. The swap agreements have the effect of limiting the variability of the interest rate on the bonds. The swap agreements relating to the 2007B and 2007C bonds expire on May 15, 2011 and May 15, 2017, respectively. At June 30, 2010 and 2009, the fair value of the interest rate swap agreements was $1,004,212 and $882,359, respectively and recorded as a long-term liability on the balance sheet. The change of $121,853 and $256,724 is reported as part of change in unrestricted net assets for the years ended June 30, 2010 and 2009, respectively.

The Organization records all derivative instruments, currently consisting of interest rate swap agreements, on the balance sheet at their respective fair values and all changes in fair value in the consolidated statements of operations as gain (loss) on derivative financial instruments.

The Series 2007 bonds are secured by the underlying mortgages and gross receipts of the obligated group.

(3) The Southeastern Illinois Economic Development Authority Supportive Living Facility Multi-Family Revenue Bonds, Series 2006A and 2006B were issued on behalf of Wabash Estates, LP. The bonds bear interest ranging from 6.71%-7.25% and are secured by the indenture and mortgage. The 2006A bonds mature in December 2023, and the 2006B bonds matured in October 2008.

(4) The City of Washington, Illinois Supportive Living Facility Multi-Family Revenue Bonds, Series 2006A and 2006B were issued on behalf of Washington Village Estates, LP. The bonds bear interest ranging from 6.71%-7.25% and are secured by the indenture and mortgage. The 2006A bonds mature in December 2023, and the 2006B bonds matured in October 2008.

NOTE 5 LONG-TERM DEBT (CONTINUED)

Mortgages Payable

(5) Mortgages payable consist of mortgages held at Wabash Christian Apartments, Limited Partnership. The first mortgage bears interest at 7%, and the second mortgage bears no interest. Both mortgages are secured by property and improvements and mature in December 2025.

HUD Mortgages

(6) On July 19, 2007, Shawnee Christian Nursing Center, LLC refinanced the existing facility with a mortgage note payable to Ziegler Financing Corporation in the original amount of $6,634,900. The mortgage is insured by the Department of Housing and Urban Development under Section 232 of the National Housing Act and collateralized by all assets, receipts, and profits of the Project. The mortgage bears interest at 5.88% and matures in August 2032. Proceeds from the mortgage were used to pay off the City of Herrin, Illinois Healthcare Facilities First Mortgage Refunding Revenue Bonds, Series 1993.

On July 19, 2007, Heartland Christian Village, LLC refinanced the existing facility with a mortgage note payable to Ziegler Financing Corporation in the original amount of $4,292,500. The mortgage is insured by the Department of Housing and Urban Development under Section 232 of the National Housing Act and collateralized by all assets, receipts, and profits of the Project. The mortgage bears interest at 5.88% and matures in August 2037. Proceeds from the mortgage were used to pay off the City of Neoga, Illinois First Mortgage Revenue Bonds, Series 1991.

Interest expense for the years ended June 30, 2010 and 2009 was $8,065,339 and $8,736,946,, respectively. There was no interest capitalized during the years ended June 30, 2010 and 2009.

Aggregate future maturities of long-term debt include all bonds presumed redeemed at their next option date, since individual bondholders have a right to demand repayment on those option dates. Scheduled principal payments on long-term debt are as follows at June 30, 2010:

Year Ending June 30,	Amount
2011	$ 14,347,216
2012	21,162,701
2013	4,832,549
2014	5,787,880
2015	9,231,691
Later Years	75,118,306
Total	$ 130,480,343

NOTE 5 LONG-TERM DEBT (CONTINUED)

The following scheduled principal payments at June 30, 2010 are based upon the assumption no bond is redeemed on any future option date and more closely reflects management's expectations, based on historical experience.

Year Ending June 30,	Amount
2011	$ 5,478,225
2012	4,334,701
2013	4,481,549
2014	4,774,880
2015	5,028,691
Later Years	106,382,297
Total	$ 130,480,343

Loan Payable

On June 28, 2007, the Organization entered into a revolving loan payable with a financial institution for $18,100,000. The loan's purpose is to provide liquidity for redeeming general obligation bonds as they are presented at the end of interest periods and not refunded by issuance of new debt. The loan bears interest at a floating rate as established by the current prime rate and matures on June 28, 2011. Any portion of the revolving loan can be converted to a LIBOR loan with proper given notice. The loan is secured by the master indenture and related mortgages. No amounts were drawn on the loan at June 30, 2010 and 2009.

Restrictive Covenants

The provisions of the debt agreements described above contain various restrictive covenants that limit the occurrence of additional debt, require Organization to apply for a credit rating from a rating agency periodically, and require certain measures of financial performance be satisfied as long as the debt is outstanding.

Subsequent Event - Series 2010 Bonds

On July 20, 2010, the CHI Obligated Group, through the Illinois Finance Authority, issued $25,000,000 of Revenue Bonds, Series 2010 under the existing Master Trust Indenture as amended and supplemented by the First Supplemental Master Indenture. The proceeds of the bonds will be used for the following, (i) to fund construction and remodeling of certain facilities of the Obligated Group, (ii) refund all of the existing Series 2007C Bonds described above, (iii) pay certain termination costs owed on the interest rate swap agreements relating to the Series 2007C Bonds, (iv) fund the Debt Service Reserve Fund for the Bonds, and (v) to fund certain issuance costs. The Series 2010 Bonds consist of term bonds with maturities ranging from May 2012 to May 2027 and interest rates ranging from 3.40% to 6.125%. The scheduled principal payments disclosed above reflect the new maturity requirements of the portion of the Series 2010 Bonds used to refund the Series 2007C Bonds.

NOTE 6 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of June 30, 2010:

	2010			
Description	Total	Level 1	Level 2	Level 3
Trading Securities:				
Equity Securities	$ 4,501,072	$ 4,501,072	$ -	$ -
Fixed Income	14,021,665	-	14,021,665	-
Total	$ 18,522,737	$ 4,501,072	$ 14,021,665	$ -
Liabilities:				
Interest Rate Swap Agreements	$ 1,004,212	$ 1,004,212	$ -	$ -
Total	$ 1,004,212	$ 1,004,212	$ -	$ -

	2009			
Description	Total	Level 1	Level 2	Level 3
Trading Securities:				
Equity Securities	$ 1,672,727	$ 1,672,727	$ -	$ -
Mutual Funds	1,047,099	635,335	411,764	-
Fixed Income	1,178,358	-	1,178,358	-
Total	$ 3,898,184	$ 2,308,062	$ 1,590,122	$ -
Liabilities:				
Interest Rate Swap Agreements	$ 882,359	$ 699,274	$ -	$ 183,085
Total	$ 882,359	$ 699,274	$ -	$ 183,085

The following table presents changes in liabilities measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2010:

	Interest Rate Swap Agreement
Balance at July 1, 2008	$ -
Transfer into Level 3	183,085
Balance at June 30, 2009	183,085
Transfer out of Level 3	(183,085)
Balance at June 30, 2010	$ -

Fair values for Level 3 are based on expected cash flows discounted based on counterparties credit risk as of June 30, 2010.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of financial instruments for which the Organization did not elect the fair value option. The fair values of such instruments have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows, and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Organization. The provisions of the disclosure do not require the disclosure of non financial assets including intangible assets.

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts Receivable

The carrying amount approximates fair value because of the short maturity of those instruments.

Long-Term Debt

The fair value of long-term debt is estimated for each individual issue based upon current reasonable interest rates taking type of debt and maturities into account.

All Other

The carrying value is a reasonable estimate of the fair value for all other financial instruments due to the short-term nature of those financial instruments.

The following disclosures represent financial instruments in which the ending balances at June 30, 2010 and 2009 are not carried at fair value in their entirety on the consolidated balance sheet:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt - Fixed	$ 121,485,343	$ 116,224,782	$ 125,195,331	$ 107,861,255
Long-Term Debt - Variable	$ 8,995,000	$ 8,995,000	$ 11,380,000	$ 11,380,000

NOTE 7 BENEFICIAL INTEREST IN TRUST

The Organization receives contributions of property in which the donor may retain a life interest. The assets are invested and administered by an unrelated trustee and distributions are made to the beneficiaries during the term of the agreement.

NOTE 10 FUNCTIONAL CLASSIFICATION OF EXPENSES

Functional classification of expenses for the years ended June 30, 2010 and 2009 consisted of the following:

	2010	2009
Program	$ 121,332,882	$ 116,125,451
Management and General Support	20,457,431	18,507,360
Total Operating Expenses	$ 141,790,313	$ 134,632,811

Fundraising expenses incurred during the years ended June 30, 2010 and 2009 were immaterial and are included with management and general support. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Workers' Compensation Insurance

The Organization is self-insured for workers' compensation insurance through the Christian Homes Workers' Compensation Trust. The Trust was organized and operates under the provisions of the Illinois Religious and Charitable Risk Pooling Trust Act (the Act). The trustees of the Trust are appointed by CHI's Board of Directors. The Trust retains the first $250,000 of the costs for any individual claim. CHI remains responsible for claims paid and as such has estimated a reserve for claims incurred but not reported of approximately $1,612,000 and $1,487,000 at June 30, 2010 and 2009, respectively.

