



September 27, 2013

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SEP 30 2013

Michael Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

HEALTH FACILITIES & SERVICES REVIEW BOARD

Re: Final Realized Cost Report – Admiral at the Lake (Proj. No. 12-048)

Dear Mr. Constantino:

On behalf of The Admiral at the Lake and The Old People’s Home of the City of Chicago (collectively, the “Permit Holders”), I am writing the Illinois Health Facilities and Services Review Board (the “State Board”) to submit the final realized project cost report for the Admiral at the Lake (Proj. No. 12-048). On July 23, 2012, the State Board approved the Permit Holders’ application to establish a 36 bed long term care facility at 933 West Foster Avenue, Chicago, Illinois (the “Project”). The permit provided for a project completion date of June 30, 2013. The Project was completed on April 19, 2013, and the State Board was notified of the Project’s Completion on May 6, 2013.

For your review, the Permit Holders submit the following information as its final realized cost report for the Project.

1. Final Realized Project Costs

Table with 3 columns: Category, Approved, Expended. Rows include Preplanning Costs, Site Survey and Soil Investigation, Off Site Work, New Construction Contracts, Contingencies, Architectural/Engineering Fees, Consulting and Other Fees, Moveable and Other Equipment, Bond Issuance Expenses, Net Interest Expense During Construction**, Other Costs to be Capitalized, and TOTAL PROJECT COST.

** As noted on the audited report, net interest expense during construction which was submitted with the approved permit amount did consider the offset of interest earned on bond funds throughout the construction period. However, the full approved amount was funded at issuance bringing the total amount expended to \$175,366,556, the total amount of bond issues. In addition, the net interest expense during construction which was submitted with the approved permit amount that contemplated a construction period through February 2013, while the majority of the actual units were placed in service in July of 2012, which resulted in lower capitalized interest during the actual construction period.

2. Medicare and Medicaid Cost Reports and Certification of Compliance

All of the costs reported on the table above have been or will be reported on the Admiral's Medicare and Medicaid cost reports. Pursuant to 77 Ill. Admin. Code §1130.770, I hereby certify that no additional or associated costs or capital expenditures related to the Project will be submitted for reimbursement under Title XVIII or Title XIX. I further certify the Admiral has complied with all of the terms of the permit to date and all information submitted in this cost report for the Project is true and correct and meets the requirements of 77 Ill. Admin. Code §1130.770

3. Final Application and Certification for Payment

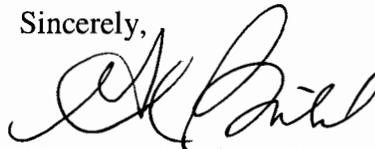
Attached as Attachment A is the final Application and Certification for Payment (G702) for the Project.

4. Audited Financial Report

The audited financial report of project costs and sources of funds prepared by CliftonLarsonAllen is attached at Attachment B.

If you have any questions or need any additional information related to the Project, please feel free to contact Dan Churchill at 773.654.5104 or DChurchill@admiral.kendal.org.

Sincerely,



Glenn Brichacek, PhD
Chief Executive Officer
The Admiral at the Lake

Subscribed and sworn to me
This 27 day of September, 2013



Notary Public



Attachment

Attachment A

APPLICATION AND CERTIFICATE OF PAYMENT

DOCUMENT G702
 APPLICATION NO: 29
 PERIOD TO: 3/31/2013
 PROJECT NO: 52063900
 CONTRACT DATE:

PROJECT: The Admiral at the Lake
 909 W. Foster, Chicago, IL 60640

VIA (ARCHITECT):
 Perkins & Will
 10100 N. Central Expressway
 Dallas, TX 75231

TO (OWNER): Admiral at the Lake
 1055 W. Bryn Mawr Ave.
 Chicago, IL 60660

FROM (CONTRACTOR): Bovis Lend Lease, Inc.
 One North Wacker, Suite 850
 Chicago, IL 60606

CONTRACT FOR:

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for Payment, as shown below, in connection with the Contract. Continuation Sheet, Document G703, is attached.

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Change Orders approved in previous months by Owner			
1-41	TOTAL	4,964,416.00	(380,621.00)
Number Approved this Month	Date Approved		
42			\$ (416,740.00)
TOTAL \$		\$ 4,167,055.00	\$ (416,740.00)
Net Change by Change Orders		\$ 4,167,055.00	\$ -

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief, the work covered by this application for payment has been completed in accordance with the contract documents, that all amounts have been paid by the Contractor for work for which previous certificates for payment were issued and payments received from the Owner, and that current payment shown herein is now due.

