NEIGHBORS
Rehabilitation Center

Street Address:
811 W. 2nd Street
Byron, Illinois 61010

Mailing Address:
P.O. Box 585
Byron, Illinois 61010

SENT VIA HAND DELIVERY

August 2, 2016

RECEIVED
AUG 0 3 2016
HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery, Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Permit #14-008, Neighbors Rehabilitation Center; Annual Progress Report

Dear Ms. Avery:

On June 30, 2014 the Illinois Health Facilities and Services Review Board granted a permit to Neighbors Rehabilitation Center for the construction of additions to be used for a new entrance to house administrative functions for the facility, a new bed wing to house residents in a mixture of private and semi-private rooms with individual toilet rooms that include private showers. Also included is a physical therapy wing to provide in-house therapy services, expansion of the dining room to house to additional residents, and a new maintenance shop. Additionally, the Alzheimer's wing will receive new dining, activity and lounge rooms. On behalf of the Applicant, I am writing this letter to comply with section 1130.760 (Annual Progress Reports) of the 77 Illinois Administrative Code.

Current Status:

The current project is about 80% complete. All mechanicals are complete including the fire alarm system, heating and cooling, plumbing, sprinkler systems, and electrical systems are in place. The majority of the work remaining consists of modernization of the existing resident rooms, dining rooms and corridors and the purchasing/leasing of equipment as well as furnishings.

Project Costs:

Appended herein and as outlined in the permit alteration request (**EXHIBIT A**) is a project cost and sources of funds chart illustrating the approved line items and the corresponding

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expenditures that have been made per line item. The amount expended is shown on a cash accounting basis through May, 2016.

Project Financing:

We anticipate that there will be an increase in project costs. Concurrent with the filing of this Annual Progress Report we are filing a Permit Alteration Request addressing the project costs and we incorporate that information as part of this report. The accompanying Permit Alteration also seeks to increase the amount of funds to be borrowed.

The method and sources of funds have not changed as originally approved. All funds to date have been paid from a combination of retained earning, operator funds, and bank financing. These sources are sufficient to pay remaining costs to complete project.

Project Completion:

The anticipated date of completion is still on schedule for February 2017 as stated in the permit letter. However, depending on weather and phasing, this project could be complete as early as October 2016.

Should you have any questions or concerns, please do not hesitate to contact me on behalf of the Applicant.

Sincerely,

Kirsten Schloss
VP Physical Plant and Dietary Services

ENCLOSURES
JPK

www.neighborsrehab.com
ph: 815.234.2511 fax: 815.234.3114

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPENDIX A

Project Costs and Source of Funds

USE OF FUNDS	Cost	Expended As of May, 2016	% Expended
Preplanning Costs	100,000	27,384	27%
Site Survey & Soil Investigation	17,500	11,495	66%
Site Preparation	100,000	0	0%
Off Site Work (Permits)	23,844	14,691	62%
New Construction Contracts	5,705,767	5,927,379	104%
Modernization Contracts	1,589,415	1,078,996	68%
Contingencies	508,800	118,656	23%
Architectural/Engineering Fees	637,507	637,932	100%
Consulting and Other Fees	60,000	60,000	100%
Moveable or Other Equip. (not in construction contracts)	276,025	30,344	11%
Bond/Debt Issuance Expense (project related)		170,645	ERR
Net Interest Exp. During Construction (project related)		71,000	ERR
Fair Market Value of Leased Equipment		0	ERR
Other Costs to be Capitalized (FF&E)		180,643	ERR
TOTAL USE OF FUNDS	$9,018,858	$8,329,165	92%

SOURCE OF FUNDS	Cost	Expended	% Expended
Cash and Securities	$1,218,858	$1,036,909	85%
Mortgages	$7,800,000	$7,292,256	93%
Leases (fair market value)		0	ERR
TOTAL SOURCE OF FUNDS	$9,018,858	$8,329,165	92%

EXHIBIT A