CHI's provision for claims incurred but not reported, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the consolidated financial statements.

Self-Insured Medical Benefits

The Organization had a self-insured VEBA health plan, providing health and death benefits. The VEBA health plan was effectively terminated as of May 31, 2009. The Organization continues to provide health and death benefits through a self insured health plan. Administrative support of the plan is provided by employees of CHI. The Organization insures for excessive and unexpected claims and is liable for claims with limits determined through actuarial reports. Claims in excess of the insurance limit are funded by the Organization. The Organization has stop-loss insurance to cover excessive claims over $100,000 per individual. CHI is responsible for claims paid and as such has estimated a reserve for claims incurred but not reported of approximately $350,000 and $300,000 at June 30, 2010 and 2009, respectively.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Self-Insured Medical Benefits (Continued)

CHI's provision for claims incurred but not reported, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the consolidated financial statements.

Lewis Memorial Mine Contingency

During the year ended June 30, 2007, the Organization discovered that damage was occurring to their senior apartment building on the Lewis Memorial Christian Village campus in Springfield, Illinois, which included cracking and issues with windows and door frames. Through a process of professional inspections, it was determined that the damage was being caused by coal mine subsidence. During the year ended June 30, 2008, CHI decided that it was not prudent to continue repairs on this building, and it was vacated and demolished during the year ended June 30, 2009. The operating impact of closing the senior apartment building was not deemed material to the overall campus. During the year ended June 30, 2009 the Organization received $1,119,628 from the Mine Subsidence Insurance Fund to cover repair and replacement expenses incurred or accrued at year end for structures other than the senior apartment building affected by the mine subsidence. During the year ended June 30, 2010 the Organization received $908,158 from the Mine Subsidence Insurance Fund, however, no repair or replacement costs have been identified due to continued movement.

To date, the Organization has taken all recommended safety precautions and has not been materially hindered in their operation of the remainder of the campus. Management is currently in the process of working with the Department of Natural Resources and other consultants to determine the cost of correcting other problems. Certain of these costs will be the responsibility of the Organization, while other costs may be covered by the Illinois Mine Subsidence Insurance Fund. Presently an estimate of the total cost and related timing of the work cannot be determined, therefore, no liability has been reflected in these consolidated financial statements.

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Health Care

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents, investments, and assets limited as to use, at financial institutions which management believes has strong credit ratings and that the credit risk related to these deposits is minimal. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, deposits may exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The Organization grants credit without collateral to its various facility residents or their families, most of whom are local individuals and are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows at June 30, 2010 and 2009:

	2010 Percent	2009 Percent
Medicaid	29.7 %	33.5 %
Medicare	34.2	34.5
Private and Insurance	36.1	32.0
Total	100.0 %	100.0 %

LarsonAllen LLP

CPAs, Consultants & Advisors
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INDEPENDENT AUDITORS' REPORT ON COMBINING AND CONSOLIDATING SUPPLEMENTARY INFORMATION

Board of Directors
Midwest Christian Villages, Inc.
dba: Christian Homes, Inc. and Affiliates
Lincoln, Illinois

Our report on our audit of the basic consolidated financial statements of Midwest Christian Villages, Inc. dba: Christian Homes, Inc. and Affiliates for the years ended June 30, 2010 and 2009 appears on page 1. That audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 32 through 47 is presented for additional analysis of the basic consolidated financial statements and is not a required part of the basic consolidated financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, therefore, we express no opinion on it.

LarsonAllen LLP
LarsonAllen LLP

St. Louis, Missouri
September 17, 2010

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
CURRENT ASSETS												
Cash and Cash Equivalents	$ 4,714,559	$ 5,706,802	$ (1,423,942)	$ 790,822	$ 6,229,081	$ 3,610,293	$ 2,299,077	$ 1,525,347	$ 141,850	$ 3,493,240	$ 1,195,440	$ 28,282,589
Accounts Receivable, Net	548 275	1,229,462	(30,522)	502,190	1,451,591	597,465	672,281	940,540	1,194,381	950,311	1,288,365	9,524,319
Intercompany Receivables	-	-	-	-	-	-	103,056	-	2,129	-	-	105,185
Other Current Assets	49,826	48,184	7,702	36,232	71,811	25,963	459,369	28,711	554,138	29,946	46,327	1,358,229
Current Portion of Assets Limited as to Use	18,297	38,595	30,037	22,483	45,294	14,042	22,749	58,611	13,976	214,673	133,058	611,865
Total Current Assets	5,330,957	7,023,043	(1,416,675)	1,351,727	7,797,777	4,247,763	3,756,532	2,553,209	1,906,474	4,688,170	2,643,190	39,882,187
ASSETS LIMITED AS TO USE												
Resident Funds	16,246	33,915	4,504	21,785	26,838	14,042	20,185	25,119	13,976	47,843	37,801	262,255
Trustee Held Funds	2,051	4,679	1,073,959	698	293,600	-	2,564	484,107	-	1,248,833	717,744	3,828,245
Total	18,297	38,595	1,078,473	22,483	320,438	14,042	22,749	509,226	13,976	1,296,676	755,546	4,090,500
Less: Current Portion Shown Above	(18,297)	(38,595)	(30,087)	(22,483)	(45,294)	(14,042)	(22,749)	(58,611)	(13,976)	(214,673)	(133,058)	(611,865)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	-	-	1,048,386	-	275,144	-	-	450,615	-	1,082,003	622,487	3,478,535
PROPERTY AND EQUIPMENT (at Cost)												
Land and Land Improvements	314,370	101,875	312,579	40,694	308,752	27,135	65,910	81,971	170,656	297,903	205,479	1,927,334
Building and Improvements	9,118,376	6,345,881	13,503,805	4,560,688	14,487,423	3,291,614	4,972,757	4,608,009	4,009,711	13,890,319	20,028,985	98,817,568
Equipment	1,620,248	1,816,345	987,697	1,146,181	1,620,152	1,282,834	1,235,689	949,684	600,268	1,010,941	2,213,862	14,483,881
Construction in Progress	214,257	50,004	802,927	-	109,756	7,098	47,353	47,271	156,524	500	201,195	1,636,885
Total	11,267,251	8,314,105	15,607,008	5,747,563	16,526,093	4,608,681	6,321,689	5,686,935	4,937,159	15,199,663	22,649,521	116,865,668
Less: Accumulated Depreciation	6,427,563	5,036,511	3,685,825	3,287,734	6,915,247	3,190,004	3,785,238	3,531,505	2,921,762	7,076,019	10,270,706	56,128,114
Total Property and Equipment (at Depreciated Cost)	4,839,688	3,277,594	11,921,183	2,459,829	9,610,846	1,418,677	2,536,451	2,155,430	2,015,397	8,123,644	12,378,815	60,737,554
OTHER ASSETS												
Deferred Financing Costs	-	-	249,092	-	65,395	-	-	215,806	-	278,753	222,475	1,031,521
Investments	2,361,993	2,085,730	19,266	1,762,361	7,044,443	294,051	1,007,600	138,868	76,374	114,878	47,035	14,952,599
Notes Receivable	-	-	-	-	-	-	1,452,900	-	1,842,199	-	-	3,295,099
Cash Surrender Value of Life Insurance and Other Assets	-	7,550	-	-	-	-	-	-	-	-	-	7,550
Total Other Assets	2,361,993	2,093,280	268,358	1,762,361	7,109,838	294,051	2,460,500	354,674	1,918,573	393,631	269,510	19,286,759
Total Assets	$ 12,532,638	$ 12,393,917	$ 11,821,252	$ 5,573,917	$ 24,793,605	$ 5,960,491	$ 8,753,483	$ 5,513,928	$ 5,840,444	$ 14,287,448	$ 15,914,002	$ 123,385,125