Contractor: Bovis Lend Lease, Inc.
 Josh Stark, Vice President

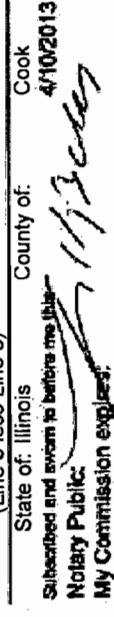
By: 

By: _____ April 10, 2013

1. ORIGINAL CONTRACT SUM \$ 101,275,015.00
2. Net Change by Change Orders \$ 4,167,055.00
3. CONTRACT SUM TO DATE (Line 1+2) \$ 105,442,070.00
4. TOTAL COMPLETED & STORED TO DATE \$ 105,442,070.00
 (Column G on G703)
5. RETAINAGE:
 - a. 0% of Completed Work \$ -
 - b. 0% of Stored Material \$ -

6. TOTAL EARNED LESS RETAINAGE \$ 105,442,070.00
 (Column F on G703)
 Total Retainage (Line 5a+5b or Total in Column I of G703)
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)
8. CURRENT PAYMENT DUE \$ 105,145,079.00
9. BALANCE TO FINISH, PLUS RETAINAGE \$ 296,991.00
 (Line 3 less Line 6)



State of Illinois County of: Cook
 Subscribed and sworn to before me this 4/10/2013
 Notary Public: 
 My Commission expires:

AMOUNT CERTIFIED \$ 296,991.00
 (Attach explanation if amount certified differs from the amount applied for).
 ARCHITECT: Perkins & Will

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the contract documents, based on on-site observations and the data comprising the above application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the work has progressed as indicated, the quality of the work is in accordance with the contract documents, and the Contractor is entitled to payment of the amount certified.

By:  Date: 5/1/2013

This certificate is not negotiable. The amount certified is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this contract.



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Admiral at the Lake
Chicago, Illinois

We have audited the accompanying Schedule of Project Cost and Sources of Funds for Project No. 12-048 (the "Schedule") of The Admiral at the Lake as of June 30, 2013 and the related notes to the Schedule.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the financial reporting provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(c)(6) "Project Completion, Final Realized Cost Overruns". Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
The Admiral at the Lake

Opinion

In our opinion, the Schedule presents fairly, in all material respects, the project cost and sources of funds for Project No. 12-048 of The Admiral at the Lake as of June 30, 2013 in accordance with the financial reporting provisions of the State of Illinois Health Facilities and Services Review Board, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the Schedule, which describes the basis of accounting. The schedule is prepared on the basis of the financial reporting provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(c)(6) "Project Completion, Final Realized Cost Overruns", which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Illinois Health and Facilities and Services Review Board. Our opinion is not modified with respect to that matter.

Restrictions on Use

This report is intended solely for the information and use of the Board of Directors, management of The Admiral at the Lake and the Illinois Health Facilities Planning Board and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 30, 2013

THE ADMIRAL AT THE LAKE
SCHEDULE OF PROJECT COST AND SOURCES OF FUNDS
FOR PROJECT NO. 12-048
JUNE 30, 2013

Description of Costs	Approved Permit Amount	Actual	Variance Favorable/ (Unfavorable)
Preplanning Costs	\$ 1,513,434	\$ 1,486,396	\$ 27,038
Site Survey & Soil Investigation	29,633	29,633	-
Off Site Work	453,977	78,750	375,227
New Construction Contracts	105,398,279	106,637,381	(1,239,102)
Contingencies	3,775,297	-	3,775,297
Architectural/Engineering Fees	7,375,531	7,423,951	(48,420)
Consulting and Other Fees	7,696,957	6,680,422	1,016,535
Moveable or Other Equipment	2,957,869	3,198,930	(241,061)
Bond Issuance Expense	5,351,868	5,352,706	(838)
Net Interest Expense during Construction	33,667,580 (B)	19,695,454	13,972,126
Other Costs to be Capitalized	10,959,077	10,810,807	148,270
Total Project Cost	\$ 179,179,502	\$ 161,394,430	\$ 17,785,072
Cash and Securities	\$ -	\$ -	\$ -
Pledges	-	-	-
Bond Issues	179,179,502 (A)	175,366,556	3,812,946
Mortgages	-	-	-
Grants	-	-	-
Total Sources of Funds	\$ 179,179,502	\$ 175,366,556	\$ 3,812,946

(A)- The Illinois Finance Authority Revenues Bonds (The Admiral at the Lake Project) Series 2010A, 2010B, 2010C, 2010D-1, 2010D-2, 2010D-3 and 2010E were issued in the aggregate amount of \$202,350,000. A portion of the proceeds, in addition to the construction of the project, were used to refinance existing debt as well as provide funds for operations during the period of construction. The attached schedule includes only those proceeds which related to the permitted construction amounts.

(B)- Net interest expense during construction which was submitted with the approved permit amount did consider the offset of interest earned on bond funds throughout the construction period. In addition, the net interest expense during construction which was submitted with the approved permit amount that contemplated a construction period through February 2013, while the majority of the actual units were placed in service in July of 2012, which resulted in lower capitalized interest during the actual construction period.

THE ADMIRAL AT THE LAKE
NOTES TO SCHEDULE OF PROJECT COST AND SOURCES OF FUNDS
FOR PROJECT NO. 12-048
JUNE 30, 2013

NOTE 1 BASIS OF ACCOUNTING

The Schedule is presented on the accrual basis of accounting. The amounts presented in the Schedule strictly relate to Project No. 12-048 and do not include any other sources of funds or costs of The Admiral at the Lake.

The schedule is prepared on the basis of the financial reporting provisions and terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and the 77 Illinois Administrative Code 1130.770(c)(6) "Project Completion, Final Realized Cost Overruns", which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of Illinois Health and Facilities and Services Review Board. Our opinion is not modified with respect to that matter.

NOTE 2 SUBSEQUENT EVENTS

In preparing this Schedule, The Admiral at the Lake has evaluated events and transactions for potential recognition or disclosure through June 30, 2013, the date the Schedule was issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in this Schedule.