000203

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
ASSETS	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
CURRENT ASSETS												
Cash and Cash Equivalents	$ 28,282,569	$ 1,653,070	$ 566,151	$ 3,387,881	$ (10,722,048)	$ 378,532	$ 482,590	$ 76,959	$ (1,682,035)	$ 22,423,669	$ -	$ 22,423,669
Accounts Receivable, Net	9,524,319	812,112	537,404	783,715	2,184,268	143,421	276,449	(2,280)	144,782	14,404,210	(342,641)	14,061,569
Intercompany Receivables	105,185	-	-	-	(1,082,748)	(734)	(2,129)	(349)	42,790,404	41,809,629	(41,809,629)	-
Other Current Assets	1,358,229	36,924	30,384	505,898	110,632	3,309	5,827	447	275,268	2,326,418	(951,898)	1,374,520
Current Portion of Assets Limited as to Use	611,855	119,545	26,814	-	461,189	61,450	75,755	3,930	1,555,632	2,926,183	-	2,926,183
Total Current Assets	39,882,167	2,621,654	1,160,753	4,677,494	(9,048,707)	585,578	838,292	78,727	43,094,051	83,890,109	(43,104,168)	40,785,941
ASSETS LIMITED AS TO USE												
Resident Funds	262,255	8,053	4,717	-	61,777	9,950	11,755	3,930	23,810	386,247	-	386,247
Trustee Held Funds	3,828,245	839,155	738,182	-	3,199,169	107,553	170,485	-	1,541,822	10,424,611	-	10,424,611
Total	4,090,500	847,208	742,899	-	3,260,946	117,503	182,240	3,930	1,565,632	10,810,858	-	10,810,858
Less: Current Portion Shown Above	(611,865)	(119,548)	(26,814)	-	(461,189)	(61,450)	(75,755)	(3,930)	(1,565,632)	(2,926,183)	-	(2,926,183)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	3,478,635	727,660	716,085	-	2,799,757	56,053	106,485	-	-	7,884,675	-	7,884,675
PROPERTY AND EQUIPMENT (at Cost)												
Land and Land Improvements	1,927,334	426,135	83,534	-	8,800,000	17,000	89,000	41,000	108,513	11,492,516	-	11,492,516
Building and Improvements	98,817,568	19,548,620	4,005,128	216,657	29,897,035	6,067,826	7,886,651	1,268,832	1,058,349	168,766,676	(1,567,000)	167,199,676
Equipment	14,483,881	1,341,395	845,139	430,769	1,126,416	266,835	192,522	85,412	2,714,492	21,486,861	-	21,486,861
Construction In Progress	1,536,885	55,879	66,678	-	-	-	-	-	820,516	2,579,958	-	2,579,958
Total	116,665,668	21,372,029	5,000,479	647,426	39,823,451	6,351,661	8,168,183	1,395,244	4,701,870	204,326,011	(1,567,000)	202,759,011
Less: Accumulated Depreciation	56,128,114	10,393,278	2,279,389	295,678	4,561,205	774,841	843,502	722,107	1,739,617	77,737,729	-	77,737,729
Total Property and Equipment (at Depreciated Cost)	60,737,554	10,978,753	2,721,090	351,748	35,262,246	5,576,820	7,324,681	673,137	2,962,253	126,588,282	(1,567,000)	125,021,282
OTHER ASSETS												
Deferred Financing Costs	1,031,521	198,275	82,402	-	961,218	164,495	220,633	7,958	278,359	2,944,861	-	2,944,861
Investments	14,952,599	64,958	73,538	-	-	-	-	-	17,568,873	32,659,968	(5,901,000)	26,758,968
Notes Receivable	3,295,099	-	-	-	-	-	-	-	-	3,295,099	(3,295,099)	-
Cash Surrender Value of Life Insurance and Other Assets	7,550	-	-	-	-	-	-	7,378	428,983	443,911	-	443,911
Total Other Assets	19,286,769	263,233	155,940	-	961,218	164,495	220,633	15,336	18,276,215	39,343,839	(9,196,099)	30,147,740
Total Assets	$ 123,385,125	$ 14,591,300	$ 4,753,866	$ 5,029,242	$ 29,974,514	$ 6,383,046	$ 8,490,091	$ 767,200	$ 64,332,519	$ 257,706,905	$ (53,857,267)	$ 203,839,638

000204

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
CURRENT LIABILITIES												
Current Maturities of Long-Term Debt	$ 10,023	$ 25,893	$ 202,766	$ 6,656	$ 119,834	$ -	$ 14,423	$ 146,853	$ -	$ 300,000	$ 175,000	$ 1,001,248
Accounts Payable	140,522	335,428	252,109	418,434	315,181	120,825	228,441	197,806	205,911	283,196	290,997	2,769,650
Intercompany Payables	808	(48)	-	752	(5,000)	-	-	-	842	-	-	(2,646)
Other Accrued Liabilities	411,395	421,468	168,437	379,457	533,476	327,396	407,084	599,556	326,104	558,355	714,195	4,854,935
Resident Trust Fund Payable	16,246	33,916	4,503	21,785	26,838	11,276	20,165	25,119	13,976	18,771	19,933	212,550
Current Portion of Refundable Entrance Fees	103,900	21,400	303,500	-	411,000	(300)	15,500	-	6,400	121,700	288,700	1,271,800
Total Current Liabilities	682,894	839,057	931,315	827,084	1,401,329	459,001	685,633	989,134	553,233	1,270,032	1,488,825	10,107,537
LONG-TERM DEBT (Net of Current Maturities Shown Above)												
Bonds and Notes Payable	1,211,994	1,301,095	7,466,699	152,916	5,105,348	171,121	872,061	6,120,870	3,933,869	13,911,267	24,150,037	84,397,277
Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-
Total Long-Term Debt (Net of Current Maturities Shown Above)	1,211,994	1,301,095	7,466,699	152,916	5,105,348	171,121	872,061	6,120,870	3,933,869	13,911,267	24,150,037	84,397,277
OTHER LIABILITIES												
Refundable Entrance Fees	688,734	118,907	2,219,921	-	440,530	5,475	50,596	-	35,442	727,584	1,599,036	5,886,225
Deferred Revenue from Entrance Fees	759,670	130,435	780,431	-	633,808	7,346	95,171	-	15,380	747,895	653,572	3,823,708
Other Liabilities	6,470	1,450	-	9,386	80,438	10,795	121,988	15,791	27,668	6,005	10,849	290,840
Total Other Liabilities	1,454,874	250,792	3,000,352	9,386	1,154,776	23,616	267,755	15,791	78,490	1,481,484	2,263,457	10,000,773
Total Liabilities	3,349,762	2,390,944	11,398,366	989,386	7,661,453	653,738	1,825,449	7,105,795	4,565,592	16,662,783	27,902,319	84,505,587
CONTINGENCIES AND COMMITMENTS												
NONCONTROLLING INTEREST	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS												
Unrestricted	8,955,589	9,997,550	422,886	4,573,506	17,037,011	5,302,021	8,926,514	(1,593,584)	1,272,827	(2,375,361)	(11,999,461)	38,519,498
Temporarily Restricted	38,567	5,423	-	11,025	95,141	4,732	1,520	1,717	2,025	26	11,144	171,320
Permanently Restricted	188,720	-	-	-	-	-	-	-	-	-	-	188,720
Total Net Assets	9,182,876	10,002,973	422,886	4,584,531	17,132,152	5,306,753	8,928,034	(1,591,867)	1,274,852	(2,375,335)	(11,988,317)	38,879,538
Total Liabilities and Net Assets	$ 12,532,638	$ 12,393,917	$ 11,821,252	$ 5,573,917	$ 24,793,605	$ 5,960,491	$ 8,753,483	$ 5,513,928	$ 5,840,444	$ 14,287,448	$ 15,914,002	$ 123,385,125

000205

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING BALANCE SHEET (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
LIABILITIES AND NET ASSETS	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
CURRENT LIABILITIES												
Current Maturities of Long-Term Debt	$ 1,001,248	$ 200,000	$ 63,062	$ -	$ 1,351,849	$ 56,149	$ 68,784	$ 10,569	$ 11,594,555	$ 14,347,216	$ -	$ 14,347,216
Accounts Payable	2,769,650	282,006	71,365	211,287	467,299	14,274	8,869	11,925	982,183	4,718,958	[illegible]	4,376,317
Intercompany Payables	(2,646)	-	490	-	(1,077,816)	93,245	118,870	102,034	(82,811)	(848,734)	[illegible]	-
Other Accrued Liabilities	4,854,935	1,078,139	287,322	114,260	1,274,802	495,756	703,950	32,340	3,857,625	12,699,139	[illegible]	11,747,241
Resident Trust Fund Payable	212,550	8,053	4,717	-	61,777	-	-	-	-	287,097	-	287,097
Current Portion of Refundable Entrance Fees	1,271,800	208,000	-	-	-	-	-	-	56,500	1,536,300	-	1,536,300
Total Current Liabilities	10,107,537	1,776,198	427,856	325,547	2,077,911	659,434	900,573	156,868	16,307,952	32,739,976	[illegible]	32,294,171
LONG-TERM DEBT (Net of Current Maturities Shown Above)												
Bonds and Notes Payable	64,397,277	20,381,071	4,062,048	-	25,062,054	5,306,591	6,562,968	520,748	41,694,832	167,987,589	[illegible]	116,133,127
Interest Rate Swap	-	-	-	-	-	-	-	-	1,004,212	1,004,212	-	1,004,212
Total Long-Term Debt (Net of Current Maturities Shown Above)	64,397,277	20,381,071	4,062,048	-	25,062,054	5,306,591	6,562,968	520,748	42,699,044	168,991,801	[illegible]	117,137,339
OTHER LIABILITIES												
Refundable Entrance Fees	5,886,225	1,158,163	2,663	-	12,500	3,950	11,755	3,930	95,358	7,180,544	-	7,180,544
Deferred Revenue from Entrance Fees	3,823,708	1,847,315	-	-	8,751,508	-	-	-	80,024	14,502,555	-	14,502,555
Other Liabilities	290,840	2,798	7,854	-	68,877	(704)	-	19,700	751,754	1,141,119	-	1,141,119
Total Other Liabilities	10,000,773	3,008,276	10,517	-	8,832,885	9,246	11,755	23,630	927,136	22,824,218	-	22,824,218
Total Liabilities	84,505,587	25,165,545	4,500,421	325,547	35,972,850	5,975,271	7,475,296	701,346	59,934,132	224,555,995	[illegible]	172,255,728
CONTINGENCIES AND COMMITMENTS												
NONCONTROLLING INTEREST	-	-	-	-	-	407,734	1,014,694	(122,634)	-	1,299,795	-	1,299,795
NET ASSETS												
Unrestricted	38,519,498	(10,576,195)	280,486	4,703,695	(6,001,988)	41	101	188,488	4,227,158	31,341,283	[illegible]	29,774,283
Temporarily Restricted	171,320	1,950	(27,039)	-	3,652	-	-	-	146,229	296,112	-	296,112
Permanently Restricted	188,720	-	-	-	-	-	-	-	25,000	213,720	-	213,720
Total Net Assets	38,879,538	(10,574,245)	253,447	4,703,695	(5,998,336)	41	101	188,488	4,398,387	31,851,115	[illegible]	30,284,115
Total Liabilities and Net Assets	$ 123,385,125	$ 14,591,300	$ 4,753,868	$ 5,029,242	$ 29,974,514	$ 6,383,046	$ 8,490,091	$ 767,200	$ 64,332,519	$ 257,706,905	$ [illegible]	$ 203,838,638

000206

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
OPERATING REVENUE												
Resident Service	$ 7,525,916	$ 11,391,797	$ 2,029,616	$ 5,934,410	$ 13,190,621	$ 6,055,815	$ 8,689,328	$ 9,078,116	$ 8,143,283	$ 11,890,031	$ 12,500,755	$ 96,429,788
Amortization of Admission Fees	159,994	28,884	119,421	-	143,044	708	19,333	-	8,416	104,135	93,779	677,514
Other	2,321	2,131	19,578	(190)	26,973	(100)	24,018	24,903	3,481	3,518	14,798	121,431
Total Operating Revenue	7,688,231	11,422,812	2,168,615	5,934,220	13,360,638	6,056,523	8,732,679	9,103,019	8,155,180	11,997,684	12,609,332	97,228,733
OPERATING EXPENSE												
Nursing	2,569,755	3,462,568	424,504	2,235,857	3,937,046	2,149,090	2,651,826	2,729,266	2,527,691	3,135,148	3,555,043	29,377,794
Ancillary	948,401	1,911,718	2,160	786,621	2,242,902	721,786	1,576,621	1,548,088	1,186,356	1,731,403	1,692,920	14,347,178
Dietary	627,892	748,214	236,959	546,491	818,594	384,276	558,116	590,848	562,787	929,829	979,382	6,983,388
Housekeeping	251,578	325,831	34,844	215,627	340,372	223,637	322,791	290,082	213,339	372,139	355,566	2,945,808
Activities and Social Services	280,997	289,291	42,624	253,452	397,884	179,302	299,078	247,366	223,471	276,874	390,425	2,880,764
Plant Operations and Maintenance	530,360	368,926	213,967	350,704	613,481	250,719	409,265	395,962	300,803	495,444	656,944	4,606,580
Administrative	1,243,567	1,601,410	489,347	973,561	1,842,043	782,584	1,231,185	1,351,808	1,128,078	2,112,715	1,785,804	14,540,100
Marketing	17,525	18,208	31,879	58,010	34,132	2,659	21,492	16,930	12,522	46,749	27,699	287,805
Payroll Taxes	264,471	341,102	56,495	236,757	388,886	215,312	279,805	285,107	257,929	334,883	373,472	3,034,210
Employee Benefits	575,323	690,824	109,904	478,235	816,615	518,709	724,849	571,030	559,526	800,361	778,675	6,620,052
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Interest	66,593	71,098	431,487	13,313	281,516	10,113	48,763	405,776	232,480	811,543	1,411,257	3,783,949
Depreciation and Amortization	380,189	399,461	454,777	201,571	580,010	174,461	342,065	239,061	215,451	470,607	732,995	4,190,668
Total Operating Expense	7,754,651	10,248,651	2,529,937	6,350,199	12,293,481	5,610,648	8,466,077	8,671,304	7,418,446	11,517,695	12,738,203	93,598,292
OPERATING INCOME (LOSS)	(66,420)	1,173,961	(360,322)	(415,979)	1,067,157	445,875	266,602	431,715	736,734	479,989	(128,871)	3,630,441
OTHER INCOME (EXPENSE)												
Investment Income	38,032	61,706	51,501	21,588	106,663	4,999	159,143	27,711	183,260	58,234	55,271	778,108
Unrealized Loss on Investments	128,300	38,490	11,905	106,609	(37,551)	21,253	39,375	10,037	5,520	12,284	5,690	341,912
Contributions	123,594	45,931	8,445	74,989	107,851	66,023	91,096	29,462	35,132	73,063	34,731	685,317
Net Assets Released from Restriction	0	-	-	13,335	3,530	-	28,032	5,212	60,820	28,683	6,684	146,296
Proceeds from Mine Subsidence Fund	-	-	-	-	908,156	-	-	-	-	-	-	908,158
Loss on Disposal of Property and Equipment	(420)	(6,785)	(191)	(4,304)	(2,128)	-	985	(12,206)	(6,935)	(39,667)	-	(71,646)
Total Other Income (Expense)	289,506	139,342	71,650	212,217	1,081,523	92,275	328,631	60,216	277,797	132,602	102,376	2,788,145
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	223,086	1,313,303	(288,682)	(203,762)	2,148,680	538,150	595,233	491,931	1,014,531	612,591	(26,495)	6,418,586
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE NONCONTROLLING INTEREST	223,086	1,313,303	(288,662)	(203,762)	2,148,680	538,150	595,233	491,931	1,014,531	612,591	(26,495)	6,418,586
Change in Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 223,086	$ 1,313,303	$ (288,662)	$ (203,762)	$ 2,148,680	$ 538,150	$ 595,233	$ 491,931	$ 1,014,531	$ 612,591	$ (26,495)	$ 6,418,586

000207

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF UNRESTRICTED ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
OPERATING REVENUE												
Resident Service	$ 96,429,788	$ 11,851,685	$ 4,837,544	$ 10,390,931	$ 18,857,261	$ 1,370,229	$ 1,897,271	$ 115,746	$ -	$ 145,750,455	$ (3,980,587)	$ 141,769,888
Amortization of Admission Fees	577,514	242,142	-	-	638,175	-	-	-	62,197	1,620,028	-	1,620,028
Other	121,431	11,616	2,507	1,110	546,140	53,285	22,728	17	16,436,534	17,195,369	(13,609,497)	3,585,872
Total Operating Revenue	97,228,733	12,105,443	4,840,051	10,392,041	20,041,576	1,423,515	1,919,939	115,763	16,498,731	164,565,852	(17,590,084)	146,975,768
OPERATING EXPENSE												
Nursing	29,377,794	3,146,850	1,397,610	746,911	5,895,435	151,559	227,880	-	-	40,945,039	-	40,945,039
Ancillary	14,347,176	1,534,167	623,714	7,002,500	2,711,802	439	-	-	-	26,219,798	(3,980,567)	22,239,231
Dietary	6,983,388	875,574	330,357	-	1,959,652	151,167	213,024	-	-	10,513,162	-	10,513,162
Housekeeping	2,945,806	338,700	129,639	-	602,789	19,789	37,314	-	-	4,074,037	-	4,074,037
Activities and Social Services	2,880,764	250,222	143,547	-	471,935	35,374	19,936	1,627	-	3,803,405	-	3,803,405
Plant Operations and Maintenance	4,606,580	623,452	203,238	26,815	1,681,791	115,115	140,611	44,515	386,192	7,828,309	-	7,828,309
Administrative	14,540,100	2,288,165	800,534	1,138,601	2,901,188	186,779	200,501	89,464	13,256,621	35,381,953	(9,077,555)	26,304,398
Marketing	287,805	11,111	22,716	455	161,530	22,248	4,803	257	111,279	622,004	-	622,004
Payroll Taxes	3,034,210	330,906	148,295	71,136	574,586	23,826	32,829	-	228,763	4,444,673	-	4,444,673
Employee Benefits	6,620,052	718,993	344,733	100,009	902,490	64,915	59,919	-	738,561	9,549,672	(4,544,727)	5,004,945
Property Taxes	-	-	-	-	95,875	23,824	124,810	-	-	244,509		244,509
Interest	3,783,949	1,194,751	265,341	-	1,728,244	394,938	489,410	12,989	3,176,971	11,048,573	(2,981,234)	8,066,339
Depreciation and Amortization	4,190,688	714,698	193,610	76,745	1,483,003	270,794	315,262	51,883	404,599	7,701,252	-	7,701,252
Total Operating Expense	93,598,292	12,027,589	4,603,334	9,163,174	21,171,420	1,450,767	1,868,099	180,715	18,303,006	162,374,396	(20,584,083)	141,790,313
OPERATING INCOME (LOSS)	3,630,441	77,854	236,717	1,228,867	(1,129,844)	(37,252)	53,900	(64,952)	(1,804,275)	2,191,456	2,994,019	5,185,475
OTHER INCOME (EXPENSE)												
Investment Income	778,108	43,816	24,478	3,973	178,656	3,541	3,729	51	2,996,313	4,032,665	(2,981,234)	1,051,431
Unrealized Loss on Investments	341,912	7,372	23,058	-	8,215	-	-	-	220,884	601,451	-	601,451
Contributions	685,317	36,725	60,192	-	9,731	-	845	-	157,681	950,491	(12,785)	937,706
Net Assets Released from Restriction	146,296	1,510	61,058	-	1,160	-	-	-	-	210,024	-	210,024
Proceeds from Mine Subsidence Fund	908,158	-	-	-	-	-	-	-	-	908,158	-	908,158
Loss on Disposal of Property and Equipment	(71,648)	(2,667)	(337)	(7,844)	(295)	-	-	-	8,173	(74,616)	-	(74,616)
Total Other Income (Expense)	2,788,145	86,756	168,459	(3,871)	197,467	3,541	4,574	51	3,383,051	6,628,173	(2,994,019)	3,634,154
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	6,418,586	164,610	405,176	1,224,995	(932,377)	(33,711)	58,474	(64,901)	1,578,776	8,819,629	-	8,819,629
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	(121,853)	(121,853)	-	(121,853)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE NONCONTROLLING INTEREST	6,418,586	164,610	405,176	1,224,995	(932,377)	(33,711)	58,474	(64,901)	1,456,923	8,697,776	-	8,697,776
Change in Noncontrolling Interest	-	-	-	-	-	(33,708)	58,468	(64,252)	-	(39,491)	-	(39,491)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 6,418,586	$ 164,610	$ 405,176	$ 1,224,996	$ (932,377)	$ (3)	$ 6	$ (649)	$ 1,456,923	$ 8,737,267	$ -	$ 8,737,267

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Shawnee Christian Nursing Center	Washington Christian Village	Spring River Christian Village	Chicagoland Christian Village	Subtotal
UNRESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 8,732,503	$ 8,684,247	$ 711,548	$ 4,777,268	$ 14,888,331	$ 4,763,871	$ 6,331,281	$ (2,085,515)	$ 258,296	$ (2,987,952)	$ (11,972,966)	$ 32,100,912
Change in Net Assets:												
Excess (Deficit) of Revenue over Expense	223,086	1,313,303	(288,662)	(203,762)	2,148,680	538,150	595,233	491,931	1,014,531	612,591	(26,495)	6,418,586
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	223,086	1,313,303	(288,662)	(203,762)	2,148,680	538,150	595,233	491,931	1,014,531	612,591	(26,495)	6,418,586
Change in Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2010	$ 8,955,589	$ 9,997,550	$ 422,886	$ 4,573,506	$ 17,037,011	$ 5,302,021	$ 6,926,514	$ (1,593,584)	$ 1,272,827	$ (2,375,361)	$ (11,999,461)	$ 38,519,498
TEMPORARILY RESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 18,251	$ 3,223	$ -	$ 21,587	$ 18,218	$ -	$ 28,832	$ 5,212	$ 51,895	$ 28,709	$ 13,711	$ 189,638
Change in Net Assets:												
Contributions	20,316	2,200	-	2,773	80,453	4,732	720	1,717	950	-	4,117	117,978
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets Released from Restriction	-	-	-	(13,335)	(3,530)	-	(28,032)	(5,212)	(50,820)	(28,683)	(6,684)	(136,296)
Net Assets - June 30, 2010	$ 38,567	$ 5,423	$ -	$ 11,025	$ 95,141	$ 4,732	$ 1,520	$ 1,717	$ 2,025	$ 26	$ 11,144	$ 171,320
PERMANENTLY RESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720
Change in Net Assets:												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720

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ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING AND CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

				Midwest Senior Ministries								
	Subtotal	Risen Son Christian Village	Heartland Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Wabash Estates	Washington Village Estates	Wabash Christian Apartments	Corporate Offices	Subtotal	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 32,100,912	$ (10,740,805)	$ (124,690)	$ 3,478,699	$ (5,069,611)	$ 44	$ 95	$ 189,137	$ 2,770,235	$ 22,604,016	$ (1,567,000)	$ 21,037,016
Change in Net Assets:												
Excess (Deficit) of Revenue over Expense	6,418,586	164,610	405,176	1,224,996	(932,377)	(33,711)	58,474	(64,901)	1,578,775	8,819,629	-	8,819,629
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	(121,853)	(121,853)	-	(121,853)
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTEREST	6,418,586	164,610	405,176	1,224,996	(932,377)	(33,711)	58,474	(64,901)	1,456,923	8,697,776	-	8,697,776
Change in Noncontrolling Interest	-	-	-	-	-	(33,708)	58,466	(64,252)	-	(39,491)	-	(39,491)
Net Assets - June 30, 2010	$ 38,519,499	$ (10,576,195)	$ 280,486	$ 4,703,695	$ (6,001,988)	$ 41	$ 101	$ 188,486	$ 4,227,158	$ 31,341,283	$ (1,567,000)	$ 29,774,283
TEMPORARILY RESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 199,638	$ 2,540	$ 31,904	$ -	$ 1,160	$ -	$ -	$ -	$ 145,738	$ 380,980	$ -	$ 380,980
Change in Net Assets:												
Contributions	117,978	920	2,115	-	3,652	-	-	-	-	124,665	-	124,665
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	491	491	-	491
Net Assets Released from Restriction	(146,296)	(1,510)	(61,058)	-	(1,160)	-	-	-	-	(210,024)	-	(210,024)
Net Assets, June 30, 2010	$ 171,320	$ 1,950	$ (27,039)	$ -	$ 3,652	$ -	$ -	$ -	$ 146,229	$ 295,112	$ -	$ 295,112
PERMANENTLY RESTRICTED NET ASSETS												
Net Assets - June 30, 2009	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720
Change in Net Assets:												
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets, June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
CURRENT ASSETS									
Cash and Cash Equivalents	$ 4,714,559	$ 5,706,802	$ (1,423,942)	$ 790,822	$ 6,229,081	$ 3,610,293	$ 2,299,077	$ 141,850	$ 22,068,542
Accounts Receivable, Net	548,275	1,229,462	(30,522)	502,190	1,451,591	537,465	872,261	1,194,381	6,365,103
Intercompany Receivables	-	-	-	-	-	-	103,056	2,129	105,185
Other Current Assets	49,826	48,184	7,702	36,232	71,811	25,983	459,389	554,138	1,253,245
Current Portion of Assets									
Limited as to Use	18,297	38,595	30,087	22,483	45,294	14,042	22,749	13,976	205,523
Total Current Assets	5,330,857	7,023,043	(1,416,675)	1,351,727	7,797,777	4,247,763	3,756,532	1,906,474	29,997,588
ASSETS LIMITED AS TO USE									
Resident Funds	16,246	33,916	4,504	21,785	26,838	14,042	20,185	13,976	151,492
Trustee Held Funds	2,051	4,679	1,073,969	698	293,600	-	2,564	-	1,377,561
Total	18,297	38,595	1,078,473	22,483	320,438	14,042	22,749	13,976	1,529,053
Less: Current Portion Shown Above	(18,297)	(38,595)	(30,087)	(22,483)	(45,294)	(14,042)	(22,749)	(13,976)	(205,523)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	-	-	1,048,386	-	275,144	-	-	-	1,323,530
PROPERTY AND EQUIPMENT (at Cost)									
Land and Land Improvements	314,370	101,875	312,579	40,694	308,762	27,135	65,910	170,656	1,341,981
Building and Improvements	9,118,376	6,345,881	13,503,805	4,560,888	14,487,423	3,291,614	4,972,757	4,009,711	60,290,255
Equipment	1,620,248	1,816,345	987,697	1,146,181	1,620,152	1,282,834	1,235,669	600,268	10,309,394
Construction in Progress	214,257	50,004	802,927	-	109,756	7,096	47,353	156,524	1,387,919
Total	11,267,251	8,314,105	15,607,008	5,747,563	16,526,093	4,608,681	6,321,689	4,937,159	73,329,549
Less: Accumulated Depreciation	6,427,563	5,036,511	3,685,825	3,287,734	6,915,247	3,190,004	3,785,238	2,921,762	35,249,884
Total Property and Equipment (at Depreciated Cost)	4,839,688	3,277,594	11,921,183	2,459,829	9,610,846	1,418,677	2,536,451	2,015,397	38,079,665
OTHER ASSETS									
Deferred Financing Costs	-	-	249,092	-	65,395	-	-	-	314,487
Investments	2,361,993	2,085,730	19,266	1,762,361	7,044,443	294,051	1,007,500	76,374	14,651,818
Notes Receivable	-	-	-	-	-	-	1,452,900	1,842,189	3,295,089
Cash Surrender Value of Life									
Insurance and Other Assets	-	7,550	-	-	-	-	-	-	7,550
Total Other Assets	2,361,993	2,093,280	268,358	1,762,361	7,109,838	294,051	2,460,500	1,918,573	18,268,954
Total Assets	$ 12,532,838	$ 12,393,917	$ 11,821,252	$ 5,573,917	$ 24,793,605	$ 5,960,491	$ 8,753,483	$ 5,840,444	$ 87,669,747

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Consolidated Total
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	$ 22,068,542	$ 3,493,240	$ 1,195,440	$ 1,653,070	$ 3,387,881	$ (10,722,048)	$ (4,866,788)	$ 16,209,337	$ -	$ 16,209,337
Accounts Receivable, Net	6,365,103	950,311	1,258,365	812,112	783,715	2,184,268	-	12,363,874	(291,935)	12,071,939
Intercompany Receivables	105,185	-	-	-	-	(1,082,748)	42,654,269	41,676,706	(43,235,465)	(1,558,759)
Other Current Assets	1,253,245	29,946	48,327	36,924	505,898	110,632	52,276	2,035,248	-	2,035,248
Current Portion of Assets										
Limited as to Use	205,523	214,673	133,058	119,548	-	461,189	1,565,632	2,699,623	-	2,699,623
Total Current Assets	29,997,598	4,688,170	2,643,190	2,621,654	4,677,494	(9,048,707)	39,405,389	74,984,788	(43,527,400)	31,457,388
ASSETS LIMITED AS TO USE										
Resident Funds	151,492	47,843	37,801	8,053	-	61,777	23,810	330,776	-	330,776
Trustee Held Funds	1,377,561	1,248,833	717,744	839,155	-	3,199,169	1,541,822	8,924,284	-	8,924,284
Total	1,529,053	1,296,676	755,545	847,208	-	3,260,946	1,565,632	9,255,060	-	9,255,060
Less: Current Portion Shown Above	(205,523)	(214,673)	(133,058)	(119,548)	-	(461,189)	(1,565,632)	(2,699,623)	-	(2,699,623)
Total Assets Limited as to Use (Net of Current Portion Shown Above)	1,323,530	1,082,003	622,487	727,660	-	2,799,757	-	6,555,437	-	6,555,437
PROPERTY AND EQUIPMENT (at Cost)										
Land and Land Improvements	1,341,981	297,903	205,479	426,135	-	8,800,000	108,513	11,180,011	-	11,180,011
Building and Improvements	60,290,255	13,890,319	20,028,985	19,548,620	216,657	29,897,035	1,058,349	144,930,220	-	144,930,220
Equipment	10,309,394	1,010,941	2,213,862	1,341,395	430,769	1,126,416	2,714,492	19,147,269	-	19,147,269
Construction in Progress	1,387,919	500	201,195	55,879	-	-	820,516	2,466,009	-	2,466,009
Total	73,329,549	15,199,663	22,649,521	21,372,029	647,426	39,823,451	4,701,870	177,723,509	-	177,723,509
Less: Accumulated Depreciation	35,249,884	7,076,019	10,270,706	10,393,276	295,678	4,561,205	1,739,617	69,586,385	-	69,586,385
Total Property and Equipment (at Depreciated Cost)	38,079,665	8,123,644	12,378,815	10,978,753	351,748	35,262,246	2,962,253	108,137,124	-	108,137,124
OTHER ASSETS										
Deferred Financing Costs	314,487	278,753	222,475	198,275	-	961,218	278,359	2,253,567	-	2,253,567
Investments	14,651,818	114,878	47,035	64,958	-	-	17,568,873	32,447,562	(5,901,000)	26,546,562
Notes Receivable	3,295,099	-	-	-	-	-	-	3,295,099	-	3,295,099
Cash Surrender Value of Life										
Insurance and Other Assets	7,550	-	-	-	-	-	428,983	436,533	-	436,533
Total Other Assets	18,268,954	393,631	269,510	263,233	-	961,218	18,276,215	38,432,761	(5,901,000)	32,531,761
Total Assets	$ 87,669,747	$ 14,287,448	$ 15,914,002	$ 14,591,300	$ 5,029,242	$ 29,974,514	$ 60,643,857	$ 228,110,110	$ (49,428,400)	$ 178,681,710

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	$ 10,023	$ 25,893	$ 202,766	$ 6,656	$ 119,834	$ -	$ 14,423	$ -	$ 379,595
Accounts Payable:	140,522	336,428	252,109	418,434	315,181	120,625	228,441	205,911	2,017,651
Intercompany Payables	808	(48)	-	752	(5,000)	-	-	842	(2,646)
Other Accrued Liabilities	411,395	421,468	168,437	379,457	533,476	327,398	407,084	326,104	2,974,819
Resident Trust Fund Payable	16,246	33,915	4,503	21,785	26,838	11,278	20,185	13,976	148,727
Current Portion of Refundable Entrance Fees	103,900	21,400	303,500	-	411,000	(300)	15,500	6,400	861,400
Total Current Liabilities	682,894	839,057	931,315	827,084	1,401,329	459,001	685,633	553,233	6,379,546
LONG-TERM DEBT (Net of Current Maturities Shown Above)									
Bonds and Notes Payable	1,211,994	1,301,095	7,466,699	152,916	5,105,348	171,121	872,061	3,933,869	20,215,103
Interest Rate Swap	-	-	-	-	-	-	-	-	-
Total Long-Term Debt (Net of Current Maturities Shown Above)	1,211,994	1,301,095	7,466,699	152,916	5,105,348	171,121	872,061	3,933,869	20,215,103
OTHER LIABILITIES									
Refundable Entrance Fees	688,734	118,907	2,219,921	-	440,530	5,475	50,596	35,442	3,559,605
Deferred Revenue from Entrance Fees	759,670	130,435	780,431	-	633,808	7,348	95,171	15,380	2,422,241
Other Liabilities	6,470	1,450	-	9,386	80,438	10,795	121,988	27,668	258,195
Total Other Liabilities	1,454,874	250,792	3,000,352	9,388	1,154,776	23,618	267,755	78,490	6,240,041
Total Liabilities	3,349,762	2,390,944	11,398,366	989,388	7,661,453	653,738	1,825,449	4,565,592	32,834,690
CONTINGENCIES AND COMMITMENTS									
NET ASSETS									
Unrestricted	8,955,589	9,997,550	422,886	4,573,506	17,037,011	5,302,021	6,926,514	1,272,827	54,487,904
Temporarily Restricted	38,567	5,423	-	11,025	95,141	4,732	1,520	2,025	158,433
Permanently Restricted	188,720	-	-	-	-	-	-	-	188,720
Total Net Assets	9,182,876	10,002,973	422,886	4,584,531	17,132,152	5,306,753	6,928,034	1,274,852	54,835,057
Total Liabilities and Net Assets	$ 12,532,638	$ 12,393,917	$ 11,821,252	$ 5,573,917	$ 24,793,605	$ 5,960,491	$ 8,753,483	$ 5,840,444	$ 87,669,747

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING BALANCE SHEET – OBLIGATED GROUP (CONTINUED)
JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
LIABILITIES AND NET ASSETS	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Consolidated Total
CURRENT LIABILITIES										
Current Maturities of Long-Term Debt	$ 379,595	$ 300,000	$ 175,000	$ 200,000	$ -	$ 1,351,849	$ 11,594,555	$ 14,000,999	$ -	$ 14,000,999
Accounts Payable	2,017,651	263,196	290,997	282,006	211,287	467,299	751,007	4,283,443	(291,935)	3,991,508
Intercompany Payables	(2,646)	-	-	-	-	(1,077,816)	(39,903)	(1,120,365)	(577,102)	(1,697,467)
Other Accrued Liabilities	2,974,619	566,365	714,195	1,078,139	114,260	1,274,802	2,880,628	9,603,208	-	9,603,208
Resident Trust Fund Payable	148,727	18,771	19,933	8,053	-	61,777	-	257,261	-	257,261
Current Portion of Refundable Entrance Fees	861,400	121,700	288,700	208,000	-	-	56,500	1,536,300	-	1,536,300
Total Current Liabilities	6,379,546	1,270,032	1,488,825	1,776,198	325,547	2,077,911	15,242,787	28,560,846	(869,037)	27,691,809
LONG-TERM DEBT (Net of Current Maturities Shown Above)										
Bonds and Notes Payable	20,215,103	13,911,267	24,150,037	20,381,071	-	25,062,054	41,694,832	145,414,364	(48,559,363)	96,855,001
Interest Rate Swap	-	-	-	-	-	-	1,004,212	1,004,212	-	1,004,212
Total Long-Term Debt (Net of Current Maturities Shown Above)	20,215,103	13,911,267	24,150,037	20,381,071	-	25,062,054	42,699,044	146,418,576	(48,559,363)	97,859,213
OTHER LIABILITIES										
Refundable Entrance Fees	3,559,605	727,584	1,599,036	1,158,163	-	12,500	95,358	7,152,246	-	7,152,246
Deferred Revenue from Entrance Fees	2,422,241	747,895	653,572	1,847,315	-	8,751,508	80,024	14,502,555	-	14,502,555
Other Liabilities	258,195	6,005	10,849	2,798	-	68,877	751,754	1,098,478	-	1,098,478
Total Other Liabilities	6,240,041	1,481,484	2,263,457	3,008,276	-	8,832,885	927,136	22,753,279	-	22,753,279
Total Liabilities	32,834,690	16,662,783	27,902,319	25,165,545	325,547	35,972,850	58,868,967	197,732,701	(49,428,400)	148,304,301
CONTINGENCIES AND COMMITMENTS										
NET ASSETS										
Unrestricted	54,487,904	(2,375,361)	(11,999,461)	(10,576,195)	4,703,695	(6,001,988)	1,603,661	29,842,255	-	29,842,255
Temporarily Restricted	158,433	26	11,144	1,950	-	3,652	146,229	321,434	-	321,434
Permanently Restricted	188,720	-	-	-	-	-	25,000	213,720	-	213,720
Total Net Assets	54,835,057	(2,375,335)	(11,988,317)	(10,574,245)	4,703,695	(5,998,336)	1,774,890	30,377,409	-	30,377,409
Total Liabilities and Net Assets	$ 87,669,747	$ 14,287,448	$ 15,914,002	$ 14,591,300	$ 5,029,242	$ 29,974,514	$ 60,643,857	$ 228,110,110	$ (49,428,400)	$ 178,681,710

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF UNRESTRICTED ACTIVITIES – OBLIGATED GROUP
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
OPERATING REVENUE									
Resident Service	$ 7,525,916	$ 11,391,797	$ 2,029,616	$ 5,934,410	$ 13,190,621	$ 6,055,915	$ 8,889,328	$ 8,143,283	$ 82,960,886
Amortization of Admission Fees	159,994	28,684	119,421	-	143,044	708	19,333	8,416	479,600
Other	2,321	2,131	19,578	(190)	26,973	(100)	24,018	3,481	78,212
Total Operating Revenue	7,688,231	11,422,612	2,168,615	5,934,220	13,360,638	6,056,523	8,732,679	8,155,180	83,518,698
OPERATING EXPENSE									
Nursing	2,569,755	3,462,568	424,504	2,235,857	3,937,048	2,149,090	2,651,826	2,527,691	19,958,337
Ancillary	948,401	1,911,718	2,160	786,621	2,242,902	721,786	1,576,821	1,186,356	9,374,765
Dietary	627,892	746,214	236,959	546,491	818,594	384,276	558,116	562,787	4,483,329
Housekeeping	251,578	325,831	34,844	215,627	340,372	223,637	322,791	213,339	1,928,019
Activities and Social Services	280,897	289,291	42,624	253,452	397,884	179,302	299,078	223,471	1,966,099
Plant Operations and Maintenance	530,360	388,926	213,967	350,704	613,481	250,719	409,265	300,808	3,058,230
Administrative	1,243,567	1,601,410	489,347	973,561	1,842,043	782,584	1,231,185	1,126,078	9,289,775
Marketing	17,525	18,208	31,879	58,010	34,132	2,659	21,492	12,522	196,427
Payroll Taxes	264,471	341,102	56,485	236,757	388,886	215,312	279,806	257,929	2,040,748
Employee Benefits	575,323	690,824	109,904	478,235	816,615	516,709	724,849	559,526	4,471,985
Property Taxes	-	-	-	-	-	-	-	-	-
Interest	66,593	71,098	431,487	13,313	281,516	10,113	48,763	232,488	1,155,371
Depreciation and Amortization	380,189	399,451	454,777	201,571	580,010	174,461	342,085	215,451	2,748,005
Total Operating Expense	7,754,651	10,248,651	2,528,937	6,350,199	12,293,481	5,810,648	8,466,077	7,418,446	60,671,090
OPERATING INCOME (LOSS)	(66,420)	1,173,961	(360,322)	(415,979)	1,067,157	445,875	266,602	736,734	2,847,608
OTHER INCOME (EXPENSE)									
Investment Income	38,032	61,706	51,501	21,588	106,663	4,999	169,143	183,260	636,892
Unrealized Gain on Investments	126,300	38,490	11,905	106,609	(37,551)	21,253	39,375	5,520	313,901
Contributions	123,594	45,931	8,445	74,989	102,851	66,023	91,096	35,132	548,061
Net Assets Released from Restriction	-	-	-	13,335	3,530	-	28,032	60,820	105,717
Proceeds from Mine Subsidence Fund	-	-	-	-	908,158	-	-	-	908,158
Gain (Loss) on Disposal of Property and Equipment	(420)	(6,785)	(191)	(4,304)	(2,123)	-	985	(6,935)	(19,778)
Total Other Income (Expense)	289,506	139,342	71,660	212,217	1,081,523	92,275	328,631	277,797	2,492,951
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	223,086	1,313,303	(288,662)	(203,762)	2,148,680	538,150	595,233	1,014,531	5,340,559
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 223,086	$ 1,313,303	$ (288,662)	$ (203,762)	$ 2,148,680	$ 538,150	$ 595,233	$ 1,014,531	$ 5,340,559

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF UNRESTRICTED ACTIVITIES – OBLIGATED GROUP (CONTINUED)
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Consolidated Total
OPERATING REVENUE										
Resident Service	$ 52,950,886	$ 11,830,031	$ 12,500,755	$ 11,851,685	$ 10,390,931	$ 13,657,261	$ -	$ 128,451,549	$ (3,439,302)	$ 125,012,247
Amortization of Admission Fees	479,600	134,135	93,779	242,142	-	638,175	62,197	1,620,028	-	1,620,028
Other	78,212	3,518	14,798	11,616	1,110	546,140	8,242,979	8,898,373	(5,239,506)	3,658,867
Total Operating Revenue	63,518,698	11,997,684	12,609,332	12,105,443	10,392,041	20,041,576	8,305,176	138,969,950	(8,678,808)	130,291,142
OPERATING EXPENSE										
Nursing	19,958,337	3,135,148	3,555,043	3,146,850	746,911	5,896,435	-	38,438,724	-	38,438,724
Ancillary	9,374,765	1,731,403	1,692,920	1,534,167	7,002,500	2,711,802	-	24,047,557	(3,439,302)	20,608,255
Dietary	4,483,329	929,829	979,382	875,574	-	1,959,652	-	9,227,766	-	9,227,766
Housekeeping	1,928,019	372,139	355,586	338,700	-	602,789	-	3,597,233	-	3,597,233
Activities and Social Services	1,966,099	276,874	390,425	250,222	-	471,935	-	3,355,555	-	3,355,555
Plant Operations and Maintenance	3,058,230	495,444	656,944	623,452	26,815	1,681,791	-	6,542,676	-	6,542,676
Administrative	9,289,775	2,112,715	1,765,604	2,288,165	1,138,601	2,301,188	7,038,986	26,555,234	(707,564)	25,847,670
Marketing	196,427	46,749	27,699	11,111	455	161,530	-	443,971	-	443,971
Payroll Taxes	2,040,748	334,883	373,472	330,908	71,135	574,686	-	3,725,833	-	3,725,833
Employee Benefits	4,471,985	800,361	776,676	718,593	100,009	902,490	332,408	8,102,922	(4,544,727)	3,558,195
Property Taxes	-	-	-	-	-	95,875	-	95,875	-	95,875
Interest	1,155,371	311,543	1,411,257	1,194,751	-	1,728,244	3,176,971	9,478,137	(2,684,932)	6,793,205
Depreciation and Amortization	2,748,005	470,807	732,995	714,698	76,745	1,483,003	404,599	5,630,652	-	5,630,652
Total Operating Expense	60,671,090	11,517,695	12,738,203	12,027,589	9,163,174	21,171,420	10,952,964	138,242,135	(11,376,525)	126,865,610
OPERATING INCOME (LOSS)	2,847,608	479,989	(128,871)	77,854	1,228,867	(1,129,844)	(2,647,788)	727,815	2,697,717	3,425,532
OTHER INCOME (EXPENSE)										
Investment Income	636,892	58,234	55,271	43,816	3,973	178,656	2,991,487	3,968,329	(2,684,932)	1,283,397
Unrealized Gain on Investments	313,901	12,284	5,690	7,372	-	8,215	220,884	568,346	-	568,346
Contributions	548,061	73,063	34,731	36,725	-	9,731	157,681	859,992	(12,785)	847,207
Net Assets Released from Restriction	105,717	28,683	5,684	1,510	-	1,160	-	143,754	-	143,754
Proceeds from Mine Subsidence Fund	908,158	-	-	-	-	-	-	908,158	-	908,158
Gain (Loss) on Disposal of Property and Equipment	(19,778)	(39,662)	-	(2,667)	(7,844)	(295)	8,173	(62,073)	-	(62,073)
Total Other Income (Expense)	2,492,951	132,502	102,376	86,756	(3,871)	197,487	3,378,225	6,366,506	(2,697,717)	3,668,789
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	5,340,559	612,591	(26,495)	164,610	1,224,996	(932,377)	730,437	7,114,321	-	7,114,321
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	(121,853)	(121,853)	-	(121,853)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 5,340,559	$ 612,591	$ (26,495)	$ 164,610	$ 1,224,996	$ (932,377)	$ 608,584	$ 6,992,468	$ -	$ 6,992,468

000216

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF CHANGES IN NET ASSETS - OBLIGATED GROUP
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

	The Christian Village	Fair Havens Christian Home	Hickory Point Christian Village	Pleasant Meadows Christian Village	Lewis Memorial Christian Village	Hoosier Christian Village	Wabash Christian Retirement Center	Washington Christian Village	Subtotal
UNRESTRICTED NET ASSETS									
Net Assets - June 30, 2009	$ 8,732,503	$ 8,684,247	$ 711,548	$ 4,777,268	$ 14,888,331	$ 4,763,671	$ 6,331,281	$ 258,296	$ 49,147,345
Change in Net Assets									
Excess (Deficit) of Revenue over Expense	223,086	1,313,303	(288,662)	(203,762)	2,148,680	538,150	595,233	1,014,531	5,340,559
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2010	$ 8,955,589	$ 9,997,550	$ 422,886	$ 4,573,506	$ 17,037,011	$ 5,302,021	$ 6,926,514	$ 1,272,827	$ 54,487,904
TEMPORARILY RESTRICTED NET ASSETS									
Net Assets - June 30, 2009	$ 18,251	$ 3,223	$ -	$ 21,587	$ 18,218	$ -	$ 28,832	$ 61,895	$ 152,006
Change in Net Assets:									
Contributions	20,316	2,200	-	2,773	80,453	4,732	720	950	112,144
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	-	-	-
Net Assets Released from Restriction	-	-	-	(13,335)	(3,530)	-	(28,032)	(60,820)	(105,717)
Net Assets - June 30, 2010	$ 38,587	$ 5,423	$ -	$ 11,025	$ 95,141	$ 4,732	$ 1,520	$ 2,025	$ 158,433
PERMANENTLY RESTRICTED NET ASSETS									
Net Assets - June 30, 2009	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720
Change in Net Assets:									
Contributions	-	-	-	-	-	-	-	-	-
Net Assets - June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,720

000217

ATTACHMENT-39

MIDWEST CHRISTIAN VILLAGES, INC.
DBA: CHRISTIAN HOMES, INC. AND AFFILIATES
COMBINING STATEMENT OF CHANGES IN NET ASSETS - OBLIGATED GROUP (CONTINUED)
YEAR ENDED JUNE 30, 2010
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION)

					Midwest Senior Ministries					
	Subtotal	Spring River Christian Village	Chicagoland Christian Village	Risen Son Christian Village	Senior Care Pharmacy Services	Bridgeway Christian Village	Corporate Offices	Subtotal	Eliminations	Consolidated Total
UNRESTRICTED NET ASSETS										
Net Assets - June 30, 2009	$ 49,147,345	$ (2,987,952)	$ (11,972,966)	$ (10,740,805)	$ 3,478,699	$ (5,069,611)	$ 995,077	$ 22,849,787	$ -	$ 22,849,787
Change in Net Assets										
Excess (Deficit) of Revenue over Expense	5,340,559	612,591	(26,495)	164,610	1,224,996	(932,377)	730,437	7,114,321	-	7,114,321
Change in Valuation of Interest Rate Swap	-	-	-	-	-	-	(121,853)	(121,853)	-	(121,853)
Net Assets - June 30, 2010	$ 54,487,904	$ (2,375,361)	$ (11,999,461)	$ (10,576,195)	$ 4,703,695	$ (6,001,988)	$ 1,603,661	$ 29,842,255	$ -	$ 29,842,255
TEMPORARILY RESTRICTED NET ASSETS										
Net Assets - June 30, 2009	$ 152,006	$ 28,709	$ 13,711	$ 2,540	$ -	$ 1,160	$ 145,738	$ 343,864	$ -	$ 343,864
Change in Net Assets:										
Contributions	112,144	-	4,117	920	-	3,652	-	120,833	-	120,833
Change in Value of Charitable Remainder Trust	-	-	-	-	-	-	491	491	-	491
Net Assets Released from Restriction	(105,717)	(28,683)	(6,684)	(1,510)	-	(1,160)	-	(143,754)	-	(143,754)
Net Assets, June 30, 2010	$ 158,433	$ 26	$ 11,144	$ 1,950	$ -	$ 3,652	$ 146,229	$ 321,434	$ -	$ 321,434
PERMANENTLY RESTRICTED NET ASSETS										
Net Assets - June 30, 2009	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720
Change in Net Assets:										
Contributions	-	-	-	-	-	-	-	-	-	-
Net Assets, June 30, 2010	$ 188,720	$ -	$ -	$ -	$ -	$ -	$ 25,000	$ 213,720	$ -	$ 213,720

January _10_, 2012

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Point Christian Village Permit Application – Reasonableness of Financing Arrangements

Dear Ms. Avery:

In compliance with Section 1120.140(a) of the Review Board Rules, we hereby certify that the total estimated Project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

Sincerely,

Fair Havens Christian Village, Inc., d/b/a Hickory Point Christian Village

Susan McGhee
Chief Financial Officer

Notarization:

Subscribed and sworn to before me
this _10_ day of January, 2012

Marcella Tesh
Signature of Notary Public

Seal

OFFICIAL SEAL
MARCELLA TESH
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 9-25-2014

Hickory Point Christian Village 17- Bed Addition
Certificated of Need Application
Cost Space Requirements

			Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:				
	Dept/Area	Cost	Existing	Proposed	New Const.	Cost/SF	Modernized	As Is	Vacated Space
1	REVIEWABLE								
2	Nursing	$1,194,248	31,262	38,334	7,072	$168.87	0	31,262	0
3	Dietary	$44,948	347	613	266	$168.87	0	347	0
4	Therapy	$27,694	211	375	164	$168.87	0	211	0
5									
6									
7	Sub-Total	$1,266,890	31,820	39,322	7,502	$168.87	0	31,820	0
8									
9									
10	Contingency	$126,682				$16.89			
11									
12	Total	$1,393,572	31,820	39,322	7,502	$185.76	0	31,820	0
13									
14									
15									
16									

Hickory Point Skilled Nursing Facility
Income Statement

	Year 1	Year 1 PPD	Year 2	Year 2 PPD
Revenue				
Resident Care Revenue	5,258,458	360.17	7,543,026	338.78
Other	13,200	0.90	13,200	0.59
	5,271,658	300.89	7,556,226	339.38
Expense				
Salaries and Wages	2,075,422	142.15	2,808,815	126.15
Employee Benefits	261,989	17.94	365,974	16.44
Medicare Contracted Costs	1,279,985	87.67	1,659,146	74.52
Food and Dining Supplies	112,774	7.72	170,651	7.66
Repairs and Maintenance	43,270	2.96	43,270	1.94
Utilities	145,697	9.98	145,697	6.54
Insurance	50,000	3.42	50,000	2.25
Other	56,084	3.84	75,448	3.39
Management Fee	316,299	21.66	453,374	20.36
Interest	420,000	28.77	420,000	18.86
Depreciation and Amortization	481,667	32.99	481,667	21.63
	5,243,187	299.27	6,674,042	299.75
Operating Income(Loss)	28,471	1.63	882,184	39.62
Non Operating	10,000	0.57	10,000	0.45
Net Income (Loss)	38,471	2.20	892,184	40.07

	Year 1	Year 1 PPD	Year 2	Year 2 PPD
Debt Service Coverage				
Net Income	38,471	2.63	892,184	40.07
Depreciation and Amortization	481,667	32.99	481,667	21.63
Interest	420,000	28.77	420,000	18.86
Cash Available for Debt Service	940,138	64.39	1,793,851	80.57
Debt Service	496,300	33.99	496,300	22.29
Debt Service Coverage	1.89		3.61	

	Year 1	Year 2
Cash Flow		
Borrowed Working Capital	-	-
Net Income	38,471	892,184
Depreciation and Amortization	481,667	481,667
Principal Payments	(76,300)	(76,300)
Capital Expenditures	-	-
Cash Flow	443,838	1,297,551
Cummulative Cash Flow	443,838	1,741,389

Total capital cost per patient day:	Year 1	Year 2
	$61.76	$40.50

**Proforma is for the Skilled Nursing Facility only (current 47 bed unit plus additional 17 bed unit) and does not include AL.

HICKORY POINT CHRISTIAN VILLAGE
CON APPLICATION
SAFETY NET IMPACT STATEMENT

Safety Net Information per PA 96-0031			
CHARITY CARE			
	2009	**2010**	**2011**
Charity (# of patients)	N/A	N/A	0
Charity (cost in dollars)	N/A	N/A	$0
MEDICAID			
	2009	**2010**	**2011**
Medicaid (# of patients)	N/A	N/A	0
Medicaid (revenue)	N/A	N/A	$0

Christian Homes' mission is to honor God by providing a range of excellent care and support services, primarily for the aged. Housing and services for seniors are provided in the Christian Homes' communities through various levels of independent living, assisted living and skilled nursing. Residents may attend worship services and Bible study to enhance their spiritual well-being. An on-site chaplain is available to consult with and comfort residents.

Christian Homes is the largest faith-based provider of skilled nursing care to medically indigent Illinois residents. Over 51% of Christian Homes' residents are covered by Medicaid. Christian Homes has a long history of care for their communities and the care it provides to those of limited means strengthens the safety net services of their communities.

Hickory Point opened in the second half of 2011 and residency admissions are still in the early stages, therefore there is limited historical data. A portion of Hickory Point's beds are Medicaid certified and full year operational costs will reflect service to Medicaid recipients.

HICKORY POINTCHRISTIAN VILLAGE
CON APPLICATION
CHARITY CARE INFORMATION

CHARITY CARE			
	2009	**2010**	**2011***
Net Patient Revenue	N/A	N/A	$0
Amount of Charity Care (charges)			
Cost of Charity Care	N/A	N/A	$0

*Hickory Point Christian Village opened in the second half of 2011 and began accepting residents. The facility has applied for Medicaid certification and has received indication that it will be approved, however, the facility is not yet certified to admit patients at this time. Hickory Point Christian Village is awaiting formal certification.